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A concept pic on comparing two items and choosing one as the best.

Sunday May 19 2013

Summer camps to surpass Rs 1,000 crore-mark by 2017

Thesynergyonline Economics Bureau

NEW DELHI, MAY 19 :
GROWING at a compounded annual growth rate (CAGR) of about 25 per cent, the summer camps industry size is likely to touch Rs. 1,000 crore . by 2017-18 from the current level of Rs. 400 crore . due to working absent parents, higher disposable incomes, rising awareness, according to the ASSOCHAM Social Development Foundation (ASDF).

"Summer Camps industry tied closely to overall economic indicators such as per capita disposable income, population growth and leisure time. Over the next five years, the industry's growth patterns will reflect substantial increase in the number of children and adolescents due to rapidly improving expenditure on recreational activities and marginal gains in sports participation", adds the ASSOCHAM.

"Holidays and weekend breaks are times when parents and children are always on the lookout for activities to do at home or outside that combine fun with creativity and learning", said Mr. D S Rawat, Secretary General ASSOCHAM.

In an ASSOCHAM recent survey on "Rising craze for summer camps in metros" conducted in Delhi-NCR, Mumbai, Bangalore, Ahemdabad, Cochin, Kolkata, Hyderabad, Chandigarh, Dehradun covering nearly 3,000 parents during a period of April 2013 clearly indicates that parents on an average are dishing out a minimum sum of Rs. 2,000-6,000 on their single child for this summer camp. Obviously, for 2 children, the sum spent on extracurricular activities doubles up, revealed the ASSOCHAM random survey.

Majority of the parents were interviewed, wanting their children to learn more activities like drawing, dancing, clay modeling, art& craft, culinary skills, cooking without fire, sports activities in view of the growing peer effects & also update their children to meet the challenges of current competition, according to the survey.

The survey further reveals, about one in five parents want their children to spend more of their free time in summer camps or hobby classes. One out of two parents responded that their children spend more time inside home; while only a third of parents said that their children spend equal time at home and outdoors. Indeed, children on an average spend 5-6 hours at home for leisure activities during holidays, compared to an average 2 hours spent in outdoor activities, says the survey.

The survey findings also highlighted that working parents in the busy city Delhi spend least amount of time daily with their children at home (less than 1 hour) during the vacations, while those in Bangalore spend maximum amount (4 hours) followed by, Ahemdabad (3 hours), Mumbai (2 hours).

"An increasing number of parents have shown keen interest in joining their children in various activities. Several parents accompany their children for music classes and are enjoying it", reveals the ASSOCHAM Survey.

Nearly 72 per cent of the parents said, there was no provision of summer camps during their time. Coming with wards serves a double purpose not only do they give them a chance to learn something new but also ensures they get to spend quality time with the children.

Majority of the respondent said, learning together gives us an opportunity to be cordial, respect our views and understand each other better. The organisers are encasing on this trend by giving discounts if parents join their wards at camps, adds the survey.

Summer camps are relatively popular with only 65% parents preferring their children to spend time at a summer camp, in comparison 92% of children survey preferred going to a summer camp, points out the survey.

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Mr. Rawat further added, “Such camps give an opportunity to the students to become self reliable and they gain immense confidence and power to make decisions. The notion that students should be set free during vacations has changed considerably with increasing popularity of summer camps in the city”.

This industry includes overnight recreational and instructional camps for adults and children. Some camps provide accommodations and other amenities fixed campsites, food services, recreational facilities and equipment, and organized activities, points out the survey.

To aid this strategy, attractive marketing collateral and promotional gifts for each child and have a reward scheme for parents and kids to generate referrals. Many schools have a dedicated marketing budget for Summer Clubs centered on Print advertisements, hoardings, leaflets and mall activations. They allocate close to 20-25% of their marketing budget on Summer Clubs. There are nearly 30,000-35,000 camps of all kinds operate in all the tier-II and tier-III.

The high-on-energy kids need to be kept busy and the parents are ready to spend, this has led to the growth of this not-so-old category, which comes on its own mostly during the kids-vacations, adds Mr. Rawat.

Ranging from the dance classes by Shiamak Daavar and Terence Lewis, theatre-led workshops by Raell Padamsee, Prithvi theatre's summertime workshops, to the summer-camps being organized by education brands like Kangaroo Kids, EuroKids, Funskool, Mother’s Pride and many others, form the cornerstone of this fledgling but growing industry, adds the ASSOCHAM.

India,Japan to boost economic cooperation

Thesynergyonline Economics Bureau

NEW DELHI, MAY 17 :
INDIA and Japan at a meeting between Anand Sharma, Minister of Commerce and Industry of India and Toshimitsu Motegi, Minister of Economy, Trade and Industry of Japan in Tokyo, Japan on Friday reaffirmed cooperation in manufacturing, development of industrial clusters and skill development centers promoted by The Overseas Human Resources and Industry Development Association and Japan External Trade Organization (JETRO) in the DMIC region.

Both sides in a joint statement acknowledged the "Japanese industrial zones" facilitated by some of the State Governments in DMIC region and JETRO, as one of the key initiatives under the DMIC to create globally-competitive industrial clusters.

Both the countries welcomed the progress of dedicated freight corridor (DFC) as the backbone of DMIC and agreed to review their progress on a continuous basis.

Both sides appreciated the Government of India's formalizing the process of 26 per cent equity participation from Japan Bank for International Cooperation (JBIC) in Delhi Mumbai Industrial Corridor Development Corporation (DMICDC) and relaxation of capital regulations to enable long term lending for DMICDC projects through JBIC.

Both sides agreed to expedite the process of smart community projects such as seawater desalination at Dahej, Gujarat; power system stabilization project in the State of Gujarat; a microgrid system using large-scale photovoltaic (PV) power generation at Neemrana Industrial Area in Rajasthan (New Energy and Industrial Technology Development Organization (NEDO); and gas-fired independent power producer (IPP) in Maharashtra and agreed to advance the projects by exploring solutions for electricity and environmental regulations and/ or their implementation with related Ministries.

Both sides reaffirmed that trunk infrastructure projects for Japan's US $ 4.5 billion facility should be implemented through advanced innovative cutting-edge technologies for sustainable development in a way beneficial to both the countries with all instruments of JBIC's and Japan International Cooperation Agency (JICA)'s funding including STEP. Since this is a global and strategic partnership initiative between the two countries, the objective should be to attract Japanese technology and investments along the DMIC corridor.

Both sides acknowledged the progress made in the CBIC project and the finalization of the preliminary report for enhancing the quality of infrastructure in the region. The issue of improving access to Ennore and Chennai ports will be taken up in partnership with the State Government.

Both sides acknowledged the finalization of ToRs for the perspective planning of the region and for the Master Planning of investment nodes. It was agreed to reinforce their cooperation in the CBIC region and provide impetus to development of industrial clusters and skill development.

Both sides agreed to deepen discussion on concrete measures on India-Japan Investment Promotion under partnership with both countries' businesses, reaffirming the expansion of investment as being essential for the global, strategic and complementary economic relationship between the two countries.

Both sides agreed to support planned initiatives and projects in this year designed for strengthening business partnership to be organized by JETRO and NEDO.

Both sides confirmed that investment promotion is necessary for both countries' mutually-beneficial development, and agreed to deepen related discussion with regard to measures for investment promotion and improvement in business environment in partnership with State Governments.

Assocham meets China's Vice Minister for Commerce

Thesynergyonline Economics Bureau

NEW DELHI, MAY 16 :
Vice Minister for Commerce Mr. Chen Jian, Goverment of China on Thursday agreed to facilitate ASSOCHAM SME exhibitions in its various provinces and identify a nodal officer in China Council for the Promotion of International Trade (CCPIT) to provide a mechanism.

This was agreed at a meeting with ASSOCHAM on Thursday Mr. Chen Jian and Mr. D S Rawat, Secretary General ASSOCHAM also released ASSOCHAM study on "Doing Business in China" here today.

Mr Rawat said, India can advance its key strategic interest with China using, as a powerful handle, the USD 54 billion market that it has thrown wide open for the Chinese products annually and the message should go to the visiting Premier Li Keqiang by Indian leadership.

Mr. Jian further said, China is keen to help Indian exporters to market their products in their country and has invited ASSOCHAM business delegation in July/ August to finalize the strategy along with the China Council for the Promotion of International Trade (CCPIT).

"China has emerged as the largest supplier of merchandise goods to India, overtaking even the oil exporting countries. China claimed a tidy 20 per cent share in India's total non-oil, non-gold imports of USD 268 billion in the financial year 2012-13 to the much of detriment of India's domestic industry, mainly the small and medium enterprises", added Mr. Rawat.

"That should make Chinese leadership realise that India is of strategic importance to it from the point of view of market which is only to grow by leaps and bounds given our consumption pattern based on a young population", said its Secretary General.

Keqiang is visiting New Delhi and Mumbai from May 19 and the message should go out that the kind of products India imports from China are not the ones which can stall the Indian economy and can be sourced from elsewhere as well, adds Mr. Rawat.

"We are not importing crude oil from China without which our economy cannot survive…Bulk of our imports from China relate to electronics, electricals and machinery which can be sourced from rest of the world as well," he said adding any invoking of WTO rules can successfully be thwarted in Geneva by India's capable trade diplomats and legal brains.

ASSOCHAM said that it is not suggesting as if we should not trade with China. "Our trade engagement should increase further, instead so that any other strategic advancement sought to be gained by China should be at a heavy economic cost".

Besides, once the economic engagement gets further deep-rooted, it would certainly lead to resolution of other strategic and political issues.

Using the same analogy, India should also advance its economic interest with Japan which should make China compete with its jealous neighbour to seek more market interests in

India.

“While the business chambers should leave the strategic interest to the government, we are only underscoring the kind of market clout that India has gained over the years, which can be leveraged effectively in advancing the country’s strategic interests,”, said Mr. Rawat.

He said, India should use the same approach while dealing with its economic interests with the US where the senators are pressing for an Immigration law which will throttle India’s prowess in the information technology and at stakes are lakhs of jobs generated in the campuses of Infosys, TCS and Wipro.
When it comes to China, the ASSOCHAM is not suggesting that India should strain its ties with China. “it is in the best interest of the two neighbourly countries that their relations improve and are cemented through expanding commercial engagement”.

The chamber said, against its mammoth imports of USD 54 billion from China alone, India’s exports of merchandise goods were far short at USD 13 billion giving the Chinese a trade advantage of over USD 40 billion.

The trend in the financial year of 2012-13 has more or less followed that of the previous fiscal.

“At a time when Chinese economy, like most other economies of the world, is slowing, its exports to India would be of vital interest to the Chinese dispensation”, said Mr Rawat.

Electronics, machinery, precious pearls and other commodities are the principal items of import from China. When it comes to exports, main items which are shipped to China are petroleum products, transport equipment, machinery and drugs and pharmaceuticals.

A large trade imbalance has been a matter of concern and should again be raised at the highest level with the Chinese leadership. The Indian exports of several items, especially drugs and pharmaceuticals face trade barriers in China.

