

Objectives of new economic policy

1. The main objective was to plunge Indian economy in to the arena of 'Globalization and to give it a new thrust on market orientation
2. The NEP Intended to bring down the rate of inflation
3. It intended to move towards higher economic growth rate and to build sufficient foreign exchange reserves.
4. It wanted to achieve economic stabilization and to convert the economy into a market economy by removing all into a market economy by removing all kinds of un- necessary restrictions.
5. It wanted to permit the international flow of goods, services, capital, human resources and technology, without many restrictions.
6. It wanted to increase the participation of private players in the all sectors of the economy. That is way the reserved numbers of sectors for government were reduced. As of now this number is just 2
beginning with mid- 1991, the government has made some radical changes in its policies related to foreign trade, foreign direct investment, exchange rate, industry, fiscal discipline etc. the various elements, when put together, constitute an economic policy which marks a big departure from what has gone before. The thrust of the new economic policy has been towards creating a more competitive environment in the economy as a means of improving productivity

and efficiency of the system. This was to be achieved by removing the barriers to entry and the restrictions on the growth of firms.

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