



Political and Economic Reforms in 1991

For Prelims: T. N. Seshan Electoral Reforms, [Model Code of Conduct](#), [Electors Photo Identity Card](#), [Election Commission](#), [Liberation Tigers of Tamil Eelam \(LTTE\)](#).

For Mains: T. N. Seshan Electoral Reforms, Liberalization, Privatization, and Globalization (LPG) reforms

[Source: IE](#)

Why in News?

As India gears up for the 2024 general election, it is important to reflect on the pivotal **1991 Indian general elections**, which marked a significant turning point in the country's history.

- These elections led to profound political and economic changes, driven by the leadership of [PV Narasimha Rao](#) and the impactful electoral reforms spearheaded by T N Seshan.

What were the Key Electoral Reforms Introduced by T. N. Seshan?

- Tirunellai Narayana Iyer Seshan (T N Seshan) was appointed the [Chief Election Commissioner \(CEC\)](#) from 1990 to 1996 and spearheaded a series of groundbreaking reforms that significantly transformed the Indian electoral process.
- **Key Reforms:**
 - **Voter ID cards:** Widely known as **EPIC (Electors Photo Identity Card)**, this was introduced in his tenure to prevent impersonation and bogus voting.
 - **Strict enforcement of MCC:** The [Model Code of Conduct \(MCC\)](#), existing since 1960, outlines guidelines for political parties during elections. Seshan rigorously enforced it, **curbing misuse of power and unfair advantages.**
 - **Curbing electoral malpractices:** The [Election Commission](#) under Seshan's leadership listed 150 malpractices.
 - He cracked down on **vote buying, bribing, intimidation of voters, booth capturing, and the use of muscle power.**
 - He also banned excessive spending and public displays during campaigns.
 - **Independent and impartial elections:** Seshan ensured deployment of central police forces to maintain order and prevent violence. He also **advocated for autonomous status for the Election Commission.**
- **Seshan's Reforms Impact on the 1991 Elections:**
 - The 1991 elections were conducted with unprecedented integrity and transparency, setting new standards for future elections.
 - Despite the prevailing political instability, a **turnout of 56.73% was recorded.** This was lower than the 61.95% in 1989 but reflected a **more genuine participation compared to previous elections marred by irregularities.**
- **Long-term Impacts:**
 - Transformed the Election Commission from a **passive observer to an active enforcer of electoral laws.**

- Strengthened the autonomy and integrity of the Election Commission, ensuring free and fair elections.

▪ **Recognition:**

- Seshan's efforts in electoral reforms earned him the prestigious [Ramon Magsaysay Award in 1996](#), highlighting his impact on global standards of electoral integrity.

ELECTORAL REFORMS IN INDIA

ELECTORAL REFORMS ARE CHANGES MADE TO IMPROVE THE ELECTION PROCESS AND ENSURE FAIRNESS.

Electoral Reforms Before 1996

- **Model Code of Conduct (1969):** Guidelines to regulate political parties and candidates prior to elections
- **61st Constitutional Amendment Act (1988):** Lowering of the voting age from 21 to 18 years
- **Electronic Voting Machines (EVMs) (1989):** Switched from individual colored ballot boxes to ballot papers, and later to EVMs
- **Booth Capturing (1989):** Provision for adjournment of poll or countermanding of elections in such cases
- **Elector's Photo Identity card (EPIC) (1993):** Electoral roll is the basis to issue EPIC to registered electors
- **ECI- A Multi-member Body (1993):** Election commissioners were appointed in addition to CEC

Electoral Reforms of 1996

- **Time-limit for By-elections:** Elections must occur within 6 months of any vacancy in a legislative house
- **Listing of Names of Candidates:** Contesting candidates categorized into 3 groups for listing
 - Recognised & registered-unrecognised political parties
 - Other (independent)
- **Disqualification for Insulting the National Honour Act, 1971:** Leads to election disqualification for 6 years upon:
 - Insulting the National Flag, Constitution of India or preventing the singing of National Anthem

Electoral Reforms After 1996

- **Vote Through Proxy (2003):** Service voters in Armed Forces & forces under Army Act can vote by proxy
- **Allocation of Time on Electronic Media (2003):** Equitable sharing of time on electronic media during elections to address the public
- **Introduction of Braille Signage Features in EVMs (2004):** To facilitate the visually impaired voters to cast their votes without an attendant

Electoral Reforms Since 2010

- **Voting Rights to Indian Citizens Living Abroad (2010)**
- **Online Enrollment in Electoral Roll (2013)**
- **Introduction of NOTA option (2014)**
- **VVPAT Voter Verified Paper Audit Trail (2013):** Introduction of VVPAT with EVMs to conduct free and fair elections
- **Photos of Candidates on EVMs and Ballot Papers (2015):** To prevent confusion in constituencies with namesake candidates
- **Introduction of Electoral bonds (2017 Budget):** An alternative to cash donations for political parties
 - Declared as unconstitutional by SC (2024)
- **Launch of Electronic EPIC (2021)**
- **Home Voting for People with Disabilities & Those Above 85 years of Age (2024)**

IMPORTANT COMMITTEES/ COMMISSION		
Committees/ Commission	Year	Purpose
■ Tarkunde Committee	1974	■ By Jaya Prakash Narayan (JP) during the "Total Revolution" movement.
■ Dinesh Goswami Committee	1990	■ Electoral Reforms
■ Vohra Committee	1993	■ On the Nexus between Crime and Politics
■ Indrajit Gupta Committee	1998	■ State Funding of Elections
■ Second Administrative Reforms Commission of India	2007	■ Report on Ethics in Governance (Headed by Veerappa Moily)
■ Tankha Committee (Core Committee)	2010	■ To look into the whole gamut of the election laws & electoral reforms.