A large-scale dumping of Chinese goods has hurt interest of the Indian businessmen and manufacturers in their own markets. Most of the damage has been done to the small and medium enterprises which find it difficult to compete with the economies of scale from aggressive exporters. Be it toys, worship idols, lightings, tubes, the Chinese goods are all there.

In the recent past, the Chinese commercial aggression has not limited itself to small and medium scale items, but to heavy engineering. The home-grown PSU and private firms such as BHEL and L and T have suffered a lot at the hands of Chinese power equipment manufacturers. The story is somewhat similar in the telecom gear.

Need to tame inflation to contain gold demand & bring down CAD: Dr Rangarajan

Thesynergyonline Economics Bureau

NEW DELHI, MAY 16 :
TAMING the inflation and increasing the rate of return on financial products is the best way to contain demand for gold in India thereby reducing the adverse impact on current account deficit, chairman of Economic Advisory Council to the Prime Minister (PMEAC), Dr C. Rangarajan said at an ASSOCHAM event held in New Delhi .

“The government together with the Reserve Bank of India (RBI) has taken certain steps to contain demand for gold and these actions have been supplemented by the fact that inflation is coming down and consequently returns on financial products will be more attractive and help contain the demand for gold,” said Dr Rangarajan while inaugurating the ‘6th International Gold Summit,’ organised by The Associated Chambers of Commerce and Industry of India (ASSOCHAM).

“There has been a sudden surge in the import of gold in recent years due to increase in demand for gold as an investment or as an asset and this has had an adverse impact upon the current account deficit (CAD),” said the chairman, PMEAC.

On the rise in deficit in April 2013, Dr Rangarajan said, “The April 2013 deficit has gone up primarily due to sudden rise in gold imports partly due to sudden fall in the gold prices and people wanting to take its advantage, therefore, the demand was front-loaded and that is why the deficit has gone up.”

"But as the gold prices remain stable, the demand may come down," he added.

He further stressed that it is urgently imperative to contain gold imports. "We need to bring down the demand for gold from current level of 1,000 tonnes per year to a level of 700 tonnes."

Dr Rangarajan also suggested an efficient market for gold in India. "Given the fact that total quantum of gold that is sold and bought is very large, we need an efficient market for gold in this country and so attention must be placed on creating an appropriate market both in the spot and futures to meet the vast demand for gold in an efficient manner."

The PMEAC chief suggested a three-pronged strategy for containing and consequently reducing the gold demand and gold imports. "First and foremost we must tame inflation and simultaneously make return on financial assets more attractive as this would help in reducing attraction of gold as an asset."

He further emphasised on ensuring that financial products including the bank deposits and mutual fund products give adequate return.

"Secondly, some fiscal and administrative actions which have recently been taken by the government like hike in the import duty on gold would also help curbing the gold demand and its imports," said Dr Rangarajan. "Thirdly, improving the institutional mechanisms for domestic gold trading is another way to reduce demand for gold imports considering the asymmetry in the way with which gold can be bought or sold."

Amid others who also addressed the ASSOCHAM Gold Summit included: Mr Somasundaram PR, MD (India), World Gold Council; Mr Stefanus Botes, minister counselor (Economic), South Africa High Commission; Mr Venkat Chary, chairman, MCX; Mr Rajkumar Dhoot, president, ASSOCHAM; Mr S.K. Jindal, chairman ASSOCHAM Investment & Investors' Protection Committee; Mr S.C. Aggarwal, chairman, ASSOCHAM Capital Market Committee and Mr D.S. Rawat, secretary general.

India ,Netherlands sign MoU on tech ties in urban planning and management

Thesynergyonline Economics Bureau

NEW DELHI, MAY 14 :
Mr Kamal Nath, Minister for Urban Development & Parliamentary Affairs, and Ms Melanie Schultz van Haegen, Minister for Infrastructure and Environment, Netherlands signed a Memorandum of Understanding on Technical Cooperation in the field of "Spatial Planning, Water Management , and Mobility Management" on Tuesday at the Hague, Netherlands.

At the bilateral meeting, Mr Kamal Nath spoke about the urbanization challenge being faced by India and the determination of the Government of India to address it in partnership with the technical and professional experts and business leaders of both countries.

Mr Nath reiterated that addressing the urbanization challenge provided a huge opportunity for cooperation including in the area of Private Public Partnership (PPP).

The memorandum of understanding will enable greater cooperation in the areas of - Spatial planning, urban and regional planning and development and architecture; Water management in terms of Water supply and sanitation and governance structures; Transport management and transport systems and infrastructure; Energy-efficient and sustainable built forms

Under the MoU, a Joint Working Group would be set up that would prepare annual work programmes. It was decided that the first seminar under the MoU would take place in June 2013 at Rotterdam to be followed by another seminar in India later in the year.

Mr Kamal Nath, met Ms. Lilianne Ploumen, Minister for Foreign Trade and Development Cooperation, Ministry of Foreign Affairs. While noting that the bilateral trade between India and Netherlands has been increasing at a brisk pace, it was agreed that there is a need to expand the trade basket to other important areas such as Urban Development. Minster Ploumen is likely to visit India with a trade delegation later in the year, which would also include representatives of the urban sector.

Return of Nawaz Sharif to help India-Pak

economic integration , says Assocham

Thesynergyonline Economics Bureau

NEW DELHI, MAY 13 :
RETURN of Nawaz Sharif at the helm of affairs in Islamabad will help its economic integration with India which will also aid the Pakistani economy revive faster, industry chamber ASSOCHAM said on Monday.

The ASSOCHAM which has taken several initiatives in the past to foster economic cooperation between the two neighbouring countries, said the focus on economic engagement should increase to improve bilateral relations which have been marred by political reasons.

"Return of Nawaz Sharif who wants to kickstart revival of Pakistani economy should be used as a fresh opportunity to cement the business and trade ties with India", said Mr. D S Rawat, Secretary General ASSOCHAM.

He said like in the past, the ASSOCHAM will take new initiatives to engage actively with trade and industry associations of Pakistan.

The chamber will also plan to field a delegation of Indian business leaders to Pakistan so that the goodwill can also be generated among "our counterparts across the border".

He said a lot of investment and political willpower is required to improve trade facilitation at both sides of the border at Wagah . The number of items of trade should also be increased at the Wagah border. The two countries also need to participate in mutual exhibitions and trade shows besides the informal trade on the line of control in Kashmir should also be given a boost.

The bilateral trade was only US$ 2.34 billion in the financial year 2012-13 while the third country trade through other ports like Dubai was much more. Like in the case of China, trade should be increased several times so that the people-to-people commercial stakes are raised. This in turn will help improve the political ties as well and aid in resolving some of the contentious issues.

"We must increase the official trade and set a target of at doubling the bilateral trade in the current financial year. While we urge Pakistan to grant us the MFN status, New Delhi should ensure that the trade balance which is largely skewed in favour of India should be corrected," the chamber said.

According to the ASSOCHAM recent report on 'The Potential of Indo-Pak Economic Engagement: A study with focus on post-MFN scenario' reveals that bilateral trade between India and Pakistan might clock over $12 billion by 2015 if Pakistan accords India with the coveted most favoured nation (MFN) status.

Exports of commodities like sugar and sugar confectionary, cotton, coffee, spices, tea, petroleum products, iron and steel, pharmaceuticals, petrochemicals, fertilizers, paints, automobiles, heavy industrial goods and others to Pakistan and imports of fruits and vegetables, mineral fuels, organic and inorganic chemicals, woolen products from Pakistan together with mutual trade promotion initiatives between the two neighbours can help boost the bilateral trade by almost five times from $2.34 billion realized in 2012-13 and the two neighbours can help each other and enhance trade, said The Associated Chambers of Commerce and Industry of India (ASSOCHAM).

Against India's merchandise exports of USD 1.833 billion to Pakistan, imports from that country were only USD 513 million, less than one-third. "Whatever genuine concerns are there from Pakistani businessmen should be taken on board. Correction of the trade imbalance will also help the Federal Government in Pakistan to give us MFN, which is more of a symbolic stance" the chamber said.

The enhanced trade cooperation can help Pakistan in some of its strong industries which, however, are battling the global slowdown like several other countries. Although India and Pakistan compete in the international market in the cotton textiles and apparel, the two nations can still cooperate in terms of certain value-additions.

India economy

Share of manufacturing in India's GDP

declining, reversing targets

Thesynergyonline Economics Bureau

NEW DELHI, MAY 12 :
THE share of manufacturing in India's gross domestic product has been coming down, declining to 15.2 per cent in fiscal 2012-13 and is expected to fall below 15 per cent in the current financial year since the sector is facing slowdown and unutilised excess capacity, an ASSOCHAM study has cautioned.

The drop in the share of manufacturing has come about in the backdrop of the government aiming to bring its contribution to 25 per cent of the total economic activity by 2020, but the trend is certainly moving in the reverse direction in line with the decelerating agriculture sector, the ASSOCHAM paper said.

Manufacturing which has the potential of creating millions of jobs and bringing development to several backward regions of the country could contribute 15.2 per cent to the Indian economy growing by just about one per cent in FY 2012-13. Its share in GDP in 2010-11 was 16.2 per cent and 15.7 per cent in the fiscal 2011-12.

"This is despite the fact that the government has been insisting on taking this share to 25 per cent and major initiatives were announced to make manufacturing vibrant part of the economy, which depends pre-dominantly (as much as 60 per cent) on services. Depending too much on services is not good for India because our manufacturing could not scale upto the global standards in the first place," the paper noted with concern.

In line with the laggard performance of the manufacturing the share of total industrial output in the GDP has also come down from 28.2 per cent in 2010-11 to 27 per cent in 2012-13. Agriculture, as it is, has been giving the least to the country's total economic output at just about 13.7 per cent. The trend has been showing a falling curve from 14.5 per cent about two years ago.

"The serious consequence of dropping agri output and its contribution to the GDP is further displacement of people in the agrarian sector. Well over 60 per cent people depend on agriculture and their share in the GDP cake is limited to just about 13.7 per cent. This is a serious disequilibrium and is anything but inclusive growth, which will remain a mere slogan if urgent measures are not taken to shift people away from agriculture sector.

"However, the problem arises as to where to shift these surplus manpower because the biggest potential to absorb such workforce is the manufacturing, which itself is battling. More than 50 per cent of the 22 industry segments have shown massive degrowth in March displacing a huge number of people in the process," the chamber paper said.

The other problem for the manufacturing has been a big setback for exports which find market for the industrial products in the overseas markets.

As per analysis of the disaggregate date made available till December, 2012 from April, exports to European Union and Asian countries has suffered a major setback. While exports to EU, accounting for 16.3 per cent in India's merchandise exports, declined by 11.2 per cent, those to Asian countries, (excluding Japan) with a share of 28.1 per cent, contracted by 8.4 per cent during April-September 2012.

Infrastructure bottlenecks and regulatory hurdles for mega projects are also hindrances in taking leap forward in industrial activity.

