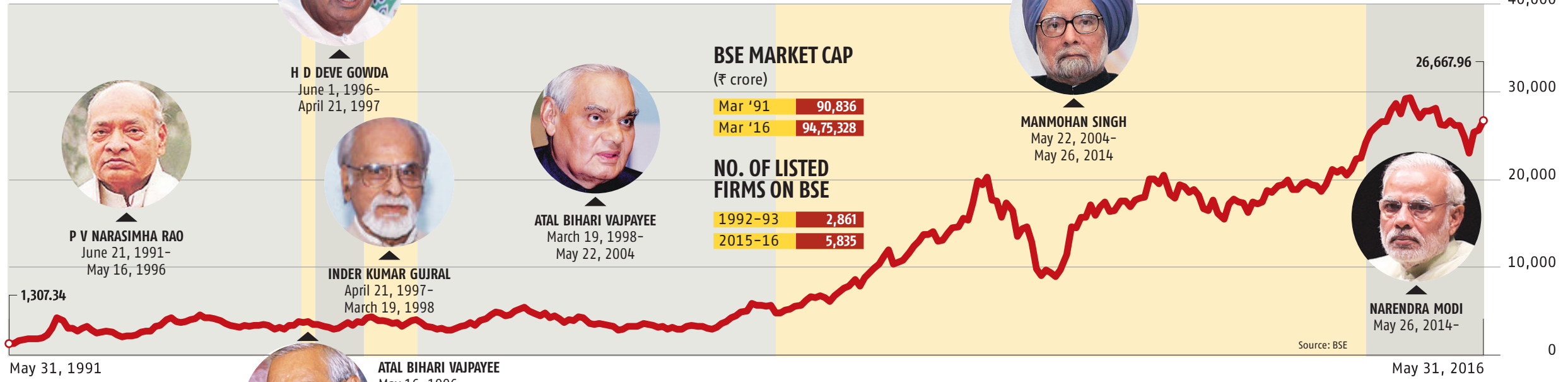


25 YEARS OF REFORMS



In the early 1990s, the Indian economy was on the verge of a collapse. Hoping to stem the tide, the government, headed by Prime Minister PV Narasimha Rao, launched a series of wide-ranging reforms. These reforms, which largely focused on product markets, would end up radically altering the structure of the Indian economy. Over the next two decades, India would emerge as one of the fastest-growing economies in the world. A far cry from the days of languishing at low single-digit growth rates. As India celebrates the 25th anniversary of that epoch-making moment, *Business Standard* looks at the distance the country has travelled through the lens of key indicators.

SENSEX AND PMs



WINDS OF CHANGE*

Trade policy changes

- Abolition of export subsidies
- Rep licences for imports replaced with tradeable Exim Scrips
- All supplementary import licences abolished
- Decanalisation of imports proposed
- Rupee convertibility in three-five years
- The rupee depreciated 20 per cent in two stages

Industrial policy changes

- Asset limit for MRTP companies scrapped
- Industrial licensing for all projects, except 18 specified groups, abolished
- Private sector investment allowed in 10 areas hitherto reserved for the public sector
- Automatic approval for foreign technology agreements
- Automatic approval for foreign equity participation up to 51 per cent in 34 select areas
- Clause allowing conversion of loans into equity for new projects scrapped
- Disinvestment of government equity in public sector undertakings to mutual fund houses, FIs allowed

Fiscal reforms

- Reduction in fertiliser subsidy (was modified later)
- Abolition of subsidy on sugar
- Setting up the tax reform committee under Raja Chelliah

