Liberalisation

Liberalization is any process whereby a state lifts restricitions on some private individual activities. Liberalisation occurs when something which used to be banned is no longer banned or when government regulations are relaxed.

Objectives :-

→ To boost competitions b/w domestic businesses.

→ To promote foreign trade and regulate imports and exports.

→ Improvement of technology and foreign capital.

→ To develop a global market of a country.

→ To reduce debt burden of a country.

→ To unlock the economic potential of the country by encouraging the private sector and multinational corporation to invest and expand.

→ To reduce the role of the public sector in future industrial development.

→ To introduce more competition into the economy with the aim of increasing efficiency.

Impact of Liberalization : —

Positive impact of liberalization in India : —

(1) Free flow of capital : — liberalization has enhanced the flow of capital by making it affordable for businesses to reach the capital from

investor and take a profitable project.

(2) Diversity of investors: — The investors will be benefitted by investing a portion of their business into a diversifying asset class.

(3) Impact on Agriculture: — In this area, the cropping design has experienced a huge change, but the impact of liberalisation cannot be accurately measured. Govt. restrictions and interventions can be seen from production to distribution of the crop.

Negative impact of Liberalisation India:

(1) The weakening of the economy: —
Enormous restoration of Political Power and economic Power will lead to weakening the entire indian economy.

(2) Technological impact: —
Fast development in technology allows many small scale industries and other businesses in india to either adjust to changes or shut their businesses.

(3) Mergers and aquisitions: — small businesses are merging with big companies therefore the small companies employees may need to enhance their skilled and Technologically adva

This enhancing of skill and the time it might take may lead to non Productivity and can be burden to the Company's Capital.

Reforms under Liberalisation :-

→ Deregulation of the industrial Sector.
→ Financial Sector reforms
→ Tax Reforms
→ Foreign exchange reforms
→ Trade and investment Policy reforms.
→ External Sector Reforms