Rightly, Governor of the Reserve Bank of India D Subbarao has observed that there is over-capacity in the industry and no fresh investment can take place unless full capacity is utilised, which is again a function of consumer confidence, demand and employment.

Revised priority sector lending norms to boost agriculture and allied activities : CII

Thesynergyonline Economics Bureau

NEW DELHI, MAY 10 :
THE recent circular of Reserve Bank of India (RBI) regarding the revision of limits under the Priority Sector Lending (PSL) â€“ Targets and Classification will boost agriculture and allied activities, according to Mr Piruz Khambatta, Chairman, CII
National Food Processing Committee and Chairman and Managing Director, Rasna.

The enhanced credit flow will ease the availability of financial resources to the Agriculture sector, at the same time enable banks to reach out to the farmers and the MSMEs (engaged in Agri related activities), with an extended arm, he added.

According to Mr Khambatta, while priority sector lending is an institutional mechanism for allocating credit to agriculture and MSMEs, there is a need to realise the high potential of food processing for generating employment and improving livelihood. Hence, it is suggested that all advances to agriculture and food processing under PSL, be enabled without any limitation on expenditure made on plant and machinery (capital expenditure), he added.

Earlier the RBI has issued a Circular to all scheduled commercial banks in the country stating that (i) The limit of loans to farmers against pledge/hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months stands increased from Rs 25 lakh to Rs 50 lakh both under direct and indirect agriculture; and (ii) The limit of loans to dealers/sellers of fertilizers, pesticides, seeds, cattle feed, poultry feed, agricultural implements and other inputs has been raised to Rs 5 crore per borrower from Rs1 crore.

Youth jobs' gains wiped out by slow recovery

A new ILO report says the long-term impact of the youth employment crisis could be felt for decades, creating a generation at risk of suffering decent work deficits throughout their lives.

Thesynergyonline Economics Bureau

GENEVA :
DESPITE some regional differences, the global youth unemployment rate continues to rise and is projected to reach 12.8 per cent by 2018 – wiping out the gains made at the start of the economic recovery.

Behind this worsening figure is an even more worrying picture, revealing persistent unemployment, a proliferation of temporary jobs and growing youth discouragement in advanced economies; and poor quality, informal, subsistence jobs in developing countries.

According to the ILO's Global Employment Trends for Youth 2013 report, an estimated 73.4 million young people – 12.6 per cent – are expected to be out of work in 2013, close to the levels reached at the peak of the economic crisis in 2009. This is an increase of 3.5 million between 2007 and 2013.

Global unemployment trends 2007-2013.

Earlier projections had put the 2012 figure at 12.7 per cent but this has been adjusted to 12.4 based on new data. The trend, however, remains upward.
"These figures underline the need to focus policies on growth, massive improvements in education and training systems, and targeted youth employment actions," says José Manuel Salazar-Xirinachs, ILO's Assistant Director-General for Policy.

"Employers, education providers and youth often live in parallel universes, they do not sufficiently engage with each other. We know a lot about what works but real impact and scale can only be achieved through close partnerships and collective action," he added.

The highest regional youth unemployment rate in 2012 is registered in the Middle East, where 28.3 per cent were out of work – more than one in four economically active young people. On current projections, this is expected to rise to 30 per cent in 2018.

North Africa is also experiencing a very high youth unemployment rate – 23.7 per cent in 2012.

Gender inequality across regions

Young women in both these regions are the worst hit – 42.6 per cent of the female labour force in the Middle East is out of work, 37 per cent in North Africa.

Globally, the lowest rates in 2012 were in East Asia (9.5 per cent), and South Asia (9.3 per cent).

In advanced economies, the youth unemployment rate in 2012 was 18.1 per cent. It is likely to remain above 17 per cent until 2015 and is not predicted to drop below 17 per cent before 2016. In Greece and Spain, more than half of the economically active youth population is unemployed.

Many young people have given up on the job search altogether. If they were factored into the unemployment figures, the report says, the number of young people either unemployed or discouraged from seeking work in advanced economies would increase to 13 million, compared to the 10.7 million who were actually unemployed in 2012.

Shrinking options

Those who do find work are forced to be less selective about the type of job they settle for, including part-time work and temporary contracts because they are in desperate need of any income.

“Secure jobs that were once the norm for previous generations – at least in advanced economies – have become less easily accessible for today’s youth. The growth of temporary and part-time work, in particular since the height of the global economic crisis, suggests that such work is often the only option for young workers,” Salazar-Xirinachs explains.

The share of young people being out of work for at least six months is also increasing. In the OECD countries, more than one third of young, unemployed persons were classified “long-term unemployed” in 2011 – up from one quarter of the unemployed in 2008.

This is particularly worrying, says Salazar-Xirinachs: “The long-term consequences of persistently high youth unemployment include the loss of valuable work experience and the erosion of occupational skills. Moreover, unemployment experiences early in the career of a young person are likely to result in wage scars that continue to depress employment and earnings’ prospects even decades later.”

The number of NEET’s in advanced economies – those neither in employment, nor education or training is growing and stands at one in six – putting them at risk of labour market and social exclusion.

Skills mismatch
Over and undereducation by age and sex
Skills and occupational mismatches, which are also increasing, are in danger of becoming entrenched, without policies to re-skill jobseekers – in close collaboration with the private sector. Youth who are vulnerable to occupational mismatch include, in particular, young women and youth who have already experienced unemployment.

“These consequences are likely to become stronger, the longer the youth unemployment crisis continues and will lead to an economic and social cost – increasing poverty and slow growth – that will far outweigh the cost of inaction,” Salazar-Xirinachs stresses.

The report urges governments to take immediate and targeted action to tackle the youth employment crisis. Concerted and joint efforts by employers’ organizations and trade unions are also called for.

It stresses that there is no “one-size-fits all” solution but says that the key policy areas, identified in the ILO’s June 2012 Call for Action, is a global framework which can be adapted to national and local circumstances.

The report calls for:

Fostering pro-employment growth and decent job creation through macroeconomic policies, employability, labour market policies, youth entrepreneurship and rights to tackle the social consequences of the crisis, while ensuring financial and fiscal sustainability.

Comprehensive measures targeting disadvantaged young people in advanced economies with high numbers of unemployed youth. These include education, training, work experience support and recruitment incentives for potential employers.

Integrated employment and livelihoods strategies and programmes in developing countries, including training in literacy, occupational and entrepreneurial skills and business support.

MoEF urged to create single window clearance mechanism for projects

Thesynergyonline Economics Bureau

NEW DELHI, MAY 07 :
SCOPE and Ministry of Environment & Forests jointly organized the 7th two-day

Programme on "Environment & Safety – Prevention & Management of Chemical Accidents" which started at SCOPE Convention Centre, here today. Dr. Muzaffar H. Ahmad, Member, National Disaster Management Authority (NDMA) inaugurated the Programme and delivered the keynote address.

Dr U.D. Choubey, Director General, SCOPE and Mr U K Dikshit, Director (Programmes), SCOPE also addressed the Programme which is being attended by a large number of senior and middle level executives from public enterprises.

Dr. U.D. Choubey, Director General, SCOPE in his address said the public sector enterprises have been taking effective measures to protect environment, control pollution and prevent chemical accidents by adopting the latest technologies and monitoring of performance by their respective boards.

Dr Choubey said if PSEs integrate regulatory mechanism and its compliance with their strategy, it would help them to reduce the cost of the projects. He also emphasized the need for a single window clearance of the projects by Environment Ministry so that the extra cost incurred on the protection of environment is compensated by quick decisions. All applications for projects must be cleared within 30 days, Dr. Choubey added.

Dr Muzaffar H Ahmad, Member, NDMA, in his keynote address said adherence to the laws and enforcement of applicable rules and regulations, are the actual drivers for robust chemical disaster management in the country.

He stressed the need for building sustainability through the multi stakeholder partnership in today's scenario.

Dr Ahmad informed that there have been innumerable gas leaks, explosions and accidents reported in recent years, including Jaipur Oil depot fire, Bombay Port Trust chlorine leakage, Sivakasi explosion, fire at Zuari Agro Chemicals Goa and very recent Surat IndianOil fire as well as accidents due to transportation.

Hence, there is need to understand associated safety risks of chemical and environmental, pharmaceutical, hydrocarbon and other allied industry, and address it separately, he added.

Dr Ahmad complimented SCOPE for the two-day Programme on "Environment & Safety – Prevention & Management of Chemical Accidents" which will create much needed awareness on environment and safety.

Assocham for comprehensive anti-money-laundering enforcement agency

Thesynergyonline Economics Bureau

NEW DELHI, MAY 07 :
IN the absence of comprehensive anti-money laundering enforcement agency, India in the wake of its growing financial strength is becoming more vulnerable to money laundering activities, despite its strict foreign exchange laws.

In a joint report brought out by Assocham and resurgent India on 'money laundering and its fallout', it has stated that cyber finance is the growing concept in this developing economy and the pace at which the technology is growing is not matched up with the enforcement agencies.

The report says, there is a need for viewing the issue with the perspectives of money laundering on international forum and money-laundering within the country. As far as the cross-border money-laundering is concerned India's historically strict foreign-exchange laws and reporting norms have contributed to a great extent to control money laundering on the international forum. However, there has been a threat from informal transactions like "Hawala".

It is estimated that funds transferred through the hawala market are equal to between 30-40 per cent of the formal market. Due to the large number of expatriate Indians in North America and the Middle East, India continues to retain its position as the leading recipient of remittances in the world, followed by China and Mexico.

While releasing the study the Chamber spokesman said the growth of technology not only helped the common man but has proved to be a boon for these money-launders and India is not an exception to this.

Though India now has KYC norms in place in both money market and capital markets, but these norms have failed to control Hawala transactions, as RBI cannot regulate them. Further KYC norms become less effective because of indifference shown by the implementing authorities. Increased competition in the market requires and gives motivation to the banks to lower their guard on this score.

Also India has illegal black market channels for selling goods. Smuggled goods such as food items, computer parts, cellular phones, gold, and a wide range of imported consumer goods are routinely sold through the black market. By dealing in cash transactions and avoiding customs duties and taxes, black market merchant offer better prices than those offered by regulated merchants.

The report further states says the Assocham spokesman that unawareness about the problem of money-laundering among the common people is an impediment in having proper AML regime. People in India, especially among the poor and illiterate, do not trust banks and prefer to avoid the lengthy paperwork required to complete a money transfer through a financial institution. The Hawala system offers them same remittance service as bank with little or no documentation and at lower rates and provides anonymity and security. This is because many don't treat this to be a crimea and are not aware about the harmful effects of the crime.

Unfortunately money-laundering has now become hybrid and is not only related to NDPS case but many areas of operation. Separate wings of the law enforcement agencies are dealing with digital crimes, money laundering, economic offences and terrorist crimes. The agencies do not have the convergence among themselves but the criminals have.

