

# **SURVEY SHOWS CLEARLY THAT SECTORS THAT WERE LIBERALIZED GREW SIGNIFICANTLY FASTER THAN THOSE THAT REMAIN CLOSED**

Relevant for: Indian Economy | Topic: Issues relating to Planning & Economic Reforms

Ministry of Finance

## **Survey Shows Clearly that Sectors that were Liberalized Grew Significantly Faster than those that Remain Closed**

### **The doing Business 2020 Report Recognizes India as One of the Ten Economies that have Improved the Most**

Posted On: 31 JAN 2020 3:37PM by PIB Mumbai

The exponential rise in India's GDP and GDP per capita post liberalization coincides with wealth generation in the stock market. Similarly, the evidence across various sectors of the economy illustrates the enormous benefits that accrue from enabling the invisible hand of the market. Indeed, the Survey shows clearly that sectors that were liberalized grew significantly faster than those that remain closed. The events in the financial sector during 2011-13 and the consequences that followed from the same illustrate the second pillar - the need for the hand of trust to support the invisible hand.

The Survey posits that India's aspiration to become a \$5 trillion economy depends critically on strengthening the invisible hand of markets together with the hand of trust that can support markets. The invisible hand needs to be strengthened by promoting pro-business policies to (i) provide equal opportunities for new entrants, enable fair competition and ease doing business, (ii) eliminate policies that undermine markets through government intervention even where it is not necessary, (iii) enable trade for job creation, and (iv) efficiently scale up the banking sector to be proportionate to the size of the Indian economy. Introducing the idea of "trust as a public good that gets enhanced with greater use", the Survey suggests that policies must empower transparency and effective enforcement using data and technology to enhance this public good.

The ease of doing business has increased substantially in the last five years from reforms that provided greater economic freedom. India made a substantial leap forward in The World Bank's Doing Business rankings from 142 in 2014 to 63 in 2019. The Doing Business 2020 report has recognized India as one of the ten economies that have improved the most.

Yet the pace reforms in enabling ease of doing business need to be enhanced so that India can be ranked within the top 50 economies on this metric. India continues to trail in parameters such as Ease of Starting Business, Registering Property, Paying Taxes, and Enforcing Contracts. The Surveys identifies the most crucial issues plaguing India's performance beyond the approach taken by the World Bank's survey.

\*\*\*

MD

(Release ID: 1601301) Visitor Counter : 16

END

Downloaded from [crackIAS.com](http://crackIAS.com)

© **Zuccess App** by crackIAS.com

CrackIAS.com