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**KUMADVATHI COLLEGE OF EDUCATION  
SAHIKARIPURA**

**CONTEMPORARY INDIA AND EDUCATION**

**TOPIC: LIBERALISATION**

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**HISTORY OF LIBERALIZATION IN INDIA**

1. After independence in 1947, india followed socialism as an economic policy.
2. Five major PMs followed this policy .
  - a.Lal bahadur shastri.
  - b.Indira gandhi.
  - c.Morarji desai.
  - d.Rajiv Gandhi.
3. This was till 24<sup>th</sup> July 1991.

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## WHY DID IT START ?

- In 1991, India faced a “balance of payments 'crises.
- It had to pledge its gold to foreign countries.
- It was a deal with the IMF.
- The then PM of India , P V Narasimha Rao knew it was time for some bold decisions.

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## WHAT DID P V NARASIMHA RAO DO?

- He consulted Dr.Manmohan Singh, the then finance minister of India and an eminent economist .
- Dr.Manmohan Singh was also of the opinion that if India had to progress , its economic policies must be reformed as per changing times.

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Liberalization refers to laws or rules being liberalized, or relaxed, by a government .

Economic liberalization is generally defined as the loosening of government regulations in a country to allow for private sector companies to operate business transactions with fewer restrictions .

- Progressive elimination of government control over economic activities is known as liberalization.
- **According to Oxford English Dictionary** : The removal of loosening of restrictions on something , typically an economic or political system.

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### THE POLICIES INCLUDED THE FOLLOWING

- Opening for international trade and investment .
- Deregulation .
- Initiation of privatization.
- Tax reforms.
- Inflation-controlling measures.

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## MAIN OBJECTIVE

- The main objective of the government was to transform the economic system from socialism to capitalism so as to achieve high economic growth & industrialize the nation.

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## ADVANTAGES:

- Increase in foreign investment .
- Increase in efficiency of domestic firms .
- Rise in the rate of economic growth.
- Control of price.
- Reduced transaction costs.
- Better and diversified portfolios.
- More effective conduct of monetary policy.
- Easy access to foreign capital.

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## DISADVANTAGES

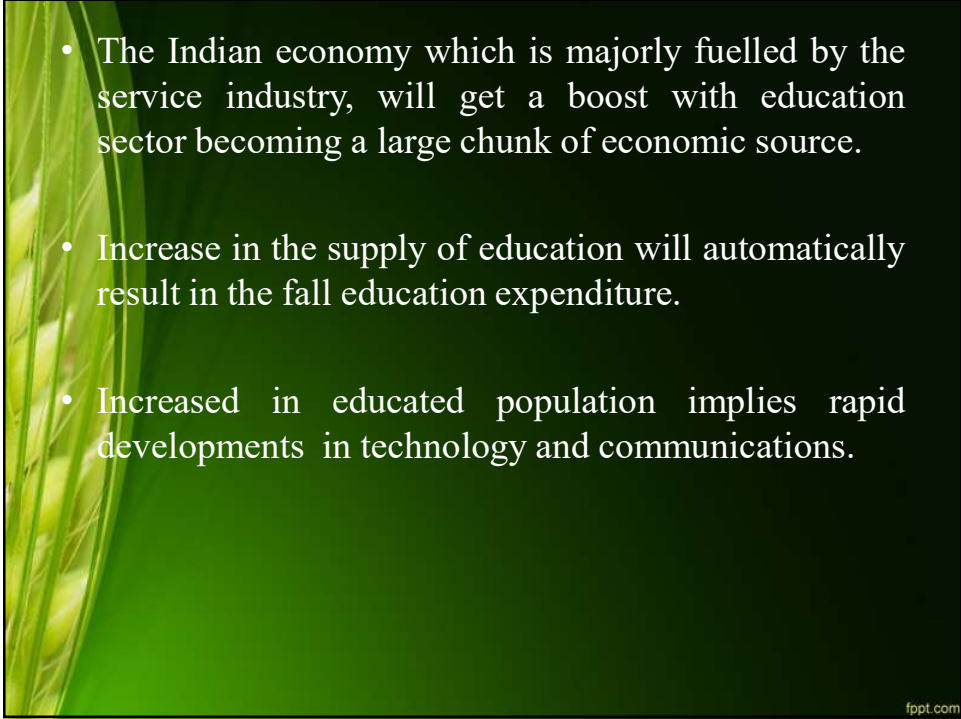
- Increase In unemployment .
- Loss to domestic unit .
- Increased dependence on foreign nation.
- Unbalanced development of sectors .
- For the negligence of producers there is decrease in the economic growth .
- The government loses the direct control over the private organization.

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## POSITIVE IMPACT OF LIBERALIZATION

- Liberalization will bring constant stream of funding which will also facilitate a research –based career and make it a viable option for the future of Indian teachers and students.
- Hundreds of thousands of Indian students study abroad at an annual estimated cost of around us \$ 1 billion ,this will save India immense capital.

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- The Indian economy which is majorly fuelled by the service industry, will get a boost with education sector becoming a large chunk of economic source.
  - Increase in the supply of education will automatically result in the fall education expenditure.
  - Increased in educated population implies rapid developments in technology and communications.

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- Shift of society from industrialization based towards an information based society.
  - Allowing corporate would ensure the development of better industry oriented graduates with specific skills sets.
  - Liberalization offers students an option of studying close to home with the added benefit of a degree which will be valid world wide.
  - The healthy competition is develop in between the educational institutions.

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## NEGATIVE IMPACT

- There is also the risk of fake institutes which are looking to stuff their pockets whenever the opportunity arises.
- Corruption is rampant in India. There is little left to the imagination as to what might be the outcome of such a policy in terms of bribes, false degrees , partial marking etc.
- Local institutes which have limited capital will not be able to survive, rendering many jobless.

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- Even the reputed one's will face competition as their national certificates will be less valued as compared to the world recognized certificates.

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