

Silent Contributions Of Dr Manmohan Singh For India's Economic Growth.

Dr. Ritendra Rathore

National Forensic Science University
Gandhinagar, Gujarat, India.

Abstract- The silent Contributions of Dr. Manmohan Singh , and his selfless services for India and making India economic strong which lead India as world 2nd highest growing economy. In this paper , we would study about the contributions Of Dr. Manmohan Singh to fight against economic crisis 1991 and 2008 when there was a severe crisis in entire globe but he protected India against economic crisis. By this paper we would also study other contributions Of Dr Manmohan Singh during his tenure of the prime ministership.

Introduction:

The 1991 economic crisis was an economic crisis in india which was resulted from a Balance Of Payments deficit due to excess reliance on imports and other external factors. The Narasimha Rao Government ushered in several Reforms that are collectively referred to as LIBERALISATION in the Indian Media.

Crisis started when RBI devalued Indian Rupees by 9% and by a further 11%. It was done in two doses to test the reaction of the market first by making a smaller depreciation of 9%. India faced no “ soft option” and must open the door to foreign investment, reduce the bureaucratic red tape stifles initiatives , and streamline industrial policy.

Since the implementation of economic reforms in 1991 , India has experienced substantial economic growth and has emerged as a prominent participant in the global economy. The LIBERALISATION policies of the Indian government have facilitated this growth by attracting foreign investment, increasing trade relations and promoting domestic economic reforms.

The 1991 Crisis:

In 1991, India faced it's worst economic crisis and also bring sovereign default. In 1990-91 , Gulf War which was led to a sharp increase in oil prices and a fall in remittances from the Indian workers working overseas.

This would be led to a sharp depletion in india's forex reserves at the less than \$ 6 Billion and this was just to meet around two weeks of the country's imports.

The deterioration of the fiscal deficit situation and burgeoning foreign debt level – not help the government either. As a fiscal deficit – 8 % of gross domestic product (GDP) and a current account deficit of 2.5 % of GDP all added to the government's woes. Double digit inflation numbers also added to the burden of the common man.

Economic Of Manmohan Singh's Doctrine:

First budget speech in parliament in July 1991 , Dr Manmohan Singh linked India's global standing with its economic performance. Manmohan Singh immediately spelled out the strategy which would deal with an immediate Crisis which were balance of payment and fiscal crisis.

Dr Manmohan Singh quote from Victor Hugo – No power on earth can stop an idea whose time has come”) and He further stated that the emergence of India as a major economic power in the world happens to be one such idea. Let the whole world hear it loud and clear. India is now wife awake. We shall prevail. We shall overcome.

The crisis has been anticipated by many economists and there was a p ng periods d of re-thinking in economic policy priorities preceding the 1990-91. The four Modernisation policy a decade earlier , as part of a general re-orientation of its strategic policy and it's relations with outside world.

Several factors which were contributed in India thinking on relations with the world and the role of economics and business in international relations.

- 1) The collapse of the Soviet and consequent disruption of an important external trade relationship. The Soviet union was an importance “ Balancer” from India's point of view in its negotiations with organization for economic co-operation and development (OECD) countries and with multilateral financial institutions
- 2) Balance Of Payment Crisis 1990-91 and the need to adopt a stabilization and adjustment programme to secure financial support from IMF and World Bank. India approached to Japan for bilateral assistance and found Japan unwilling to extend such support without India adopting a clear programme of reform and adjustment.
- 3) Balance of payment crisis , as a result of new thinking within the policy making establishment and thanks to new trends in remittance inflows and foreign trade.

India had chosen to move away from external aid and debt as major sources of balance of payments support and opt for foreign trade especially services trade and investment especially portfolio flows (source of foreign exchange).

4) India became a founding members of the world trade organisation (WTO) and committed itself to multilateral rules of engagement in trade.

India's "LOOK EAST" Policy and its interest in increasing its economic interaction with the Indian Ocean Rim countries also shaped India's relations with its wilder "SOUTHERN ASIAN" neighbourhood.

5) China's rise as an open economy and a trading national had a profound impact on political and academic thinking within India and shaped public policy both with respect to domestic and external economic policy.