Monetary and financial sector reforms

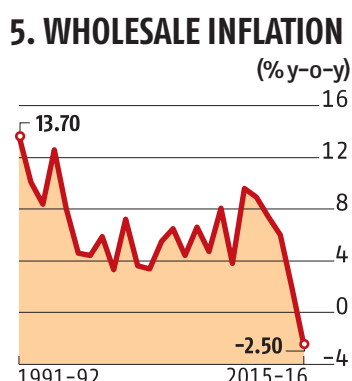
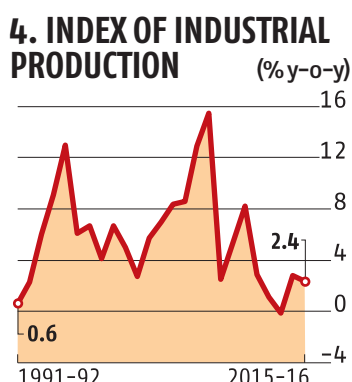
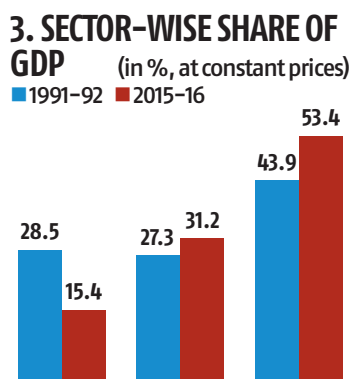
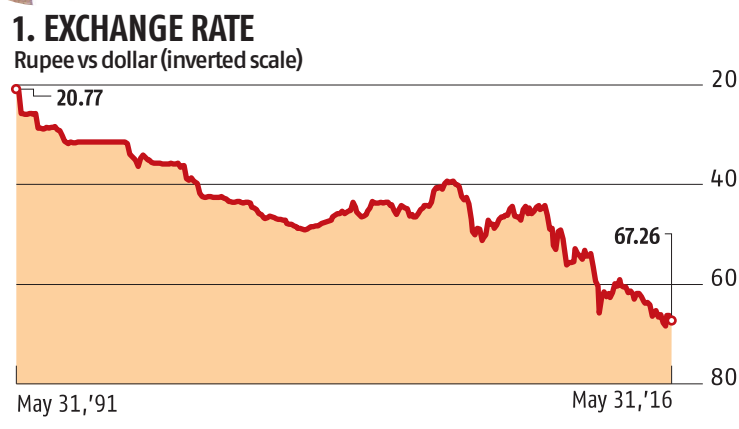
- Reduction in statutory liquidity ratio (SLR) and cash reserve ratio (CRR)
- Interest rate liberalisation by decontrolling interest rates on longer term deposits, and progressively extending it to deposits of shorter maturity
- Liberalisation of bank branch licensing policy in order to rationalise the existing branch network
- Banks were given freedom to relocate branches and open specialised branches
- Guidelines for opening new private sector banks

*Decisions announced in the first year of reforms

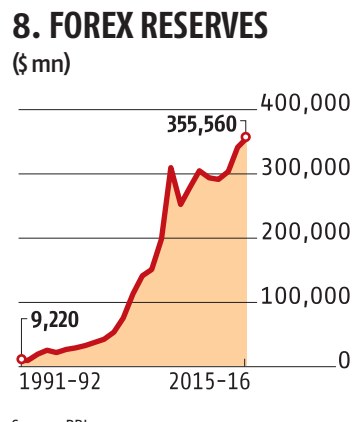
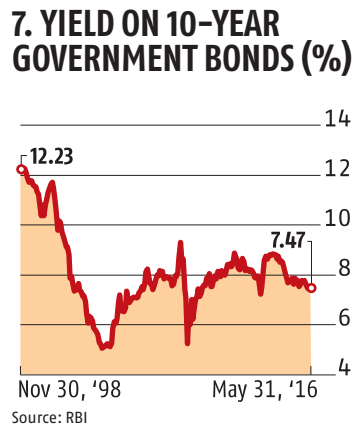
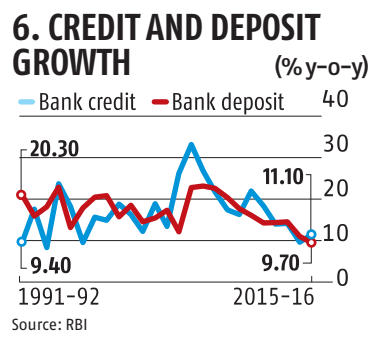
Tax rates (%)	1991-92	2015-16
Income tax	50	30
Corporation tax	45	30
Peak Customs duty	150	10