ASSOCHAM says, Money Laundering is global problem and must attract global attention. Without international cooperation money laundering cannot be controlled. The criminals outsmart the enforcing agencies and deploy a team of experts having specific domain knowledge to disguise their illicit money and masquerade it as legitimate income.

Development of new high technology coupled with wire transfer of funds has further aggravated the difficulties to detect the movement of slush funds. The international nature of money laundering requires international law enforcement cooperation to successfully investigate and prosecute those that instigate these complex criminal schemes. Money laundering must be combated mainly be penal means and within the frameworks of international cooperation among judicial and law enforcement authorities.

Economy to grow above 6% in FY 14 , says Assocham

Thesynergyonline Economics Bureau

NEW DELHI, May 05 :
IMPROVEMENTS in global economic environment, particularly in the US, recovery in exports, normal Monsoon and bottoming out of the industrial expansion are the strong reasons for revival of the Indian economy, which is very likely to grow a shade above six per cent in the current financial year, an Assocham Economic Outlook Report has pointed out.

According to the Outlook Report prepared in the last fortnight, there is a definite downward movement in the prices of commodities of key interest to India like gold and crude oil and the decline in these items is not tentative but a consistent trend.

“The growth revival of the Indian economy will largely come on the back of the global factors and the normal Monsoon which will have a positive spin offs on the all-important services sector, “the Assocham Outlook Report noted.

In the FY 2012-13, the Indian economic growth fell to five per cent from 6.6 per cent a year ago in the wake of drought-hit agriculture output, serious problems in the global markets hitting merchandise exports , high cost of borrowing that hit the industrial output along with other issues and a perception of a policy paralysis among the global investors.

On top of it all, a huge gap between imports and exports made things difficult for the economy, particularly the government finances and the current account deficit reached an unsustainable levels of 6.7 per cent in the third quarter of FY 2-12-13.

However, the global economy and to some extent the Indian economy seem to be shifting the cyclical track which will in the short run at least work to the advantage of net importer countries like India. The trade deficit in the current FY is sure to be reduced to a much lower level from USD 190 billion in the previous fiscal. Exports which have moved in the growth trajectory are expected to gain further momentum, more so in the second half of the FY 2013-14.

The US economy, as is shown by the latest job data release, is not as bad as it looked and several other Asian and African economies are picking up momentum again. Besides, the mood in the stock markets all over the world is holding good resulting into regular flows of funds from the foreign institutional investors into the Indian market.

“A steady inflows from FIIs along with positives on FDI like USD 10.5 billion IKEA proposal will do a lot of good to the Indian macro picture. With both gold and crude oil showing a downward steady bias, the pressure on inflation is bound to get reduced. Good rains expected this year will also help check inflation making RBI revisit its tight monetary stance, which it has kept largely so far,” the Outlook Report pointed out.

It said while several home-grown issues like holding up of investment of Rs 3,50,000 crore in the central sector alone are blocking growth, “worst seems to have been over”.

However, corruption remains the biggest concern insofar as the overall political-economic environment is concerned. “We must admit, this environment has been vitiated in the last one month with the government grappling with one scandal or the other and the Opposition stalling Parliament”.

With elections in several important states like Karnataka, Delhi, Rajasthan round the corner along with general elections due next year, the political environment is likely to get murkier making it that much more difficult for the government to push through reforms.

“But for the political logjam over coalgate and 2G Joint Parliamentary the crucial legislative business would have been through. At least the Land Acquisition Bill which had the political consensus and to some extent the Insurance Bill for revising the FDI in the sector to 49 per cent really looked low hanging fruits just about weeks ago. They look difficult now,” the report said.

However, the Outlook report still concluded that achieving six per cent growth is doable and it could even exceed by a few points as the external sectors seem to be turning for better.

“Except for Europe where looks a far cry, the problems in the rest of the world seem to be edging out. However, as a nation India has to keep a vigil and should not allow political freebies which can damage the overall fiscal situation. In an election year, the Finance Minister is likely to face demand from the Congress Party and some of the UPA allies to give political freebies, which must be resisted. After all, with great effort and luck from external sector, the overall balance-sheet is getting repaired somehow with concerns on CAD and fiscal deficit abating.” the report noted.

RBI cuts repo rate by 25 bps to 7.25%, keeps CRR unchanged at 4%

Thesynergyonline Banking Bureau

NEW DELHI, MAY O3 ;
THE Reserve Bank of India (RBI) on Friday cut its policy interest rate by 25 basis points for the third time since January.

The central bank reduced the repo rate to 7.25 percent, and kept the cash reserve ratio (CRR) for banks unchanged at 4 percent also in line with expectations.

The cental bank said the headline inflation remaining above the threshold and consumer price inflation remaining high, the space for action for 2013-14 remains very limited. If some of the risks come to fore, policy re-calibration may become necessary in either direction.

"The balance of risks stemming from the Reserve Bank's assessment of the growth-inflation dynamic yields little space for further monetary easing," according to the the RBI statement.

The headline inflation is likely to remain range-bound in 2013-14, with some further moderation in H1 due to subdued producers' pricing power and falling global commodity prices, before it increases somewhat in H2 largely due to base effects , it said.

Reserve Bank's survey of outside professional forecasters shows anticipation of a modest recovery with growth in 2013-14 at 6.0 per cent from 5.0 per cent and average WPI inflation to moderate to 6.5 per cent from 7.3 per cent. Surveys show that inflation expectations have moderated slightly, while business expectations remain subdued, said RBI Governor Duvvuri Subbarao,

India's headline inflation in March fell to its lowest in more than three years at 5.96 percent, but the consumer price index remained elevated at 10.39 percent.

The current account deficit swelled to a record 6.7 percent of GDP in the December quarter. While it is expected to ease on lower global commodity prices and a rise in exports, it is on track to remain well above the 2.5 percent level that is seen as sustainable.

The central bank added that it expects the economy to grow at 5.7 percent in the fiscal year that started in April, and projected headline WPI inflation at around 5.5 percent during the year.

Strong FII inflows, especially in H2 of 2012-13 augured well for the Indian equity markets and the rupee. Money markets remained orderly, despite year-end liquidity pressures. G-sec yields softened during Q4 of 2012-13, although with some increase at the year-end , the RBI in its poliucy statement .

Primary markets remained subdued during 2012-13, though resource mobilisation through mutual funds and Qualified Institutional Placements gathered some momentum during the year, it added.

The Reserve Bank's House Price Index increased 26 per cent y-o-y during Q3 of 2012-13, with annual increase hovering around 20 per cent for the past eight quarters. Transaction volumes registered a growth of 14 per cent during Q3.

Global growth turned weaker in 2012 and is expected to stay sluggish in 2013. Fiscal adjustments will drag growth down in advanced economies and delay cyclical recovery in emerging market and developing economies.

Industry reactions

RBI again disappoints India Inc, misses opportunity , says Assocham

Thesynergyonline Banking Bureau

NEW DELHI, MAY 03 :
THE Reserve Bank of India (RBI) is becoming over-cautious in reading the potential risks to the economy and staying stubborn with the hawkish monetary policy to the detriment to the industrial growth.

The symbolic 25 basis point cut in the repo rate is not going to translate into any reduction in the interest rates at the ground level. "The EMIs for personal loans are not going to change; the interest costs for the industry is going to say heavy and the investment trigger would stay absent," ASSOCHAM president Rajkumar N Dhoot said in a statement here.

He said given a clear trend of the global quantitative easing by the central banks and a sharp correction in the crude oil and gold prices, the risks to the current account deficit have definitely declined. But the RBI lists the CAD as the biggest risk. "This is certainly over-reading into a situation and a threat which does not exist, but such a reading is hurting the industry by way of a stubborn monetary policy which , somehow seems determined to bring the inflation further down . The trade-off with the growth is exceedingly high," the chamber president said.

He said the RBI Governor himself has conceded that both the borrowers and lenders have become risk averse. "then how are we going to revive growth and investment. The borrower is risk averse because a lot of key sectors like roads, ports, airports, power, telecom and realty are over-leveraged and find it difficult to service the loans. "
The ASSOCHAM said a sharp cut in the CRR should have eased pressure on the liquidity and too much money is locked in CRR. "Some bankers have rightly questioned the need for CRR. It blocks the money supply pipeline. "

"In our assessment while there is a lot that the government should do in terms of improving governance, the RBI should not wash its hands off at the cost of economic growth, which is must for fulfilling aspirations of the people," Mr Dhoot said.

Sanjeev Srivastva, MD Assotech

"This is a good move we are hoping this rate cut will pass on to consumers by financial institutions as soon as possible to provide positive trend in the coming months. It will boost the situation of recent sluggishness in investment activity and domestic sentiments because interest rate is an important component in driving the economy. It is although small in percentage but a good sentiment booster."

'Waning trusts in institutions leading to decision-making logjam'

Thesynergyonline Economics Bureau

NEW DELHI,, MAY 01 :

LACK of trust in institutions is the root cause for slow progress vis-à-vis achievements of various objectives like improvement in GDP growth, growth in improvement of peoples' health and education and other such objectives, member of the Planning Commission, MrArunMaira said at an ASSOCHAM event held in New Delhi on Wednesday.

"Rapidly declining trust of citizens in the institutions of India , be it the political institutions, government institutions and the corporate institutions and what they are doing and in whose interest they are doing is leading to a political, decision-making and action logjam in the country," said Mr Maira while addressing an a national conference on 'Corporate Compliance Management,' organized by The Associated Chambers of Commerce and Industry of India (ASSOCHAM).

"This logjam is not just going on in the parliament but in our districts where actions are not being taken and where the agreements and alignments between the industries and governments are not happening rapidly," said Mr Maira.

These things emerged out of the consultations held by the Planning Commission through several organisations, civil society, business associations, economists' group, experts group and other such think tanks to ascertain the many perspectives of the people that need to be taken into an account, saidMrMaira. "For the first time while we made the 12th plan we thought to look into the heart of India and see the whole system, the many forces and perspectives shaping up the country."

"While listening to India through these many channels and these many perspectives we located at the heart of the matter concerns about slowing economic growth, slow pace of improvement in health and education of the people in the country, poor institutions and tapering off the peoples' rights and poor or no decisions and poor performance is coming in the way of achieving these objectives," said the member of the Planning Commission.

"The new companies bill has something for everyone as we have compressed most of the best practices of the world into it and that would make sense to corporate India be it the small, medium or the large sector," while addressing the ASSOCHAM seminar, Dr. Bhaskar Chatterjee, director general and CEO of the Indian Institute of Corporate Affairs (IICA).

"Legal, financial, governance, sectoralcompliances and new elements like CSR regulation are the pillars where the main body of compliance lies," said Dr. Chatterjee while breaking up the compliance world in major areas.

Dr. Chatterjee further said that cost of compliance must lie at the heart of every entity as they can derive a lot of value through it. "If you have not budgeted for compliance you have committed a serious mistake because if you are not able to comply well and slip up then costs and penalties are way too high to the tune of Rs 25 lakhs and three years imprisonment as per the section 134 of the new companies bill."

