

Abstract of Doctoral Dissertation

**Effect of Macroeconomic fundamentals on
the Financial Performance of Select
Companies in Indian Manufacturing Sector
in post-liberalization Era¹**

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I. Introduction

THERE IS NO doubt that the manufacturing sector is the prime driver of economic growth for a country. Presence of a strong manufacturing sector is also quintessential in generating adequate employment opportunity in an economy. With the gradual opening up of the Indian economy since mid-eighties, the opportunity for growth for the Indian manufacturing firms has multiplied on one hand and on the other hand the firms has to face the externalities emanating from the exposure to the industry specific and macroeconomic factors which were not so powerful prior to the opening up of the economy as a whole. In a liberalized economic environment the competition becomes fierce. In the wake of such enormously competitive environment, the firms belonging to the Indian manufacturing sector has to operate efficiently and more importantly profitably to sustain in the long run. Therefore, it is of utmost importance to understand the diversified factors which are capable of affecting the level of efficiency and the financial performance of the firms. The various factors which affect a firm normally get classified into three broad categories such as microeconomic, industry specific and macroeconomic factors. Irrespective of the policy regime, these three factors have remained at the core of the financial performance of the firms belonging to each and every sector including manufacturing. But with the opening up of the economy, the industry and macroeconomic factors becomes even more important. Thus the formulation of the business strategies in the post-liberalized business environment requires special consideration of all these three factors together.

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