

## Greetings!!!

During the initial years of post independence era, India witnessed inadequacy of resources. It was highly unfortunate that India could not have embarked on big-bang economic reforms during the decades of the 1970s and 1980s. Indians learnt to live with inadequacies and shortages and the country awaited the higher growth rates, unleashing of energies, sharper poverty declines and greater global integration. Eventually, the economic reforms of 1991 (liberalization, privatization and globalization) was aimed for the exposure of the country to global economy. The reform policy aimed towards greater freedom for doing business outside government control, reducing the role of public sector while giving more space to private sector and doing away with MRTP/FERA act. It also advocated foreign investment policies to attract foreign investment in the country.

There is no doubt that the reforms package opened up the Indian economy to global competition, stressed on fiscal consolidation and discipline for macro-economic stability, liberalised trade and capital markets, dismantled the age-old licence-permit raj that stymied local enterprise by rent-seeking and the reforms facilitated and expanded competitive private provisioning of public goods like health, education, public transport and infrastructure etc.

On the flip side, the economic reforms proved to be beneficial only for a few sectors viz finance, trade, investment etc. Other sectors like manufacturing didn't reap much benefit from such. The benefits of the reforms also had not percolated properly to agricultural sector due to which there prevailed disguised unemployment in the concerned sector. There was a missing link in the Indian economy where the service sector grew faster than the manufacturing and agricultural sectors which ideally should have been the other way round. Industrial policy had been restructured to a great extent and massive deregulation of the industrial sector was done in order to bring in the element of competition and increase efficiency. Industrial licensing by the central government was almost abolished except for a few hazardous and environmentally sensitive industries.

Financial sector is the mainstay of any economy and it contributes immensely in the mobilisation and distribution of resources. Financial sector reforms have long been viewed as significant part of the program for policy reform in developing nations. The broader objectives of the financial sector reforms, long been regarded an integral part of the overall policy reforms in India, were to formulate the policy for improving the financial health and to strengthen the institutions. The reforms had been driven by a thrust towards liberalization and several initiatives such as liberalization in the interest rate and reserve requirements were taken on this front. At the same time, the government emphasized on stronger regulation aimed at strengthening prudential norms, transparency and supervision to mitigate the prospects of systemic risks. Today, the Indian financial structure is inherently strong, functionally diverse, efficient and globally competitive. During the last fifteen years, the Indian financial system has been incrementally deregulated and exposed to international financial markets along with the introduction of new instruments and products.

Towards maintaining higher pace of economic reforms, Indian Government has taken an important and revolutionary move recently to curb the black money menace through massive scale of demonetization. Initially, this bold move may cause some temporary inconvenience among the common mass but this short lived inconvenience is a price that is worth paying for the long-term benefit of addressing this menace. This lethal blow will not only eliminate black money, but will also choke the activities of anti-nationals from across the border financed by fake currency ensuring inclusive growth and national securities in one go.

This issue presents a good number of articles on the cover story theme '25 Years of Economic Reforms in India' by distinguished experts and authors. We look forward to constructive feedback from our readers on the articles and overall development of the journal. Please send your mails at [editor@icmai.in](mailto:editor@icmai.in). We thank all the contributors to this important issue and hope our readers enjoy the articles.