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# PREFACE

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With the commencement of the economic reforms process in the year 1991, business environment in India has been in a state of dynamic change and the change process is still continuing. There has been an accelerated shift from the traditional and inward-looking regime to a progressive and outward-looking policy framework. With liberalization and privatization in almost all the major sectors of the economy, the nature and extent of the role of the state in the economy are undergoing fundamental changes. The gradual opening up of the economy is bringing in the waves of globalisation throwing new sets of opportunities and threats to its business sector.

The book captures major developments in the business environment in recent years and attempts to analyse the same with a view to draw implications for corporate adjustment and management. The developments are analysed in broad macroeconomic context and presented in a clear and crisp manner. The book has been developed on the conviction that an understanding of the nature and working of an economy is a pre-requisite for a proper understanding of its business environment. A separate Part Two comprising seven chapters has been exclusively devoted to the nature and working of an economy, the process of economic growth, business cycles and major macro-economic policies. Special care has been taken to keep the Part free from the conceptual complexities of economics so that it is comprehensible even by a reader with non-economic background.

The book has a number of distinguishing characteristics. **Part One** dilates upon the overall nature of business environment. The dynamics and key indicators of business environment are discussed in separate chapters. Similarly, business environment risk has been separately discussed as it has important implications for business organisations. **Part Two**, as already pointed out above, provides the essential macroeconomic background. **Part Three** describes India's overall business environment. Macroeconomic policy environment presented in Chapters 16 and 17 provides effective understanding alongwith the background theoretical support provided by Chapters 11 and 12. Similarly Chapter 18 combined with Chapter 10 effectively captures inflationary environment. Chapter 19 describes the new Competition Act in the background of the former MRTP Act which has been retained as it still covers the cases registered under it. Chapter 20 provides technological environment which has important bearing on investment decisions of business firms. Chapter 21 on corporate governance together with Chapter 5 on business ethics and corporate social responsibility seek to provide framework for social evaluation of business enterprises. Consumer protection environment is discussed in Chapter 22. Competitive environment in the background of the new Competition Act (Chapter 19), is discussed in Chapter 23.

**Part Four** is devoted to the financial environment which effectively determines the growth of the economy. The overall financial sector is broadly divided into the money market and the capital market. Chapter 24 provides major developments in the country's money market, a section which is either missed or given weak treatment in many general texts on the subject. Indian capital market described in the Chapter 25 provides a separate section on the working of the Bombay Stock Exchange. **Part Five** analyses major development in the industry and labour environment. Public sector reforms and the disinvestment programme are given a comprehensive treatment in

Chapter 28. The services sector which today makes the largest contribution to the country's gross national product is separately discussed in Chapter 30.

**Part Six** deals with the environment for international business and shows how the economy contacts with the rest of the world. Chapter 33 explains the measures and the process of globalisation and shows how the economy has progressed on the globalisation path under the new economic policy. Trading environment and foreign direct investment are discussed in chapters 34 and 35.

The book has been designed keeping in view the standard requirements of the students of business management, commerce and economics at the post-graduate level. It equally serves a business manager who needs to understand the configuration of business environment from the standpoint of making corporate adjustment. Candidates aspiring to compete for professional courses and jobs would also find it to be a valuable resource.

The biggest challenge to write this text has been how to present a comprehensive picture and analysis of business environment within the limitations of print space and reader's patience. In most post-graduate programmes in management, business environment is a one-semester or one-year course so that bulky data is not tolerable. The book carefully avoids obsolete and historical jungle of statistics and uses minimum authentic and latest data which has been considered essential for the substantiation of various points. At most places, data has been processed to keep it relevant, and focussed and has been as latest as upto the year 2003. For easy comprehension and avoiding loss of continuity, concept and illustration boxes have been provided throughout the text. Various sources used in the text have been duly acknowledged though a few omission are possible in spite of best efforts to prevent them.

The author is indebted to all those who have rendered assistance, directly or indirectly, in the preparation of the script. The author has consulted a large number of academicians and experts on various points in the book and is deeply grateful for intellectually stimulating views received. Nevertheless, the author alone is responsible for any mistakes that might have remained and welcomes suggestions for further improvement.

*Suresh Bedi*

## **ABOUT THE AUTHOR**

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Dr. Suresh Bedi (b. 1953) is currently Professor and Dean, Faculty of Management Sciences and Director of the prestigious Institute of Management Studies and Research, Maharshi Dayanand University, Rohtak. He has over 28 years of experience in teaching and research at the post-graduate level in various areas of Economics, Business Economics and Management.

Prof. Bedi is an alumnus of Guru Nanak Dev University, Amritsar from where he did graduation with Honours in Mathematics and post-graduation in Economics. He received his first class masters degree in Commerce from Himachal Pradesh University, Shimla. He was awarded a Doctorate on his work '*Foreign Trade and Balance-of-Payments Effects of Transnational Corporations in Indian Economy*' which was completed in 1985. Since then, he has been actively engaged in guiding doctoral research and a number of scholars have been awarded doctorate degrees under his supervision.

A number of papers of Prof. Bedi have been published in various prestigious journals. He has also published a number of leading articles in business dailies including the Economic Times and the Financial Express. He has been on the advisory and governing boards of a number of reputed B-schools. He has delivered a number of lectures and keynote addresses in various national conferences and acted as a resource person in a number of UGC sponsored refresher courses for college teachers. He is a visiting faculty for various managements institutes.

Prof Bedi earlier held the position as Chairman, Department of Business Economics, Guru Jambheshwar University Hisar.