What was the Political Context of the 1991 Elections?

- In May 1991, Rajiv Gandhi was assassinated by a suicide bomber from the [Liberation Tigers of Tamil Eelam \(LTTE\)](#) leading to a politically charged and fractured environment during the elections.
- Following **Rajiv Gandhi's** death, PV Narasimha Rao was sworn in as Prime Minister on 21st June 1991.

How did Economic Reforms Unfold Under Rao's Government?

- **Economic Crisis:** India was on the verge of a **sovereign default** due to depleted [foreign exchange reserves](#), exacerbated by the **Gulf War (1991)** which led to increased oil prices and reduced remittances from overseas workers.
 - The fiscal deficit soared to **8% of GDP**, and the [current account deficit](#) was **2.5% of GDP**.

[Inflation rates](#) were in double digits, further burdening the population.

- **Forex reserves plummeted to less than USD 6 billion**, barely enough to cover two weeks' worth of imports.

▪ **Immediate Measures to Mitigate the Crisis:**

- **Rupee Devaluation:** On 1st July 1991, the rupee was devalued by 9% against major currencies, followed by an additional 11% devaluation two days later. This was aimed at making Indian exports more competitive.
 - Rao chose a phased devaluation to manage the political and economic shock.
- **Pledging Gold Holdings:** The [Reserve Bank of India \(RBI\)](#) pledged gold with the Bank of England in July 1991, raising around USD 400 million.
 - In May 1991, during national elections, 20 tonnes of gold were sold to the Union Bank of Switzerland, raising approximately USD 200 million.
 - Earlier in the year, the government secured about USD 2 billion in emergency loans from the [International Monetary Fund \(IMF\)](#).

▪ **LPG Reforms:**

- **PM Rao** along with **Finance Minister Manmohan Singh**, initiated the [LPG reforms \(Liberalization, Privatization, and Globalization\)](#) that were introduced as a cornerstone of India's economic strategy to overcome the crisis and promote sustainable growth.
- **Liberalisation:**
 - **New Trade Policy:** Introduced to boost exports by revamping the licensing process and linking non-essential imports to exports.
 - **Exim Schemes:** The government removed export subsidies and instead introduced **tradeable exim scripts** for exporters based on the value of exports.
 - The policy ended the monopoly of state-owned firms over imports, enabling the private sector to import goods independently.
 - **Ending Licence Raj:** The new industrial policy dismantled the licence raj, **relaxing Monopolies and Restrictive Trade Practices Act** provisions to facilitate business restructuring and mergers.
 - The policy abolished industrial licensing for all but 18 industries, irrespective of investment levels.
- **Privatisation:**
 - **FDI Reforms:** Automatic approval for [foreign direct investment \(FDI\)](#) up to 51% was introduced, compared to the previous cap of 40%.
 - **Public Sector Monopoly Restriction:** Restricted public sector monopoly to sectors critical for national security.
 - **Opening Markets:** These changes made it easier to do business in India, attracting a deluge of foreign goods and investments in subsequent years.
- **Globalisation:**
 - **Economic Policies:** The reforms aimed at integrating India's economy with the global market, encouraging international trade and investment.
 - **Boosting Exports:** With the massive devaluation of the rupee and new trade policies, Indian exports became more competitive globally.

▪ **Impact of LPG Reforms:**

- The LPG reforms in India led to high economic growth, with GDP increasing from USD 270 billion in 1991 to USD 2.9 trillion in 2020.
 - FDI inflows also increased significantly, reaching USD 82 billion in 2020-21 from USD 97 million in 1991.
 - The reforms dismantled the License Raj, promoting industrial growth in sectors such as IT, telecom, and automobiles.
 - While the reforms created jobs and reduced poverty, there are **still concerns about job quality and income inequality**.
 - The reforms also integrated the Indian economy into the global economy, increasing trade and investment flows, with India's share in global trade rising from 0.5% in 1991 to around 2% in 2022.

Drishti Mains Question:

Q. Evaluate the significance of the Model Code of Conduct in ensuring free and fair elections. How did

strict enforcement of the MCC contribute to electoral reforms?

Q. Assess the economic crisis faced by India in 1991 and the immediate measures taken by the government to mitigate the crisis. How did these measures impact India's economy?

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims

Q. Which of the following has/have occurred in India after its liberalization of economic policies in 1991? (2017)

1. Share of agriculture in GDP increased enormously.
2. Share of India's exports in world trade increased.
3. FDI inflows increased.
4. India's foreign exchange reserves increased enormously.

Select the correct answer using the codes given below:

- (a) 1 and 4 only
- (b) 2, 3 and 4 only
- (c) 2 and 3 only
- (d) 1, 2, 3 and 4

Ans: (b)

Q. With reference to the Indian economy after the 1991 economic liberalization, consider the following statements:

1. Worker productivity (Rs. per worker at 2004-05 prices) increased in urban areas while it decreased in rural areas.
2. The percentage share of rural areas in the workforce steadily increased.
3. In rural areas, the growth in non-farm economy increased.
4. The growth rate in rural employment decreased.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 3 and 4 only
- (c) 3 only
- (d) 1, 2 and 4 only

Ans: (b)

