

EXAM-DAY · 90-MIN REVISION CARD

Liberalisation, Privatisation and Globalisation: An Appraisal

Print this · Fold it · Carry to the exam-hall gate · Revise once · Then walk in.

FORMULAS & KEY RESULTS

1991 CRISIS = Balance-of-Payments crisis: forex reserves -US\$1 billion (≈ 2 weeks of imports)

FOUR TRIGGERS: (1) chronic fiscal deficit → RBI borrowing → -17% inflation; (2) inefficient loss-making PSUs / licence-raj; (3) Gulf War 1990-91 → oil-price spike + lost remittances; (4) collapse of forex reserves + falling credit rating

RESPONSE: pledged gold + -US\$7 billion IMF/World Bank loan WITH conditionalities → New Economic Policy 1991

NEP = THREE PILLARS:
LIBERALISATION +
PRIVATISATION +
GLOBALISATION (LPG)

LIBERALISATION — 5 reform heads: Industrial (delicensing) / Financial (RBI→facilitator, SEBI, FIs, private banks) / Tax (lower direct tax, simpler indirect) / Foreign-exchange (1991 devaluation + market-determined rate) / Trade-&-investment (lower tariffs, end quotas, relax FDI)

PRIVATISATION = transfer of ownership/management of PSUs to private sector;
DISINVESTMENT = sale of (usually minority) govt equity in PSUs

NAVRATNAS: select profitable PSUs given operational + financial autonomy to compete globally (e.g. ONGC, SAIL, IOC, BHEL)

GLOBALISATION = integrating India with the world economy (free flow of goods, services, capital, technology)

OUTSOURCING: developed countries hire services FROM India (BPO, IT, call centres) → India = favoured destination

TOP 5 PYQ PATTERNS

1 Why did India face the 1991 crisis?

6 marks · 95% of years
5-step template: BoP thesis + fiscal/PSU domestic causes + Gulf-War/reserves external trigger + IMF loan + NEP conclusion. Use the figures.

2 Liberalisation measures

6 marks · 80% of years
Name all FIVE reform heads with one example each (delicensing / SEBI+FIs / lower direct tax / 1991 devaluation / lower tariffs).

3 Privatisation + disinvestment + navratnas

4 marks · 60% of years
Define privatisation, then disinvestment (minority equity sale), then navratna autonomy with one named PSU.

4 Globalisation + outsourcing + WTO

4 marks · 60% of years
Define globalisation, explain outsourcing direction (work flows INTO India), WTO 1995 founder-member.

5 Critically appraise LPG / impact on agriculture

6 marks · 65% of years
Balanced: services boom + BoP fixed (positives) vs agriculture neglect + jobless growth + inequality (negatives) + qualified-success conclusion.

90-MIN REVISION FLOW

0-10 min

Memorise the four 1991 triggers + figures (US\$1bn reserves, 2 weeks imports, -17% inflation, US\$7bn IMF loan) and WTO 1995.

10-25 min

Write the 6-mark '1991 crisis' answer from memory using the 5-step template.

25-40 min

List the FIVE liberalisation reform heads with one example each; then privatisation vs disinvestment in your own words.

40-55 min

Take the 15-MCQ Quick Drill.

55-60 min

Review wrong answers + recite the balanced appraisal points (services boom vs agriculture neglect + jobless growth).

(low wages + skilled English-speaking workforce)

WTO = World Trade Organisation, founded 1 JANUARY 1995 (successor to GATT 1948); India = founder member

APPRAISAL extras:
DEMONETISATION (Nov 2016 — ₹500/₹1000 notes withdrawn, aim: curb black money + digitalisation) + GST (1 July 2017 — 'one nation, one tax')

CRITICISM: services boomed but AGRICULTURE neglected (less public investment, fewer subsidies) + INDUSTRY slow + JOBLESS GROWTH + rising inequality

Confidence, not anxiety. You've practised this all year. Trust your steps. Don't change strategy on exam morning.
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