

Class : B.Com Part I
Subject : Business Economics
and Environment.

Paper : I

Unit : VI

Topic : Business Environment.

Sequence Indian Economy and Globalisation

No : 5

Prepared by :

Dr. Roy Anitakumari Paramanand
Marwari College Darbhanga.

E-mail roy27583@gmail.com.

Indian Economy and Globalisation

OR

Measures Towards Globalisation of Indian Economy.

The new economic reform, popularly known as Liberalisation, Privatisation, and Globalisation (LPG model) aimed at making the Indian economy as fastest growing economy and globally competitive.

Guy Brainbant says The process of globalisation not only includes opening up of world trade, development of advanced means of communication, internalisation, of financial markets, growing importance of MNCs, population migrations and more generally increased mobility of persons, goods, capital and ideas but also infection, diseases and pollution.

The New economic policy (NEP 1991) introduced changes in the area of trade policies, monetary & financial policies, fiscal and budgetary policies, and pricing & institution reforms. The measures taken to liberalise and globalise the Indian economy.

- ① **Devaluation** : To solve the balance of payment problem Indian currency were devaluated by 18% to 19%.
- ② **Disinvestment** : To make the LPG model smooth many of the public sectors were sold to the private sector.

- ③ The govt had clarified that it would permit 100% foreign equity in case the entire output was exported.
- ④ Allowing Foreign Direct Investment (FDI) was allowed in a wide range of sectors such as Insurance, defence industries.
- ⑤ Provided approval upto 51% foreign equity from 49%.
- ⑥ The New Economic policy ~~EXIM~~
- ⑥ Globalisation has intensified interdependence and competition between economies in the world market
- ⑦ The govt has given the permission to foreign companies to transact in immovable properties to invest in Indian capital market and to transfer shares from one NRI to another NRI
- ⑧ Rate of excise duties has been reduced.
- ⑨ The enforcement of the Indian Patent Act 1940 Indian pharmaceutical and drug industrial progress rapidly and were able to provide life saving drugs of very cheap rates.
- ⑩ India negotiated with large number of countries and agreed to phase out quantitative restrictions EXIM policy, 2000 has, therefore, remove quantitative ~~resp.~~ restrictions nearly in case of 500 percent items