

REFORMS IN INDIA

By NK Goyal

The reforms in India have always seen a flip flop with change of times. If it slowed down the usual talk is lack of consensus and political instability. Facts speak otherwise. It is sheer determination of some leaders at the helm of affairs that brings in economic reforms inspite of all odds.

The reforms initiated during 1985-86 and 1986-87, when Sh. Rajiv Gandhi, the then Prime Minister announced that in times to come it is not the question that how fast is Government, but is industry able to keep pace with Govt. The era of computerization came in, liberal industrial regime poured in. This was on the background of criticism that Government is very slow in decision making and giving productive results. However reforms appeared to have closed by close of 1980s

In 1991-92, once again the then Prime Minister Shri Narsimha Rao with the then Finance Minister, Shri Manmohan Singh ushered various measures such as:

1. Abolishment of Industrial Licensing
2. Liberalised import licensing for capital goods and raw materials
3. Substantially lowered custom tariffs.
4. Invitation of foreign investment
5. Reforms in direct and indirect taxes.
6. Cuts in fiscal deficit
7. Liberalization in financial sector
8. Rupee convertible on current accounts

By 1994s reforms came to standstill. May 1996, the Congress lost power. Unstable Governments could hardly thought of reforms. Suddenly thereafter Prime Minister Shri Atal Bihari Vajpayee with Finance Minister Shri Yashwant Sinha initiated several reforms such as:

1. Formation of National Telecom Policy 1999 introduction of private operators into telecom service sector.
2. Reduced industrial tariff from 45% to 20% in January, 2004.
3. Reformed indirect tax system and tax administration
4. Privatization of several Public Sector Unxdertakings
5. Repealed Urban Land Ceilings and Regulations Act, 1976
6. Highway construction programmes
7. Electricity Act, 2003 bringing in power sector reforms.
8. Liberalised interest rates
9. Reforms in civil service pension system
10. Competition in banking sector
11. Freed up several external capital account transactions.
12. Fiscal Responsibility and Budget Management Act introduced.
13. Opened insurance sector with some foreign investment.
14. Some liberalization in exit policies.

In May 2002 the Vajpayee Government lost elections. Reforms again came to standstill.

Yet again we have seen success stories of leaders who went ahead with decisive reforms eg. Shri Arun Shourie for disinvestment, Shri Praful Patel for Delhi Airport privatization, UPA Government for further telecom liberalization, criminal procedure reforms, company law reforms, employment guarantee schemes etc.

Even then several reforms are not able to see light of the day like labour reforms. Another disturbing factor that has been seen that with change of Government there is sudden shifts of priorities. The moot question is if policies are subject to ruling party, then why to call the policies as that of Government? They could better be named as the policies of the ruling party.

So lesson is that reforms depend upon the political will and a driving force. We the stakeholders should also ensure that political parties in their election manifestos stick to announced freeform policies.