6) In 1990's progressed and more in the first few years of the new century, India discovered its global information technology.

7) First inspired Tata Consultancy Services, Infosys and Wipro and subsequently by that of pharmaceutical major like Ranbaxy and Dr. Reddy's Indian business groups began to move away from their earlier inward-looking "Bombay Club" mentality to a more global orientation.

Immediate Measures To Mitigate The Crisis:

Immediate measures which were taken by Rao Government default – ab ignominy that had managed to avoid till then.

Two immediate measures....

A) Devaluation Of The Rupees.

The Government, along with Reserve Bank Of India (RBI), undertook a two step devaluation of the rupees which was first devalued against major currencies by around 9% on July 1991 and another devaluation was followed which was around 11% two days later.

B) Pledging Gold Holding To Shore Up Forex Reserves.

Central Bank which pledged India's gold holding with the Bank Of England in four tranches from 4-19 July 1991, raising around \$ 400 million through this route.

The state Bank of India sold 20 tonnes of gold on May to union Bank of Switzerland or UBS to raise around \$200 Millions.

International Monetary Fund had accessed immediately loans to Indian government in two trenches totalling around \$2 billion earlier in the year.

Structural Reforms:

Trade Policy.

Indian government efforts to boost exports, the Indian government announced a new trade policy. This is linked non-essential imports to exports to discourage such imports.

In order to boost to exports from the massive devaluation of the rupees, the government took away with export subsidies. The new concept was introduced which was tradable Exim scrip's granting such scrip's to exporters for their use or for sale. Scrip had calculated based on the value of exports. The private sector was allowed to make its own imports.

New Industrial Policy:

The industrial policy was game changer policy which was unveiled in the Eve of Budget 1991. It proposed the massive changes in the way India treated its industries and foreign investment by moving away from the licence rah system.

=> Policy ended the public sector monopoly in many sectors and announced a policy of automatic approval for foreign direct investment up to 51% as against the earlier cap of 40% for foreign investment.

=> Public sectors monopoly was restricted.

=> Abolish industrial licensing for all industries barring 18 irrespective of levels of investment.

=> The policy related some of the provisions in Monopolies and restrictive trade practices act.

Budget 1991-92:

=> **Budget Increased corporate tax rates by 5% points to 45%.**

=> **Introduced the concept of tax deduction at source for some financial transactions like bank deposits.**

=> **Increased the prices of cooking gas cylinder, fertilizers and petrol and removed subsidy on sugar.**

=> **Opened up mutual funds to the private sectors and relaxed rules for investment by non residents.**

=> **People – declared unaccounted wealth – given immunity from Prosecution and from levy of interest and penalty.**

How did Dr. Manmohan Singh handle the 2008 world economic crisis ?

The government stepped up to announce stimulus packages probably not because of it was keen on averting the ill-effects of the crisis, and dynastic rulers wanted to waive off loans worth Rs. 71,600 crore to ensure win in the upcoming elections.

Three Stimulus packages – between December 2008 and February 2009.

=> Amounting to 1.86 crore (3.5 % of The GDP).

India's fiscal deficit which was 2.7 % Of GDP in 2007-2008, ballooned to 6 % in 2008-2009.

Government prodded the RBI to ease the monetary terms dramatically which ensured availability Of Rs. 5.6 lakhs crore in liquidity about 9% of the GDP.

Role Of Dr. Manmohan Singh in his regime :**Economic Policy.**

=> Abolish the licence raj system (corruption in Indian economy and source of slow economic growth).

=> Liberalised the Indian economy, allowing it to speed up development dramatically.

=> Encouraged the growth in Indian market, enjoying widespread success in these matters.

=> India achieved its highest GDP Growth rate of 9%.

=> Made India the second fastest growing major economy in the world.

=> Enacted A National Employment Guaranteed Act (MGNREGA) In 2005.

=> Continued the Golden Quadrilateral and highway modernisation programme of Vajpayee's Govt.

=> Reform in banking and finance sector, as well as public sector companies.

