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Recent Economic Changes: Role of state and economic reforms with special reference to "GUJARAT"

From 1955 to 1991; India as a nation followed the ideology of socialism and interventionist policy of direct state participation and control and regulation of economic activities in the economy. The process of shift in the ideology from state intervention to market orientation initiated and speeded of since 1991 in India implies restoration of functioning of market forces in all markets by removing or reducing quantity restrictions on supply, removing price controls or other distortions and reducing unjustified or unnecessary market interventions by the government.

Generally, economic reforms are linked to the restoration of the functioning of the market forces in a good markets service markets and factor markets that is likely to promote the growth of private sector by encouraging it to expand its existing activities in terms of scale and scope and to participate in newer activities.

During the process of economic policy reforms and liberalization, the constraints and regulation on economic activities by the centre in different segments of the economy got relaxed. The states found more freedom and flexibility to pursue their own socio-economic agenda. It is not surprising that different states took advantage of this increased flexibility according to their physical capabilities, economic environment and ability to evaluate opportunities and risks involved.

During the initial phase of the economic reforms, 1991-92 to 1997-98, Gujarat outperformed all other state in the country in terms of economic growth according to the then member planning commission. It is, therefore, interesting to examine in detail the case of Gujarat, particularly the economic reforms and the development strategy it has followed during the nineties. In the next section, we briefly discuss the concept of economic reforms and liberalization and their possible impact on the level of economic growth activity in an economy. The specific instruments used by Gujarat state to promote economic growth through the private sector are, then, discussed in the four subsequent sections. The state of Gujarat has been one of the highly industrialized state in India, with its reputation of being a highly. Investor friendly state, the state has had a proven track record of attraction high volumes of investment and as a result, becoming the "most favored investment destination" in India.

On 1st may 1960, GUJARAT was established a separate state from Mumbai state. All Gujarat is demanded to incorporate the Mumbai city in Gujarat state, but Mumbai included in Maharashtra state. But at the time, Gujarat industrialists come forward and they determined to take Gujarat far ahead in industry. Thus the industries & industrialization and its development movements strafed from those days. The paper examines the development strategy focused on followed by Gujarat state government during the nineties. It has followed the strategy focused on industrialization with on open-door policy ever since its inception in 1960. Economic reform measures at the centre with on explicit emphasis on trade and industry considerably benefited Gujarat making its economic performance outstanding. The state government only facilitated the growth of private enterprise since its strategy was already consistent with the changes in the policy reforms at the centre, since midninetier, however, when the reform process at the centre slowed down, the state government in Gujarat started taking major initiative to liberalize and reform its policies further. In this process, the focus of the development strategy seems to have shifted away from the organized manufacturing to the unorganized sectors and giving protection to the S M E s. It is argued that Gujarat's performance would again pick up as the national reforms process gets back on the track.

The change in the economic order of the world today with an angeing meltdown has resulted in global inverters exploring newer investment destinations where the investments would be safe and would fetch assured returns. Having exhibited a relatively strong fundamental economic base with India not being significantly impacted due to the economic crisis, investors globally are looking towards India

for relocating their investments. In the backdrop of these developments, the government of Gujarat has felt it important and necessary to review and update the state's Industrial policy. The new Industrial policy with its holistic approach would identify specific interventions across sectors which would facilitate in fostering significant growth and its process attracts global investments.

Concluding observation is made in the economic reforms section, as a result, represent policy reforms very often they actually contradict or negate the reforms. Prudence of ensuring sufficient revenue generation to be able to afford offering of various sops to attract industry into the state is often sacrificed with disastrous fiscal consequences in several states. These are not very uncommon outcomes in the framework of non cooperative games in their internal consistency.

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