

Summary

Pre-reforms one of the major drawbacks in the industrial sector was the inefficient functioning of the public sector as it started incurring losses leading to drain on the nation's limited resources. Therefore, New Industrial Policy was announced by the government of India in July 1991.

The New Industrial Policy of 1991 brought changes such as Industrial delicensing, Deregulation of the industrial sector, increased efficiency and competitiveness of Public sector units, Abolition of MRTP Act. The Government of India has initiated a number of measures to open up gates for Foreign investment policy, foreign technology policy and the foreign trade sector through massive import liberalisation measures over the last decade.

There has been a shift from the inward-oriented policy of the past to an outward-oriented policy in present.

Through introduction of liberalisation measures foreign capital is also evolving gradually.