On the role of the independent director, Dr. Chatterjee said it has been clearly defined in the new companies bill which was not there earlier as the companies had independent directors that were too close to the companies and next to indistinguishable. "We hope we will soon have truly independent directors as their role has become part of the regulatory mechanism."

Talking about the role of stakeholders of an organization, Dr. Chatterjee said "Now the companies are answerable not just to the shareholders unlike in the previous regime but to the large entity of stakeholders and this consciousness is seeping not only in governance of companies but also into our regulatory framework."

Amid others who spoke during the ASSOCHAM conference included MsPreetiMalhotra, chairperson of ASSOCHAM National Council for Corporate Affairs & CSR and ED & group president, corporate affairs of the Spice Group and Mr G.P. Madaan, senior member of ASSOCHAM National Council for Corporate Affairs & CSR.

India Inc upset over political logjam harming economy : Assocham

Thesynergyonline Economics Bureau

NEW DELHI, APRIL 30 :
INDIA Inc is quite disturbed over logjam in Parliament which is holding up passage of bills crucial for reforms , ASSOCHAM said today , making a fervent to all political parties to sit together and agree at least on minimum economic agenda.

Without blaming a political party, the industry chamber said the country is faced with a situation where even the Budget and the Finance Bill get passed without a debate in Parliament.

"Frankly speaking, there are at times several areas of concerns in the Budget which the business and the industry may not point out directly. There should be aggressive and intense debate in Parliament so that the country gets a well-debated and a balanced Finance Act and the Budget. However, in the absence of a structured and proper debate, the money matters worth Rs 16.65 lakh crore would be passed without a question being asked from the government," ASSOCHAM President Rajkumar N Dhoot said in a statement here on Tuesday .

Mr Dhoot said before re-opening of the second leg of the Budget session of Parliament, it was widely believed that some of the bills on subjects like land acquisition on which the government had built in a political consensus would be cleared without any difficult.

"But for that to happen, Parliament has to function and debate must take place. Even in the Land Acquisition Bill, there are very crucial issues like the impact on the cost of acquisition from the industry's point of view. These issues should be debated threadbare in Parliament. Sadly enough, the bill would get delayed further," pointed out ASSOCHAM president.

One of the reasons for the economic slowdown has been virtual drying up of the capital investment cycle as the investor is not sure about the consumer demand in the wake of high cost of money, global problems in Europe and the US. Even Asia is engulfed in slowdown.

Under this kind of economic cycle, the economy needs strong government push and non-partisan political support to reforms," the ASSOCHAM chief said.
Besides the Land Acquisition, Rehabilitation and Resettlement Bill, the other key bills which are held up include the Insurance Laws for raising the FDI limit to 49 per cent, the Companies Bill, Forward Contracts (Regulation) Amendment Bill and the National Food Security Bill.

"Finance Minister Mr P Chidambaram took a painstaking tour of the world's financial cities and assured the investors about raising the foreign direct investment limit in insurance from 26 per cent to 49 per cent. But under the given circumstances, it does not look possible,"the chamber said.

It said even some of the good vibes generated by the recent Jet-Ethihad deal may get lost in the cacophony of the political uncertainties. Incursion by China into the Indian territories has also to be dealt with by a strong national unison and a combined sense of purpose.

As pointed out earlier by ASSOCHAM, China's economic interest into the market is huge as "we give them a ready market worth USD 57-58 billion and do not get even one-fourth in return".

Unfortunately, the political deadlock has come about at a time when things had begun to look up with expectations of interest rate cut by the Reserve Bank and inflation showing signs of receding in the backdrop of easing of global commodity prices, with India being net importer of heavy load items like crude oil and gold.

"The current impasse will again turn away investors both from the stock market and in the FDI mode. Exports, in any case, face a huge challenge. Thus, it is feared if a minimum political consensus is not built and visible, the country may not come out of the current account deficit problem" said Mr Dhoot.

President presents SCOPE Meritorious Awards

Listing of more and more CPSEs on bourses mooted

Thesynergyonline Economics Bureau

Meritorious SCOPE Awards winners with the President Mr Pranab Mukherjee and the Union Minister of HI & PE Mr Praful Patel in New Delhi on Friday.

NEW DELHI, APRIL 26 : THE President of India Mr Pranab Mukherjee presented the SCOPE Meritorious Awards 2011-12 and addressed the top echelons of India's economic policy makers, Chief Executives, Directors and Senior Executives of public sector enterprises on the occasion of 4th Public Sector Day celebrations organized by Standing Conference of Public Enterprises (SCOPE) and Department of Public Enterprises (DPE) here on Friday .

The Union Minister of HI&PE Mr Praful Patel, Chairman, BRPSE, Dr Nitish Sengupta, Secretary, DPE, Mr. O.P. Rawat, IAS, Chairman, SCOPE and Chairman SAIL Mr C S Verma and Director General, SCOPE, Dr U.D. Choubey also addressed the noticeables while Mr K L Dhingra, Vice Chairman, SCOPE was present on the dais.

Mr Pranab Mukherjee, President of India said, evolution of the public sector reflects the story of India's economic progress and its growth has been truly remarkable. The growth potential should be strengthened by greater investment, faster expansion and technology upgradation. They should target greater overseas investment to enhance their scale of operation and market reach, he added.

Suggesting listing of more and more CPSEs on the stock exchange, the President said that many unlisted CPSEs have the capacity to meet the listing norms and expressed hope that they would approach capital market soon.

He also advised the CPSEs to lay emphasis on corporate social responsibility (CSR) initiatives. Greenfield CPSEs which have set up industrial township should concentrate on CSR activities in the fields of health, education and environmental upgradation, he said.

Mr Praful Patel, Union Minister of Heavy Industries and Public Enterprises said that there was a need to look at new challenges and redefine role of public sector in a dynamic and globalized economy.

"The government is looking at various ways and means to enable the public sector overcome challenges posed by changing economic scenario," Mr. Patel said adding that a Group of Ministers (GoM) has been set up to consider Roongta Committee Recommendations.

He also said that the Government was willing to go even beyond the recommendations in order to change rules for improving functioning of public sector. Minister HI&PE said that the issue of fixed tenure of at least 3 years to CMD, even if superannuation comes in the way and realistic MoU targets are being looked into.

He assured that the government would be proactive to bring much more comprehensive dynamic and flexible reform measures.

Speaking on the occasion, Dr Nitish Sengupta, Chairman, BRPSE appreciated the tremendous performance of PSEs over last few years. He however, advised the PSEs not to be complacent as economic scenario is changing very fast. He suggested that the PSEs should upgrade technology and change product mix to suit changing needs.

While addressing the participants Mr. O.P. Rawat, IAS, Secretary, Department of Public Enterprises said the public sector contributes substantially through employment multiplier. Its contribution in terms of foreign exchange earnings and import substitution has been significant.

Chairman, SCOPE Mr. C.S. Verma in his welcome address said the public sector is slated to play a major role for achieving the objective of the National manufacturing Policy in enhancing the share of manufacturing from the current level of 16 percent to 25 percent of GDP within a decade and creating hundred million jobs.

The Chairman, SCOPE said PSEs are maintaining the higher standards of transparency and accountability and have been making significant contribution towards promoting technological innovations, knowledge and talent building.

Dr U.D. Choubey, Director General, SCOPE in his vote of thanks reaffirmed PSEs commitment to play a larger role in partnering the development process by way of more attention to rural economy for inclusive and sustainable growth.

He said PSEs need to focus on improvement of rural economy which would enhance and increase Human Development Index by at least one percent and GDP by another 2 percent.

DG, SCOPE said public sector is striving to expand its role and contribution in the Indian economy and is looking forward for more initiatives on reform on the part of government.

The main function of the 4th Public Sector Day Celebrations organized by SCOPE was attended by a large number of senior officials of Government of India, CEOs, Directors and top management of PSEs.

700 delegates join IFTDO world conference

Thesynergyonline Economics Bureau

NEW DELHI, APRIL 26 :
THE 42nd IFTDO World Conference & Exhibition , global event for HRD professionals was organised in India from 23 to 26 April, 2013.

The theme of the conference was ‘Capability Building for Cutting Edge Organizations in New Business Order’. The event witnessed participation of nearly 700 delegates from around the world from countries like the USA, the UK, Germany, Canada, Italy, Norway, Australia, Nigeria, Saudi Arabia, Bangladesh, Sri Lanka, Ireland, Bahrain, Malaysia, UAE, Egypt and Dubai, besides India.

The event saw discussions and deliberations on a series of cutting edge HR and management issues by a host of eminent speakers including corporate honchos, HR consultants, technocrats, academicians and experts, from across the world. CEOs from leading organizations BHEL, ONGC, Microsoft, NTPC, PowerGrid, EIL, Indian Overseas Bank, RITES ., KRIBHCO, Canara Bank, Petronet participated in sessions and panel discussions.

Academicians from top notch global institutions like IIM, IIT, FMS, Amity University, Ross School of Business, Michigan; DeVry Institute of Technology, Canada; IMI; ESCP-Europe; Bocconi Milan and NMIMS among others, deliberated on strategic topics.

The subjects deliberated included - managing performance excellence, emerging corporate landscape, capability building for a cutting edge organization, entrepreneurship and innovation, promoting culture of learning and empowerment. Other challenging issues taken up in various sessions included; architecting winning organizations: competitive pillars; maximizing performance through eradication of stressful thinking; managing Gen Y: issues and challenges; promoting entrepreneurial innovation; architecting learning and empowering work culture; employee relations: emerging issues and challenges, etc.

Mr. B. Prasada Rao, CMD, BHEL was the Chairman and President of IFTDO 2013 World Conference & Exhibition. Mr. Arun Maira, Member Planning Commission was Chairman of the Advisory Board of this Conference. The Advisory Board consists of CEOs of PSUs/Corporates/ Banks/Financial Institutions besides eminent academicians from IIMs, ISB, other renowned Management Institutes, ISTD and Universities.

The event was hosted by the Indian Society for Training & Development (ISTD), a premier national professional non-profit society. ISTD has a large membership of institutions and professionals involved in the Training & Development of Human Resources from government, public and private sector organizations, institutions and other bodies.

Dr. K.R. Gangadharan, President, ISTD was the co-chairman of this event. Dr. Uddesh Kohli, former Chairman of PFC and Adviser, Planning Commission, was the Secretary General for the Conference. Dr. Pritam Singh, Padamshree Awardee and eminent academician and trainer, was the Chairman of the Conference Programme Committee.

PSUs/ Central Gov the most preferred jobs for B-School: ASSOCHAM

Thesynergyonline Economics Bureau

NEW DELHI, April 27 :
PUBLIC sector undertaking (PSUs) and Central Government are becoming primary attraction for stable jobs for B-School passouts as these provide for stability and cause lesser tensions as against corporate sector, where stability is slippery but growth prospects are comparatively faster and quicker, according to ASSOCHAM survey.

