

Managerial Economics

UNIT V

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Macro-economic environment

- The **macro-economic environment** encompasses the broader economic factors like GDP, inflation, employment, and trade that influence businesses and policy decisions.

Economic transition

- India's **economic transition** began in 1991 with major structural reforms to shift from a closed, planned economy to an open, market-driven economy.

Liberalization

- ◉ **Liberalization** aimed to reduce government restrictions on businesses, including easing licensing rules, reducing tariffs, and fostering a competitive economic climate.

Privatization

Privatization focused on transferring ownership and management of state-owned enterprises to private players to improve efficiency and productivity.

Globalization

- **Globalization** integrated the Indian economy with the global market, boosting trade, investment, and technological advancements.

Business and government

- The evolving relationship between **business and government** involves policy support, regulation, and infrastructure development to facilitate economic growth.

Public-Private Partnerships (PPPs)

- **Public-Private Partnerships (PPPs)** combine public sector resources with private sector efficiency to execute large-scale infrastructure projects and services.

Industrial finance

- **Industrial finance** supports the establishment and expansion of industries, involving banks, financial institutions, and government schemes.

Foreign Direct Investment (FDI)

- The government promotes **Foreign Direct Investment (FDI)** to attract international capital, technology, and expertise, fostering economic growth and employment.

Foreign Direct Investment (FDI)

- Sectors like IT, manufacturing, and e-commerce have witnessed significant growth due to liberal FDI policies in India. Challenges like income inequality, regional disparities, and environmental concerns persist despite the benefits of economic reforms.

Regulatory bodies

- The role of **regulatory bodies**, such as the RBI and SEBI, is crucial in maintaining economic stability and investor confidence.