



INDIAN INSTITUTE OF MANAGEMENT KOZHIKODE



Working Paper

IIMK/WPS/585/SM/2023/05
SEPTEMBER 2023

**Factors Associated with Underperformance of Family Business Groups in India,
Post-Liberalization.**

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Abstract:

Family-owned business groups have been dominating Indian business for more than a century. The business groups performed well in the controlled markets before 1991. Post-liberalization of the economy, the market became competitive, and only some of the business groups could manage it. This paper attempts to understand factors that led to the decline in the performance of the top family-owned business groups after the liberalization. We identify the top-20 family business groups in 1991 and check their status in the top-20 list in the year 2020. Using the case method of analysis, we check the reasons for the decline of the business groups that fell out of the top-20 list during the period of analysis. Our findings indicate that unrelated diversification into capital-intensive industries led to the fall of these business groups. Such diversification deprived the established businesses of those groups of capital, resulting in declining performance, while the capital-intensive new businesses struggled.



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