In its countrywide survey conducted by the Associated Chambers of Commerce and Industry of India (ASSOCHAM) under the aegis of its Social Development Foundation, in the months of February and March'13 on "PSUs/ Central Government job seekers" has revealed that majority of students (88%) with superior intellect are getting into PSUs and central government job.

Major metropolitan cities in which respondents were interviewed include Delhi-NCR, Mumbai, Ahemdabad, Cochin, Bangalore, Hyderabad, Kolkata, Chennai, Indore, Patna, Pune, Chandigarh and Dehradun and it was observed that majority of students wish to work with PSUs and central government.

Delhi ranks first for preferring PSUs and central government jobs followed by Mumbai (2nd), Ahemdabad (3rd) Chandigarh (4th), Hyderabad (5th), Kolkata (6th) and Chennai (7th) etc.

Over 88% of students who gave their views on the subject revealed that their first choice would be to join PSUs and central government than the corporate sector. These comprise ONGC, IOC, NTPC, HPCL, BPCL, SAIL, banks, manufacturing etc and provide for better and handsome job prospects with 100 per cent stability factor.

Remaining 8 per cent of the students preparing competitive examinations at all India level and would be more keen to join government through Union Public Service Commission (UPSC), adds the Survey.

Majority of students of B-schools felt that in PSUs and central government, not only perks, perquisites and salary structure, besides medical facilities and on top of them, security factor with structured time period for career growth is available but the spirit of competition has brought in them the challenging assignments. Therefore, it would be exciting to work for institutions in which challenges, opportunities and stability factor are equally proportionate.

Interestingly, the survey disclosed that corporate job would be their last priority as career makers can have meteoric rise with tremendous pressure.

Nearly 4 per cent of B-School students in metros such as Delhi, Bangalore, Kolkata, Mumbai, Chennai, Ahemdabad argue that leading corporates not only give them a culture which is so challenging and also full of excitement for monetary considerations, besides exposure part which is not available with any PSUs.

They also said that in private sector, their boards and management are completely autonomous and most of the times, their decisions are neither influenced by external factors nor do they have government nominees in their boards other than the nominees of financial institutions.

The survey further highlight that many PSUs companies are giving a generous allowance apart from car maintenance and insurance that adds up to about 20% of their basic salary and rises in step with petrol prices even if they use public transport.

The survey points out that the highest salary packages offer in PSUs like Indane, Bharat Petroleum, HPCL, Reliance Petroleum, ONGC offer's much more in India than other sectors, reveals the ASSOCHAM analysis.

Thanks to these perquisites, unlike private companies which face high employee attrition rates, oil firms are comfortable. Apart from salaries, a number of special allowances are paid to the officers which include drill site allowance, children education allowance, professional pursuit allowance, bungalow maintenance allowance, courtesy allowance, hard duty allowance, canteen subsidy, remote area allowance, North-east allowance, cable allowance which are over and above normal allowances like house rent allowance and dearness allowance.

Allowances at very liberal rates are also given in the form of transport subsidy, hostel subsidy, mobile bill reimbursement, newspaper reimbursement, concessional procurement of equipment like laptops, furniture etc, adds the ASSOCHAM assessment.

Apart from the salary, jobs in the companies like oil companies have the benefit of various perks and facilities as for the central government employees in the country. They are entitled to living quarters, allowances and have a salary in accordance with rules of the central government.

Indian growth story dependent on effective infrastructure risk management

Effective management of unforeseen risks key to infrastructure growth - Niranjan Hiranandani

Thesynergyonline Economics Bureau

NEW DELHI, APRIL 25 :
THE greatest opportunity and challenge to India's growth is infrastructure and the greatest challenge to the growth of infrastructure are risks – anticipated and unforeseen - that are part of any project. Risk and its effective mitigation were discussed at Confederation of Indian Industry's (CII)& CBRE's flagship event the 2nd Edition of the Conference on Infrastructure Project Management with the theme 'Risk Management in Projects'. CBRE is the Knowledge Partner for the Conference.

Mr Niranjan Hiranandani, Managing Director, Hiranandani Constructions , put the conference into perspective when he said in his keynote address, "Risks are of two types. Those we can anticipate and those which project management people can provide for like shortage of labour, increase in taxes, inflation, increase in cost of raw material, etc. But good infrastructure project management is not about these anticipated exigencies, it is about the risks that you cannot foresee like accidents, riots, epidemic in your labour force etc. How do you take into account something which you have not anticipated? The way you deal with these unforeseen risks determines the success of a project. As a good project manager, you may not anticipate the problem, but you have to attend to it with equal forthrightness as you would attend to an anticipated problem."

The construction industry contributes 8 per cent of the overall GDP of the nation and accounts for 35 million jobs in India.

Mr Hiranandani said that pace, speed of construction and timelines cause the biggest problems for Indian infrastructure but it is marching ahead nonetheless. "Project management people have to aspire to do projects that seem impossible because the world is doing the same. You cannot be content with what you have done. You cannot be just better than your competitors but you have to be better than the best in the world. You have to aspire for it and only then will you reach there. And you will have to take pride in what you do. Yes there will be risks, but it is up to you to execute that future for yourself and for your children," said Mr. Hiranandani.

Mr Gurjot Bhatia, Senior Executive Director – Project management Group, CBRE South Asia Pvt Ltd, said, "A good doctor is not one who knows medicine, but the one who diagnoses the problem effectively and timely. A good project manager or company does the same: identify the problem and look at its mitigating factors. When it comes to infrastructure you must consider these four points: firstly be willing to identify risks consistently; then to analyze them comprehensively and in a wholesome manner; thirdly communicate them to your stakeholders so it does not become bigger later and everyone can break their heads solving it and lastly and above all else have accountability."

Mr Bhatia added that there is huge growth across the region, but it is a growth that is associated with challenges and if we do not look forward to mitigating them, it can lead to impediments to this growth. This is especially true with projects growing more and more complex with long lasting socio-economic impact for the country.

"Being an integral part of project management; risk management determines the success of any project. It helps minimize the impact of project threats, ensures timely delivery and quality of construction. Learning from one's experiences while executing projects is a key for any organization, which might not happen in some cases as project teams move from project to project very quickly. To ensure efficiencies over time and development of best practices, it is essential to capture lessons learned on your projects," said Mr. Tushar Kulkarni, Associate Director, Vector Projects (I) .

Mr Krishnanand Mavinkurve, Member, CII SHE Award Jury Panel and Vice President &Dy HSE Head, Essar Projects Limited said, "Construction projects covering the development of commercial, social and public infrastructure have become very complex in delivery yet there is an increasing demand for delivering them risk free. Risk is something that cannot be ignored. It can and has to be managed, minimized, shared, transferred or accepted. In project management, the challenge is not to explore risk for a single project but to predict it consistently and ensure that every project has the same level and depth of risk analysis."

Cos see sales growth, but margins to stay put in next six months : Survey

Thesynergyonline Economics Bureau

NEW DELHI, APRIL 25 :
WITH the economy showing early signs of revival, over 74 per cent of top business executives covered under the ASSOCHAM Bizcon Survey said they expect sales volume to improve in the coming six months but the pricing power of the companies will not change resulting in the sale price staying constant.

"The March 2013 round of the survey showed that economic situation has somewhat turned better in the last six months. Further, there is an expectation of situations to improve further in the short to medium term horizon at both industry as well as firm level," the latest round of ASSOCHAM Bizcon survey stated.

However, since the companies will not be able to raise the selling price, profit margins will remain constant at the present level. So also is the situation in regard to fresh investment "as many 36 per cent of the respondents felt that investment levels are "bound to remain at levels that are there currently,".

The survey has been released days ahead of the RBI reviewing the credit policy in the middle of widespread expectations of interest rate cut.
"Drop in commodity prices, mainly that of crude oil , coal and gold, has helped the sentiment turning better. However, exports prospects still remain worrisome and the rupee may not considerably improve despite continuous inflows in the stock markets which have turned better," said ASSOCHAM President Rajkumar N Dhoot.

According to the survey findings, 35.9 per cent of the industry covered in the polls foresees that six months from now investment is bound to remain at current levels. It is only after definite signals of demand revival are seen and interest rates decline, the capex cycle will turn positive.

"Few factors such as weak demand in export market, rising imports in the home market, poor infrastructure, high cost of credit & increasing raw material prices continue to adversely affectthe business performance thereby slowing down the pace of growth of the industry."

Over 61.5 percent of the respondents feel that their sales volumewill increase in the next six months while 64.1 percent of respondents said selling prices will be more or less atthe same level.

March 2013 survey results showed that 64.1 percent of the firms were engaging at highlevel of capacity utilization whereas in December only 48.2 percent seemed to be doing so.

Over 56 percent of the respondents were of the opinion that their order books position would further improve in the coming six months.

On inflation, it said, indirect impact ofthe diesel price hike in September 2012 remained contained, indicating that firms did not pass onrising input costs to output prices on account of weak demand conditions

The survey showed that increasing wage costs continues to bea worrying factor for the industry with 69 percent of the industry expecting increasingwages to adversely impact their performance.

Higher input costs shrinks the profit margins of the firms. Asked whether rising input consists adversely impacting them majority (77 percent) of them were in agreement that was the case. The worrying aspect seems to be that the percentage of respondents who believe that rise in input prices adversely impacts their operations which has gone up.

"There seems to be some improvement with regards to the availability of credit as the survey results show that 44 percent of the industry believes that limited availability of credit is not a cause of concern for them", added Mr. Dhoot.

Anand Sharma launches 21 new textiles parks

Thesynergynline Economics Bureau

NEW DELHI, APRIL 23 :

THE Union Minister for Commerce, Industry and Textiles, Mr Anand Sharma launched 21 New Textile Parks approved under Scheme for Integrated Textile Parks (SITP) here on Tuesday. These new parks take the total number to 61 parks as 40 Parks were sanctioned earlier.

The Scheme for Integrated Textiles Parks (SITP) has been instrumental in development of wide range of models for green field clusters from a 1000 acre FDI driven integrated cluster, to a 100 acre powerloom cluster and a 20 acre handloom cluster. Under the scheme, 61 parks have been sanctioned – 40 projects were started in the 11th Five Year Plan and another 21 projects are to be implemented in the 12th Five Year Plan. Out of the 40 parks sanctioned earlier, a total of 25 Parks are already operational.

Most of the balance Parks are expected to be completed during this financial year. The estimated employment generation is over 10 lac persons with total estimated investment of Rs. 27, 562 crore.

Mr Sharma also released a coffee table book on SITPs. The book encapsulates the broad features of various ITPs set up all over India and is a ready reference for the same. The book gives a brief physical and pictorial status of each ongoing Park approved under SITP. He also released a short film on SITP and visited a photo exhibition that was created to mark the event.

Out of the 21 new parks, six are in Maharashtra, four in Rajasthan, two each in Andhra Pradesh and Tamil Nadu and one each in Uttar Pradesh, West Bengal, Tripura, Karnataka, Gujarat, Himachal Pradesh and Jammu & Kashmir.