=> Worked towards relieving farmers of their debt and worked towards pro-industry policy.

=> Added Value Added Tax, replacing sales tax.

Health & Education:

=> His Government – started the National Rural Health Mission (NHRM) – mobilised a million health workers. (Praised by American Economist – Jeffrey Sachs)

=> Implemented – revert 27% in All India Institute Of Medical Studies (AIIMS), IIT and IIM's – for other backward classes.

=> Introduced right to education act (RTE).

=> 8 IITs opened in stated of Andhra Pradesh, Bihar, Gujarat, Orissa, Punjab, Madhyapradesh and Himachal Pradesh.

=> Continued Sarva Shiksha Abhiyan Programme.

=> Improvement Of Mid Day Meal Scheme and opening of schools all over India – rural areas and to fight illiteracy.

Security and Home Affairs:

=> **financial policies, we Indian people can never payback whatever he contributed in the growth of India. The liberalisation policy of Dr. Manmohan Sing is remarkable and unforgettable what he did at the time of financial crisis in 1991 and 2008.****Notable Legislation.**

=> National Rural Employment Guarantee Act (NREGA).

=> The Right To Information Act.

=> The Right to fair compensation and transparency in land acquisition, rehabilitation and resettlement act 2013.

=> Right of children to free and compulsory education act.

Foreign Policy:

=> Continue Peace Making process which was continued by Atal Bihari Vajpayee's Government.

=> End the border dispute with people's republic of China.

=> Reopening Of Nathula Pass In 2006.

=> Signed three agreement establishing "SISTER-CITY PARTNERSHIP between Delhi – Beijing, Kolakata- Kunming and Bangalore- Chengdu.

=> China became 2nd biggest trade partner of India.

=> Relation with Afghanistan have improved considerably, India becoming the largest donor to Afghanistan.

=> Honourable PM Dr. Manmohan Singh increased the aid package to Afghanistan for the development of more schools, health clinics, infrastructure and defence. Indi emerged as single largest aid donors to Afghanistan.

=> Visited United States, Signed Indo-U.S Civil Nuclear Agreement – to allow IAEA inspection of its Civil Nuclear Reactors.

=> Improved The Relation with European Unions.

=> Relations with Iran have continued and negotiations over the Iran – Pakistan – India Gas Pipelines – taken place.

Author Review:

When we talk about the reform of 1991, the economic reform which led India to fight against economic crisis of 1991. When we talk about public image of Dr. Manmohan Singh.

The Independent – described Dr Manmohan Singh As “ One Of The World’s Most revered leaders” and “ a man if uncommon decency and grace”.

In 2014, Newsweek Magazine recognised him as a world leader who is respected by other heads of state, describing him as “ the leader other leaders love”.

Dr. Manmohan Singh received the world Statesman Award in 2010.

Henry Kissinger described Dr Manmohan Singh as “ a statesman with vision, persistence and integrity “.

Dr. Manmohan Singh was ranked 18th in the list of world most powerful people. Forbs magazine described Singh Dr. Manmohan Singh as being “ Universally praised as India’s best prime minister since Nehru”.

Australian Journalist Greg Sheridan praised Singh “As one of the greatest statesman in Asian History”.

Mr. Arvind Kejriwal in 2018, said the people are “ missing an educated PM like Dr. Manmohan Singh”.

In 2022, Nitin Gadkari said the “ Country is indebted to Dr. Manmohan Singh for the liberalisation that have a new direction”.

The silent contribution of Honourable Dr. Manoman Singh is remarkable and unpayable. He is true Indian and saviour of India. He is one of the most influential economist and greatest leader who do believe in work rather than shouting like parrot.

Conclusion:

When we talk about Dr. Manmohan Singh and his financial policies, we Indian people can never payback whatever he contributed in the growth of India. The liberalisation policy of Dr. Manmohan Singh is remarkable and unforgettable what he did at the time of financial crisis in 1991 and 2008.

Dr Manmohan Singh is great leader and greatest economist, when there was a world economic crisis 2008, NPA (NON PERFORMING ASSET) Crisis, remarkable role of Dr. Manmohan Singh.

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