Source: Budget documents

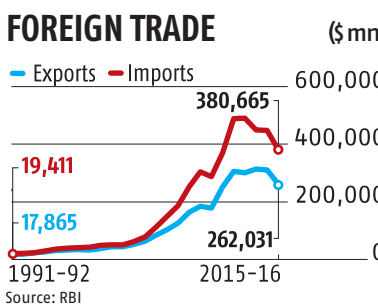
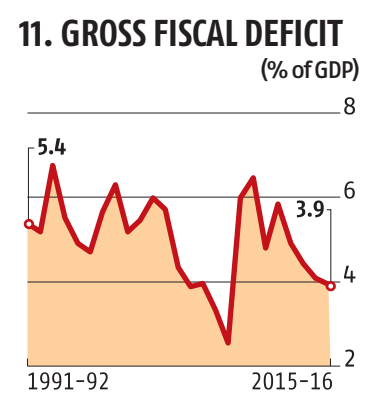
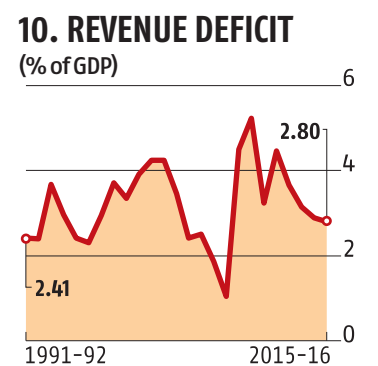
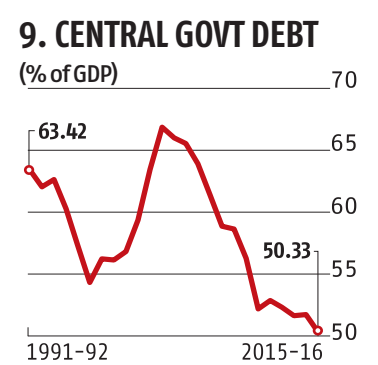
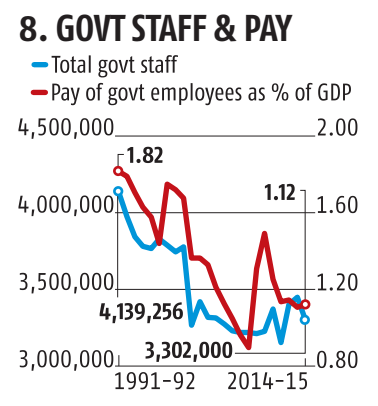
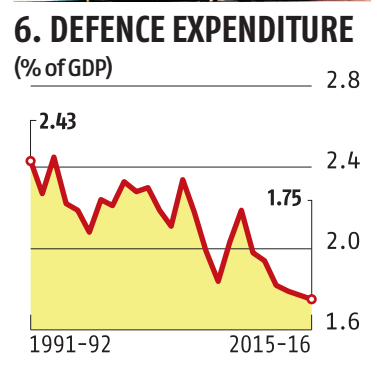
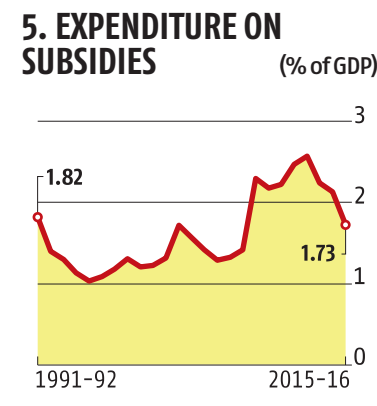
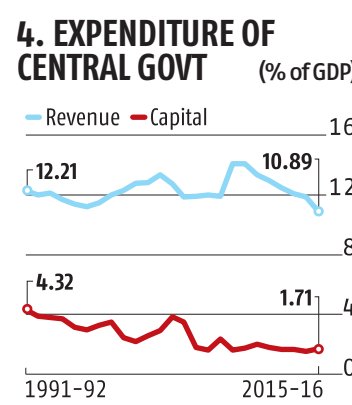
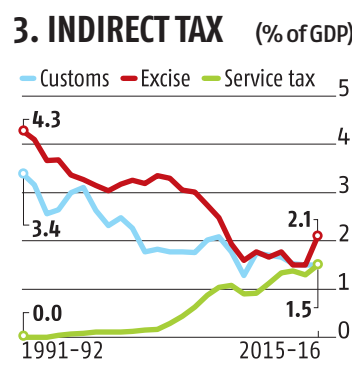
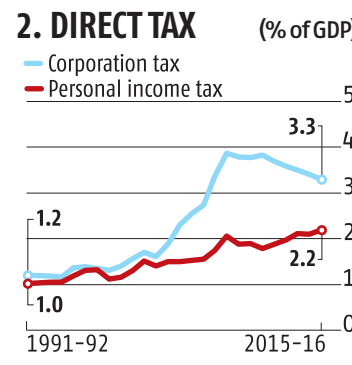
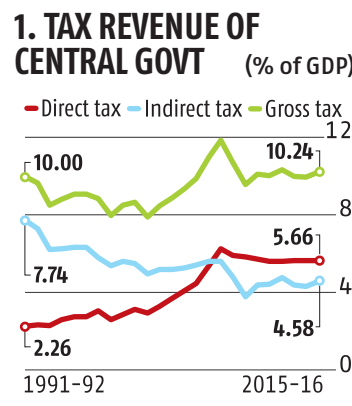
MACROECONOMY



Source: RBI



PUBLIC FINANCE



Top exports

Rank	1990-91	2015-16
1	Textiles	Jewellery
2	Food & agriculture	Petroleum
3	Chemicals	Automobile & auto components

Source: Commerce ministry, T P Bhat's Structural Changes In India's Foreign Trade



THEN	NOW
India's population	838,583,988 (1991) to 1,210,854,977 (2011)
Infant mortality rate	80 (1991) to 39 (2014)
Bank accounts	355.19 (1991) to 1,226.7 (2014)
Road network	2,327,362 (1991) to 5,231,922 (2013)
Telephone connectivity	2.3 (1999) to 80.0 (2015)
GDP at current prices	6,13,528 (1991-92) to 1,35,76,086 (2015-16)
Remittances	3,294 (1991) to 68,910 (2015)
Number of taxpayers	4 (1991-92) to 50 (2013)
Per capita income	7,000 (1991-92) to 93,293 (2015-16)
Literacy rate	52.21 (1991) to 74.04 (2011)
Registered motor vehicles in India	21.4 (1991) to 159.5 (2012)