

Foreword

The decade of 1990's witnessed a number of changes in the economic scenario under the process of economic reforms. These broadly included opening up of the economy along with certain steps towards liberalisation for the development of the market. The process of reforms towards globalisation, free trade and liberalisation led to a new competitive environment, the contours of which are not new but certainly challenging. As a consequence, predominance of the market as an institution emerged slowly and steadily. Similarly, competition and competitive spirit took the vanguard position in managing industrial development and other developmental schemes. The changes incorporated relaxed the controls which had hitherto worked more as hurdles and raised the transaction costs and also built the confidence of entrepreneurs. Movement towards a clear competition policy will serve a number of objectives. These may include not only ensuring the proper operations in the market and integration of the markets but also protection of the small-scale industries and finally the consumer. The shift away from the restrictive policies not only encourages new investment, increase in productivity and reduction in the transaction cost-time but also ensures high growth rate. All these steps had their associated impacts across sectors and on the pattern of investment.

Competition as defined in the book of economics, clearly perceives free supply and movement towards equilibrium. The entry barriers are assumed-out. As we know, India has got into this new paradigm after about five decades of continuous controlled economy under the licence raj. The transition from the planned economy with lots of control to a liberalised free market structure creates a good number of externalities and these have to be manoeuvred through a proper institutional framework. Therefore the issue of regulation comes here but in a different context. The Competition Commission of India is constituted for that. It goes without saying that competition is successful if there is no information barrier and other entry barriers are done away with. Therefore the rules and regulations become prominent. Effective competition policy must work towards adequate representation of the interest of consumers while ensuring overall social welfare, crucial for efficient working of market economics.

This monograph packs the rich experience of Shri S L Rao both as a management expert and an academic thinker. He uses his insights gathered as an insider and as a ringside observer of the economic scenario. Through his many articles, columns in prestigious newspapers and speeches, he has been arguing about many of these issues. He also analysed the issue in the most perceptive manner and presented the whole debate in a succinct way. All this is now available in this monograph. I am sure that this monograph will provide a good reading for the policy makers as well as industrial managers.

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