

Tender Heart High School

Class 9th
Economics
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Ch - 12
New Economic Policy

classmate
Date 16/12/24
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Good Morning Students,
This lesson is of class 9th for the subject of 'Economics'. The topic for today is 'LPG Model and liberalisation' which is covered in chapter 12 titled 'New Economic Policy' of your book.

This lesson is being submitted to you on 16-12-24.

All the students now please open page number 148 of your book.

New Economic Policy / LPG Model

Economic reforms in India indicate all policy measures introduced since 1991 with a view to improve the level of efficiency, productivity and profitability in the economy.

Since 1991, the Government of India has been following the policy of liberalisation, privatisation and globalisation. This policy is popularly known as LPG Model of Growth or New Economic Policy.

LPG Policy includes:-

- (i) Replacement of controlled and licensing system by the policy of liberalisation.
- (ii) Promotion of privatisation by contracting public sector.
- (iii) Policy of globalisation in place of protectionist policy.

Objectives of LPG Model:-

Following were the main objectives behind introduction of LPG Policy in India:-

- (i) To make the economy competitive.
- (ii) To accelerate the growth rate in the economy.
- (iii) To make the production units more efficient and highly productive.
- (iv) To make use of the global resources for country's own development.
- (v) To rationalise the role of public enterprises and improve their performance.
- (vi) To cut ~~the~~ down the fiscal deficit.

Liberalisation:-

Liberalisation implies liberating (relaxing) the trade and industry from unwanted government controls and restrictions.

It contains two things:-

- (a) To allow private sector to own those industries which were earlier reserved for public sector and
- (b) Relaxation in the rules and regulations made for the private sector.

Liberalisation Measures in India:-

In the early years of planning, India imposed barriers on foreign trade and foreign investment. This policy was based on the belief that such types of restrictions are necessary to protect the

interests of domestic producers. Moreover, the government also thought that the private sector will create monopoly and ^{will} exploit the customers. Therefore, too many restrictions were put on the private sector.

The purpose of liberalisation was to remove the restrictions on the private sector and allow them to work freely. The government took following measures to promote liberalisation:-

- (1) Lifting of Trade Barriers.
- (2) Special Economic Zones.
- (3) Flexibility in Labour laws.
- (4) Make in India.

For explanation refer to page 179 of your book.

Positive impacts of Liberalisation:-

- (1) Ease of Doing Business.
- (2) Competitive Environment.
- (3) Consumers' Market.
- (4) Focus on Exports.

For explanation refer to page 179 of your book.

With this, I am ending my topic here. Write the answers of following questions

1. What does LPG policy include?
2. What is Liberalisation?
3. Explain various positive impacts of Liberalisation.