



# THE ROLE OF STATE IN LIBERALIZED MARKETS



# Flow of Presentation

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- What made India to Liberalize?
- Reforms taken during Liberalization
- Impact of these Reforms
- Industry and Services
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- Banking and Finance

# Introduction

- Liberalization refers to relaxation of previous government restrictions usually in areas of social and economic policies
- Thus, when government liberalizes trade it means it has removed the tariff, subsidies and other restrictions on the flow of goods and services between countries
- Examples of other undeveloped countries like Korea, Thailand, Singapore, etc.

That had achieved rapid economic development as a result of liberalization were kept in consideration

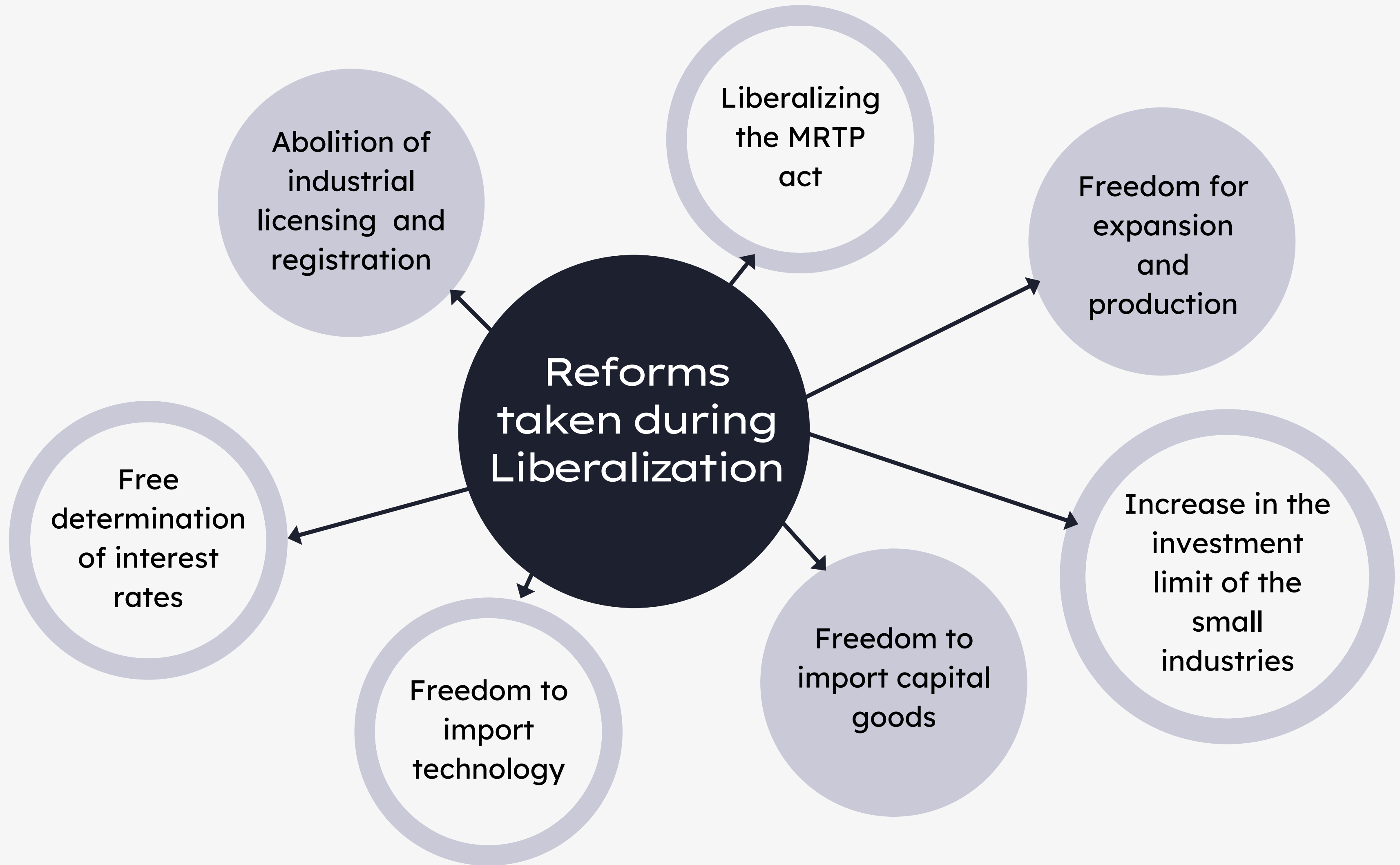


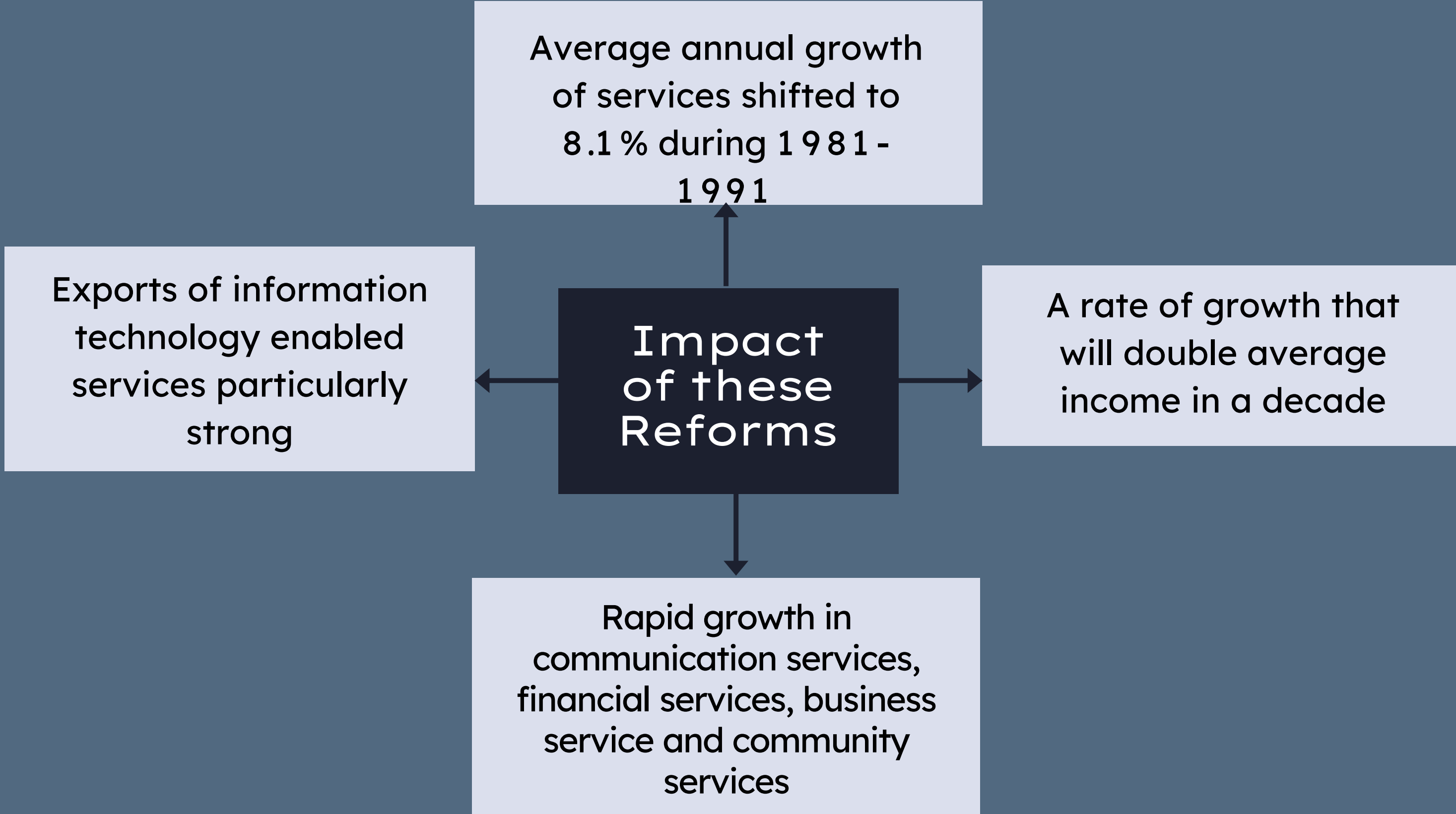
A balance of payments crisis in 1991 which pushed the country to near bankruptcy


The Rupee devalued and economic reforms were forced upon India

## What made India to Liberalize?

India central bank had refused new credit and foreign exchange reserves had reduced to the point that India could barely finance three weeks' worth of imports







## Industry and Services

- The Indian industrial sector underwent significant changes, which removed import restrictions, brought in foreign competition and led to privatisation of certain public sector industries
- The services sector is growing quickly with a growth rate of 7.5% up from 4.5%
- Even sectors like Insurance which were earlier reserved for only public sector were opened for private sector



Yields per unit area of all crops have grown since 1950, due to the special emphasis placed on agriculture in the five-year plans and steady improvements in irrigation, technology, application of modern agricultural practices and provision of agricultural credit and subsidies since the Green Revolution in India.



## Banking and Finance

After nationalization, it became mandatory for banks to provide 40% of their net credit to priority sectors like agriculture, small-scale industry, retail trade, small businesses, etc. To ensure that the banks fulfill their social and developmental goals. Since then, the number of bank branches has increased and the population covered by a branch decreased during the same period

Thank  
you