

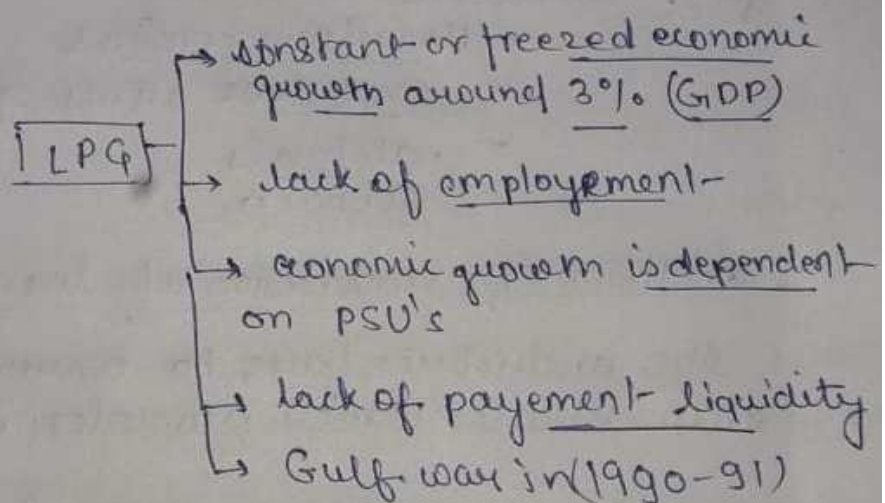
Ques. what is LPG? what are the steps taken in India for it? Analyse the success and failure of LPG in India?

LPG

LPG

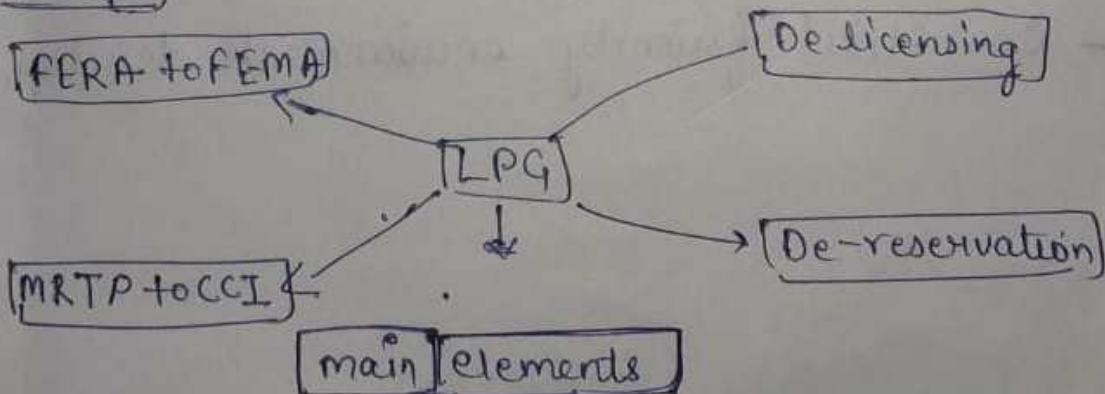
LPG is the acronym stands for Liberalisation, Privatisation and Globalisation. LPG is the economic reforms taken by the government for the well being of economic & financial condition of the country.

Background behind the LPG



LPG reforms were taken ^{as} process rather than of the industrial development.

Steps



There were several path breaking steps taken by the government - to make economic reforms.

De-reservation - The reservation of industrial sectors for PSUs was abolished and only 2 sectors were reserved to public sector

- Nuclear power generation
- Railway sector

De-licensing - There were huge licensing system known as License Raj, except 5 sector it is revoked from all sectors

- Hazardous chemicals
- explosives items, gun powder
- alcohols
- Tobacco

- abolition of conversion of loans into shares.

the industries have to convert their loans into shares which promotes nationalisation

- abolition of product phase industry

- Encouraged foreign investment → FEMA
→ FDI - 26% to 100%

- Industrial friendly environment development

Analysis

LPG

- success
 - more FDI
 - strengthen the financial cond. of gov.
 - more employment
 - citizen centric services
 - market development
 - Globalisation of market-
 - GDP growth
 - more revenues

failure

- effect of slowdown spreads like a wind in the world
- Local was highly effected
- NPA
- centric to industries only
- round trip transaction

Conclusion

LPG was the result of the IMF recommendation in 1990s to overcome the financial condition. It is the pathbreaking step in terms of reversing economic reforms which promoted industries, employment, GDP etc.