In this year's budget speech, the Finance Minister announced an additional amount of upto Rs. 10 crores per park for setting up apparel manufacturing units for the projects under the SITP. Necessary action is being taken for implementing the announcement.

India economy to grow at 6.4% : PMEAC

Thesynergyonline Economics Bureau

NEW DELHI, APRIL 23:

The followings are highlights of the economic review presented by the Prime Minister's Economic Advisory Council on Tuesday

Economy projected to grow at 6.4% in 2013-14.

Decline in growth appears to have bottomed out.

Global growth would continue to remain at modest levels.

GDP estimates by CSO for 2011-12 and 2012-13 could be revised upwards.

Investment and savings rates have come down

Investment rate estimated at 35.8% of GDP in 2012-13.

Domestic savings rate pegged at 30.8% of GDP last fiscal.

CAD estimated to decline to 4.7% of GDP ($100 b) in FY14 from 5.1% in FY13 ($94 b).

Merchandise trade deficit estimated at $ 213 b (9.9% of GDP) in FY14 against $200 b (10.9% of the GDP) in FY13.

NRI remittances estimated at $113 b (5.3% of GDP) in FY14 versus $105.8 b (5.7% of GDP) in FY13.

For 2013-14, FDI inflows estimated at $36 billion.

WPI inflation expected at 6% this fiscal.

PMEAC says slowing inflation will create space for RBI to cut interest rate.

Central subsidies expected to go down to Rs 2,31,084 crore in FY14 from Rs 2,57,654 crore in 2012-13.

FY14 revenue targets realisable.

Policy suggestions appreciable : Assocham

Thesynergyonline Economics Bureau

NEW DELHI, APRIL 23 :
THE review released by the PMEAC while reflecting optimism on the performance of the economy, has touched some key growth parameters. ASSOCHAM congratulates the Advisory Council for its realistic assessment of growth.

"The raising incremental capital output ratio revealing that capital invested is not yielding commensurate output growth reflects the presence of systemic inefficiencies. Falling rates of domestic savings is the next important concern", said Mr. D S Rawat, Secretary General ASSOCHAM.

Consequently, current account deficit has widened to an alarming level of 5.1 percent in 2012-13. Net FDI inflows at mere $18 billion indicate the loss of foreign investor confidence in Indian growth story. On the other hand, it is expected to see 6 percent inflation for 2013-14.

Mr Rawat said that the policy suggestions made in this regard for addressing the above mentioned macroeconomic imbalances like removal of regulatory obstacles that come on the way marketing agriculture produce, speedy project clearances are appreciable. However, their effective implementation remains the key challenge in India for long time.

Spring meetings of the WB and the IMF

Prospects for jobs recovery are receding , warns Ryder

In a statement to the IMFC in Washington, ILO Director-General Guy Ryder says international policy response efforts are not matching growing global concern over growth, job creation and poverty reduction.

Thesynergyonline Economics Bureau

WASHINGTON DC : ILO Director-General Guy Ryder has warned that current policies to address the global crisis are failing to stop rising unemployment in advanced economies and stalling growth in emerging and developing countries.

“Current policies are not stemming the rise of unemployment in advanced countries and are holding back the rapid growth emerging and developing countries need to keep pace with their growing young labour force,” he said in a statement delivered to the International Monetary and Financial Committee and Development Committee of the International Monetary Fund.

Ryder said that the employment outlook in Europe the US and Japan was grim, and that youth unemployment rates in southern Europe and North Africa were tragically high.

He noted that real wages were practically stagnant, except for China, and that income inequalities had widened in most countries.

The ILO estimates that there are over 200 million people unemployed world-wide, 74 million of whom are youth. Some 470 million new jobs will be needed between 2015 and 2030 just to keep up with the growth of the world’s working age population. In addition, some 870 million women and men world-wide are not earning enough to lift themselves above the $2 a day povertyline.

“The inherent difficulties of blending policies appropriate to differing national circumstances into a coherent international strategy is compounded by major differences of view about the efficacy of fiscal and monetary policies,” Ryder said.

Addressing concern about jobs and livelihoods is a way forward in steadily building more effective international policy coordination, he added.

Such a jobs-oriented recovery strategy, undertaken by a significant number of countries at the same time, will also ease pressure on public finances by leading to increased tax revenues and reduced recession-related expenditures, Ryder said.

He outlined policy initiatives relevant to a large number of countries, including increased infrastructure investment with an emphasis on employment intensive options; easing of lending conditions to small and medium-sized enterprises; strengthening social protection floors; introducing or raising minimum wages and increasing training opportunities especially for youth.

Ryder pointed to examples of policy successes in Latin America, where social protection and minimum wages have helped stimulate growth, and in East and South East Asia, where domestic demand has played a key role in strengthening economic growth.

He added the need to apply these types of measures is becoming increasingly evident as the world approaches the deadline for the Millennium Development Goals (MDGs) in 2015.

“The lively global debate about a post 2015 development agenda initiated by UN Secretary-General Ban- Ki-moon is deepening our understanding of what might be done through a framework for international support to national action” he said, adding that “it is also indicating that job creation is a top priority in almost all countries.”

Global commodity price fall to help economy, but some may be adversely affected

Thesynergyonline Economics Bureau

NEW DELHI, APRIL 21 :
A sharp fall in crude oil prices and crash-like situation in several other global commodity prices, mainly gold and other metals, have reversed the mood of gloom in India.

The Associated Chambers of Commerce and Industry of India (ASSOCHAM) said as it is largely an import-driven economy, is different. Rather than riding on the commodity boom, its economic growth rides also on the bust. Peculiar and paradoxical it may sound, but it is exactly so.

The positives of the commodity softening will work on manifold. First, it will bring down drastically the country’s imports bill which is largely driven by crude oil and gold. Against a mammoth USD 190 billion trade deficit in FY 13, it would not be more than US$ 170 billion or so in FY 14. Crude oil prices are expected to stay soft at least for the next few months while gold imports would come down significantly.

The changing global situation coupled with already low demand in several industrial and consumer goods will bring down inflation to just about five per cent or may be even less making the Reserve Bank of India cut the policy interest rates rather significantly.

The spin-off will be revival in consumer demand and reduction in the cost of production for the corporates, which will in turn lead to higher earnings ….Thus, the cyclical factors will turn positives. The impact on improved earnings will be seen from the second quarter of the current fiscal.

Gold has come off its high of plus Rs 32, 000 of November and finding it difficult to find a new support even at sub Rs 26,000 per ten grams. Most other metals like silver, steel and aluminum are trading low.

However, ASSOCHAM said on the reverse side, there could be some negative impact on the companies making these commodity driven products like steel and aluminium. As it is, the steel consumption had come down worldwide and price drop would make things worse. New investment may not come in these sectors , unless demand is driven back by low prices. The iron ore exports which have done rather badly so far will come under further pressure.

The international crude oil price of Indian Basket has breached US$ 100 and is trading at about USD 97 per barrel. It had crossed US$ 115 per barrel in February giving anxious moments to the oil companies and the government.

Kundli-Sonepat to be the future millennium city of India : Hooda

The Haryana Chief Minister shares his vision of Kundli-Sonepat to be the next investment destination

Thesynergyonline Economics Bureau

NEW DELHI, APRIL 19 :
THE Haryana chief minister Mr Bhupinder Singh Hooda has said that Kundli-Sonepat will be the next Gurgaon of India. Citing an example of Gurgaon, he said that Sonepat will be the future millennium city to look for. Mr Hooda was speaking at forum on the subject- "Unfolding of the Haryana Growth Story" here on Friday.

Speaking at an event Mr Hooda said, "Haryana has harnessed the progressive thrust of industrialization with its innovative policies and pragmatic strategies. The state-of-the art infrastructural facilities, industry friendly policies and responsible administration make it a preferred destination for setting up industry and enterprise and for investment for all sectors of the economy. Haryana offers unique competitive advantage as compared to other states and has emerged as a preferred destination and among the domestic and foreign investors".

He further added, "Kundli-Sonepat is the future Indian City and will develop like Gurgaon in the coming years".

Haryana and National Capital Region (NCR) have evolved over the past few years and the development is taking shape beyond Gurgaon and Noida market. The splurge of residential groups and world-class amenities surrounding the NCR is shifting growth to locales like Kundli in Sonepat.

Sonepat-Kundli is the new hotspot for end-users and buyers. Kundli-Sonepat is at a prime location, linking NCR to Chandigarh. The upcoming knowledge city, titled Rajiv Gandhi Education City is coming up on a 2000 acre campus. This will be a part of the Kundli-Sonepat multi-functional urban complex along the NH1 just 5 kms from Delhi border, he added.

Sonepat will also emerge as a hub for education. The Rajiv Gandhi Education City in Sonepat-Kundli region would be the single largest higher education complex in the world to serve about 1.5 lakh students in 10 universities. It is being said that the way IT changed Gurgaon; Education Hub will change Kundli, he said.

Q4 corporate performance reveals dip in net profit margin of India Inc.: Assocham

Thesynergyonline Economics Bureau

NEW DELHI, APRIL 18 :
INDIA GDP growth in Q3 of 2012-13, at 4.5 per cent, was the weakest in the last 15 quarters. What is worrisome is that services sector growth, hitherto the mainstay of

overall growth, has also decelerated to its slowest pace in a decade. Along with the deceleration of overall economic growth, financial performance of industry also witnessed deceleration, said a just concluded analysis by apex industry body ASSOCHAM.

Amidst slow growth in net sales, corporate India has shown downfall in terms of net profit margin in the fourth quarter of the financial year 2012-13. "The decline in growth rate of sales could be attributed to the low industrial production numbers with slack demand conditions in the economy," said Mr Rajkumar Dhoot, president of The Associated Chambers of Commerce and Industry of India (ASSOCHAM) while releasing the chamber's analysis.

IIP growth in January 2013 was 2.4 per cent and February 0.6 per cent. Growth in the core industries, which account for 37.9 per cent of IIP, witnessed a slower growth of 3.15 per cent in January 2013 and February 2013 it was -2.5 per cent.

The financial performance of 45 industry players in Q4 2012-13 indicated that their aggregate net sales declined by 2.9 per cent. While in the previous quarter of the same year, net sales have grown by 7.9 per cent on quarter on quarter basis. "This reveals suboptimal scale of operations in Indian Industry," said the ASSOCHAM chief.

On the other hand the aggregate expenditure of the sampled firms witnessed negative growth rate of 2.5 per cent in the fourth quarter whereas expenditure witnessed positive growth rate of 3.7 per cent in the previous quarter of same year 2012-13. It indicates the cost cutting measures that the industries in general are resorting to in this difficult period.

However, despite decline in the net sales aided by reduced expenditures, there is increase in total profits to the extent of 6.1 per cent. Although there has been an increase in profits but in comparison to the previous quarter, there has been a decline in their rate, highlighted the ASSOCHAM analysis.

