

STRUCTURAL REFORMS

NEED

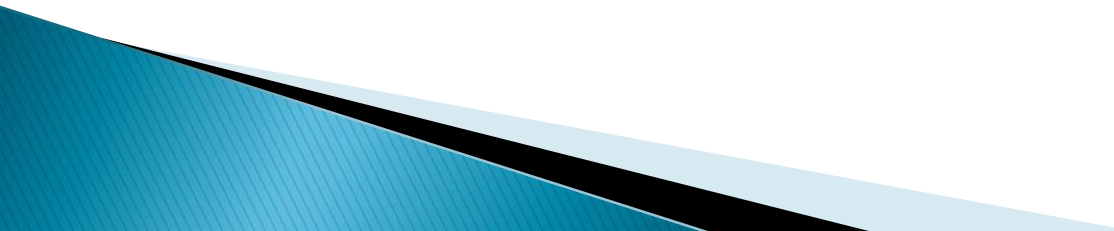
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IMPACT

ON

22nd OCTOBER 2013

SCENARIO OF 1990-91 IN INDIA

- 1 GROWTH RATE SLUMPED TO 1.1%
 - 2 GROSS FISCAL DEFICIT 8%
 - 3 REVENUE DEFICIT 3.5%
 - 4 INFLATION 17%
 - 5 FOREIGN EXCHANGE RES US\$ 1.1 (billion)
- 



STRUCTURAL REFORMS INVOLVING BOLD INITIATIVES
IN
EXTERNAL TRADE AND INDUSTRIAL POLICY AREAS

1 INDUSTRIAL POLICY OF 1991 – PARADIGM SHIFT

2 DISMANTLING TARIFF WALLS- Liberalised trade regime

THE Challenge of restoring macro-economic balance was combined with
a long term NEW TRADE POLICY,which formed a major tool of reforms.

It was recognised that TRADE POLICY,EXCHANGE RATE POLICY And INDUSTRIAL POLICY should form part of integrated policy.—for over all productivity and efficiency of the ECONOMIC REFORMS.

BUT THE INITIAL ECONOMIC REFORMS FOCUSED FIRST ON FISCAL AREA

FOR

MACRO ECONOMIC STABILIZATION

SO, Policy paradigm shift from physical control to MARKET-ORIENTED

TWO GREATEST TAX REFORMS ARE

IMPLEMENTATION OF

VAT (FROM 2005)

AND

DTC (IN OFFING)

FISCAL POLICY REFORMS

AT THREE LEVELS

1 MICROECONOMIC LEVEL:

BASE AND STRUCTURE OF TAX RATES

2 ADMINISTRATIVE LEVEL:

Quality of govt expenditure

Delivery of it's services

To remove inefficiency inherent in tax
collecting bureaucracies

3 MACROECONOMIC LEVELS:

To reduce size of fiscal deficits.

FISCAL CONSOLIDATION MEASURES

YIELDED

SIGNIFICANT RESULTS :

Reductions in FISCAL DEFICIT AND CONTROL
IN PUBLIC EXPENDITURE.
DUE TO FRBM ACT -2003

BUT IN 2000 s ,THE SITUATION WAS

NOT ENCOURAGING

DUE TO 1 FISCAL IMBALANCES, reduction OF Public investment expenditure,increased interest burden due to borrowing at market rates and due to PAY COMMISSIONS (6TH Pay comm)

FM in his budget speech FEB,2000,

declared SECOND GENERATION REFORMS

FOR

INDIA'S DECADE OF DEVELOPMENT. AND TO PREVENT
ANOTHER CRISIS.

SECOND PHASE OF REFORMS

LABOUR LAW REFORMS : A THORNY ISSUE

The central message of economic reforms is to bring about:

MACRO ECONOMIC STABILIZATION

AND

TO CREATE A FLEXIBLE & EFFICIENT LABOUR MARKET.

ISSUES IN LABOUR LAW
AND
COMPLEXITIES IN LABOUR LAWS

Labour being the concurrent list both levels of govts have to solve.

INFLEXIBILITY OF LABOUR LAWS.

THIRD PHASE OF REFORMS

FINANCIAL SECTOR REFORMS

ON THE Recommendation of NARASIMHAM Committee

De regulation in financial sector initiated.

To create A SOUND,COMPETITIVE & EFFICIENT BANKING SYSTEM

A SAFE & SOUND FINANCIAL SECTOR IS A PRE-REQUISITE

FOR

SUSTAINED GROWTH OF ANY ECONOMY.

COMPONENTS OF FINANCIAL SECTOR REFORMS

Developing & Strengthening financial infrastructure first priority

ROAD MAP

1 REDUCE SIZE OF NPAs

2 FINANCIAL OPENNESS

3 MIGRATION TO BASEL II

&

4 FINANCIAL INCLUSION

Q&A

THANQ