


# BUSINESS ENVIRONMENT

- **NEW ECONOMIC REFORMS**
- **INTRODUCTION TO GST.**

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DEPT OF COMMERCE

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ECONOMIC REFORMS  
SINCE 1991

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# NEW ECONOMIC REFORMS

In 1991 a new model of development was initiated by the finance minister DR. Manmohan Singh. The name of the model was LPG development.

- **L**iberalisation- removal of industrial licensing and registration
- **P**rivatisation- permitting the private sector to set up industries
- **G**lobalization- make global or world wide

# 1. DISINVESTMENT

- PULLING OUT OF THE MONEY INVESTED.
- DISINVESTMENT IS A POLICY OF GOVT OF INDIA WHEREIN GOVT LIQUIDATES IT'S ASSESTS IN THE PUBLIC SECTOR ENTERPRISES PARTIALLY OR FULLY.
- THE. DECISION TO DISINVEST IS REDUCE THE FISCAL BURDEN AND BRIDGE THE REVENUE SHORTFALLS OF GOVT.





## **2. ABOLITION OF MRTP ACT**

- The Ministry of Corporate Affairs, Government of India has issued a Notification dated 28<sup>th</sup> August 2009, whereby the most controversial MRTP act is replaced by the Competition Act, 2002, with effect from September 1, 2009.
- Competition act was passed to replace the monopoly and restricted trade practices.
- New measure was aimed at promoting investment and competition.

## **3. ABOLITION OF MONOPOLY IN HEAVY INDUSTRIAL SECTOR**

- Before launching economic reforms the heavy industry was a state monopoly.
- Other industries were subjected to strict industrial licensing.
- State monopoly abolished in almost all sectors and opened to private sector.

## **4. TO FREE THE DOMESTIC ECONOMY FROM STATE CONTROL**

- Government highly control some economies.
- In planned economies, the government controls the means of production and the distribution of wealth, dictating the prices of goods and services and the wages workers receive.
- In a free market economy, the law of supply and demand, rather than a central government, regulates production and labor.

## **5. OPENING OF LARGE EXPORT POTENTIAL CLOTH SECTOR**

The economic liberalization of Indian economy led to growth of textile industry.

- quotas on textiles trade in 2005 on textile exports from India and its competing countries led to increased trade in textiles



## **6.ABOLITION OF IMPORT LICENSING**

- The trade policy reforms aimed at removal of Licensing procedures for imports.
- Import licensing was abolished except in case of hazardous and Environmentally sensitive industry.
- Quantitative restrictions on imports of Manufactured consumer goods and agricultural products were fully removed from April 2001.

## **7.LIBERALIZATION OF FOREIGN REGIME**

- subjected to Restrictions
- Companies were not permitted more than 40 % foreign equity unless they were high-tech sector
- Today foreign investment regime is as liberal as in other developing Asian countries.

## **8.CHANGE IN TELECOMMUNICATION POLICY**

- Telecommunication service were a state monopoly.
- Telecom sector opened for private sector.
- Today private sector become active participant.

## **9.OPENING OF INSURANCE SECTOR TO PRIVATE INVESTORS**

- Previously the insurance sector was monopoly of govt
- Now, opened to private investors, both domestic and foreign.

## **10. PRIVATISATION OF POWER SECTOR**

Reforms involving Privatisation of power generation and distribution have been undertaken in several states recently but no spectacular successes have emerged as yet.

## **11. REDUCTION OF FERTILIZER SUBSIDIES**

A least symbolic reductions made in fertilizer and food subsidies.



# INTRODUCTION TO GST



- GST means goods and services tax
- Indirect tax
- Motto- one nation one tax
- GST is value added tax
- Implemented in 1 st July 2017
- Reduce tax burden
- Includes CGST,SGST,IGST,UTGST.
- Mitigated cascading effect(tax on tax).