As regards the manufacturing sector, despite witnessing challenging business conditions throughout the year, their sales have registered a negative growth of 10.3 per cent in the fourth quarter of the current financial year in contrast to 3.9 per cent in the previous quarter, but the profits of the sector have increased marginally by 1.6 per cent due to a fall in the total expenses.

There has been an increase in sales, expenses and profits of the I.T sector in the current quarter. The sales of the sector increased by 16.8 per cent, whereas the expenses increased by 27.4 per cent and profits increased by 8.2 per cent. The sales and expenses of the I.T sector have more or less been the same in contrast to the last quarter, but there is a decline seen in the total profits.

The Banking and Services sector has shown an increase in sales by 5.2 per cent, expenses b 6.4 per cent and profits by 8.2 per cent. Although the sector has shown growth in all parameters but in contrast to the previous quarter, sales and profits have declined but expenses have increased.

The Finance/Investments sector has shown a rapid downfall in the expenses and an increase in the sales thereby enhancing the profit margins. The profits of the sector have tremendously increased and the sector has shown outstanding performance.

"Corporate performance trends on the whole show that sectoral growth experiences are mixed. While, some sectors have outperformed & some have underperformed in the quarter ending March 2013," said Mr Dhoot. "The increasing amounts of profits mirror bright performance of the management, but the decline in sales and expenditure further dampens the macroeconomic growth process of the economy."

"Most of the sectors of the economy have witnessed a downfall in the last quarter of FY12-13, although a few sectors have registered a positive growth rate, still industrial performance is a matter of concern for Indian economy," said the ASSOCHAM president. "On the issue of growth bottoming out, no concrete evidence is seen and the revival mostly would remain a distant outcome."

Assocham on FTP

A baby step to push merchandise exports in global market

Thesynergyonline Economics Bureau

NEW DELHI, APRIL 19 :
Apex industry body ASSOCHAM today described the new Foreign Trade Policy (FTP) as a baby step to push merchandise exports in a global market marked by recession, slowdown and tentative revival.

In a statement, Mr Rajkumar Dhoot, president of The Associated Chambers of Commerce and Industry of India (ASSOCHAM) welcomed the extension of interest subvention of two per cent to engineering and textiles and the promise to cut the transactions costs

However, the ASSOCHAM chief said these steps are not enough to turn exports completely around. "It is tough out there in the world market. Most of the import export destinations like Europe are battling recession. Even in the US the revival signals are tentative despite the stock markets there reaching new highs driven by artificial infusion of liquidity. We expected some bold measures like fiscal incentives on export income. At the end of the day, entrepreneurs should find the export markets more attractive than the domestic market. Otherwise, where is the incentive to fight in the global turf."

"While relaxation of SEZ norms are welcome and bring in some life into the slackening area, the Minimum Alternate Tax (MAT) should have been removed. After all, promises of tax free enclaves should have been honoured. Besides, these special economic zones can become a vehicle for reviving the country's manufacturing sector, which is struggling," said Mr Dhoot.

However, permission to transfer ownership will allow those stuck in the SEZs make an exit, but the concept has lost its charm.

The ASSOCHAM president also expressed concern over exports showing an overall negative trend and declining by close to two per cent at $300 billion leaving a huge trade deficit of over $190 billion. "Hopefully, in the current financial thanks to gold melting down in prices and crude oil slipping, the trade gap will be reduced."

'The Rise of the East: Implications for the Global Economy'

Thesynergyonline Economics Bureau

NEW DELHI, APRIL 17:
"Oh, East is East and West is West, and never the twain shall meet."Thus, in the year 1889, wrote Kipling in his famous Ballad of East and West. Little did he know that globalization was only less than a hundred years away , cited Union Finance Minister Mr P Chidamabaram in his speech at the South Asian Institute and Mahendra Humanities Center at Harvard University .

The rise of once-upon-a-time poor countries has been the central economic story of our time. More than the growth, it is the pace of the growth that tells a more fascinating story. It took Britain 150 years, after the Industrial Revolution, to double its economic output per person, he added.

The United States, the emerging market of its time, took 50 years to do so in its period of fast development. When China and India began their period of high growth in recent decades, they took 12 and 16 years, respectively, to double per capita GDP. And while Britain and United States embarked on their take-off with a population of 10 million, China and India started out with a population of a billion or so each. So, in terms of force, as a McKinsey report on emerging markets suggests, the two leading emerging economies in the East are experiencing roughly 10 times the economic acceleration of the Industrial Revolution at 100 times the scale, he said.

In 2012, at market exchange rates, emerging economies accounted for 38 percent of world GDP and 61 percent of world growth. The transformation in world trade has been of a similar magnitude. At purchasing power parity, emerging markets accounted for 80 percent of world growth, with China accounting for 35 percent and India accounting for 10 percent. If you are a businessperson looking for growth and new markets, you have to look East (and perhaps South), he pointed out.

Another way to see this is to look at market shares. Emerging markets have over three quarter of the world's market share in steel consumption, cell phones, and foreign exchange reserves. They account for more than one-half of the motor vehicles sold, with China overtaking the United States as the largest car market in the world. They account for more than one-half of global investment. While China's investment story has been much commented upon, India's is just starting out, he said..

Before examining the consequences of this shift in economic power, it might be useful to note that the East is recovering from a long growth recession lasting nearly 250 years. As Angus Maddison of the University of Groningen has noted, India was the largest economy in the world in the early 1700s, before the onset of the Industrial Revolution, with China close behind. India's goods were sold around the world, though not always welcomed , Mr Chidambaram added..

After all, it was only a few miles from here that tea from the East, transported by the British East India Company, was unceremoniously dumped in Boston Harbour 240 years ago. Of course, we respect the sentiment that led you to do it, but hope you will not do it again. Fish do not drink tea and it would be a waste of good Darjeeling , he recounted.

Going forward, China and India will continue to be drivers of world growth, with China growing at 8-8.5 percent and India at 6.1-6.7 per cent between 2013 and 2014. ASEAN-4 (Indonesia, Malaysia, Philippines and Thailand) is also projected to grow at more than 5.5 percent. China is reported to have already overtaken the United States in economic size (measured by real per capita GDP in purchasing power parity terms) by 2012-13 , he said.

A lot of the growth in the East is still to come as it reaps its demographic dividend. For instance, India's share of the working age population will continue to rise. Nearly one-half the additions to the Indian labour force over the period 2011-30 will be in the age group 30-49, even while the share of this group in advanced countries will decline. This means greater production, savings and investment in India as the demographic dividend is reaped, he said.

So what do these changes in the locus of global demand mean? Before I turn to that, let me first say that not all the patterns we had seen emerge in global savings and investment, before the global financial crisis of 2008, were sustainable. Indeed, the financial crisis could be seen as evidence that the imbalances that were building up were unsustainable, Mr Chidambaram added.

Simply put, the industrial world, even as its population was ageing and as promised entitlements were becoming due, increased spending, and financed the spending with huge amounts of debt. Many emerging markets built up substantial trade surpluses as they gleefully catered to industrial countries' demand. And, ironically, they financed industrial countries' consumption by investing their savings in industrial countries' paper, he further said.

This served both industrial countries and emerging markets while it lasted. For industrial countries, strong consumption growth papered over looming fiscal problems. Emerging markets too benefited as net exports grew . But it could not last. Sovereign debt, bank debt, and household debt in the industrial world increased to the point that investors were reluctant to buy more paper. Hence, the industrial world is being forced into austerity, Mr Chidambaram added.

Emerging markets too have not been immune to the resulting slowdown. Even though, unlike other emerging markets, India has been a net importer of goods and capital, it too has become more open over this period – the sum of Indian goods and services traded exceeded 55 percent of GDP in 2011-12. The slowdown in industrial countries has affected India, especially exports , he said.

The world has to adjust. Industrial countries have to save more while emerging markets have to spend more. Such an adjustment will help industrial countries pay down heavy debt loads, even while leaving global demand to be supported by the emerging markets. Of course, the nature of spending will vary across emerging markets. China probably has to consume more, while India has to invest more. But as the world moves towards one where consumption and investment shifts towards the emerging markets, especially in Asia, and ageing industrial countries will learn to save more, what are the opportunities and challenges? That is what I want to speak on in the next fifteen minutes, he added.

As demand from emerging markets accounts for not just the bulk of a multinational company's growth but also the majority of its sales, it will have to make changes. Products must now be designed for the emerging markets rather than designed for industrial countries. Who would have imagined that buying a burger at McDonalds could mean getting an aloo tikka - or potato - burger? Shift in demand will require big changes in the mindset of the product designers as well as changes in the location of decision making, he said.

Some industrial country firms have managed the transition. For instance, it may interest you to note French luxury brand Hermes' foray into saris. The patterns for these saris are based on the popular Hermes scarves, which in turn, interestingly, were inspired by Indian design (Financial Times, October 7, 2011). In another interesting twist, a Spanish porcelain manufacturer now has an entire range of Buddhist and Hindu deities, including several fascinating interpretations of the popular elephant-headed Hindu god Ganesha and images of Kwan Yin, a goddess of compassion revered in Buddhism, Taoism and Confucianism, he said..

Such changes require corporations to restructure their decision making. After all, it is easy for fashion decisions to be made in New York when the primary wearers of the fashion are promenading outside the store windows on Fifth Avenue. But what if they are 10,000 miles away? Can you make product decisions at long distance? Or do you have to shift headquarters to Shanghai or Hong Kong, as global bank HSBC has done? He asked.

Emerging market companies understand local needs better. Consider frugal engineering, an entirely new way of designing, engineering, and delivering products cheaply so that they can cater to the enormous number of people making a few dollars a day , he said..

To produce innovative frugal products, emerging market firms know they need the design capabilities and technologies possessed by industrial country companies as well as the scale from catering to global markets. Indeed, while the number of majority acquisitions increased globally by 6 percent, acquisitions of industrial country companies by emerging market firms grew at an annual rate of 26 percent. India, Malaysia, and China, account for more than half of the M&A deals, with India spearheading the acquisitions market.

What I find interesting is the extent to which these companies have gone global. The UNCTAD calculates a trans-nationality index based on the average of foreign assets to total assets, foreign sales to total sales, and foreign employment to total employment. In this, Hutchison has a whopping score of 80.8 percent, TATA Steel 64.5 percent and Singapore Telecom 64.3 percent. In comparison General Electric has a score 59.7 percent, Toyota Motor Corporation 52.1 percent and Exxon Mobil 66 percent. That is, some of the new eastern multi-national companies are actually more global than established global giants. Tatas is the largest private sector employer in the U. K. today, he said.

The shift in activity will create enormous new investments, not just in China but elsewhere too. As one example of what is likely, the Delhi Mumbai Industrial Corridor, a project with Japanese collaboration entailing over $ 90 billion in investment, will link Delhi to Mumbai's ports, covering an overall length of 1483 km and passing through six States. This project will have nine mega industrial zones, high speed freight lines, three ports, six airports, a six-lane intersection-free expressway connecting the country's political and financial capitals, and a 4000 MW power plant, he said.

India saves a lot – the savings rate at its lowest in recent years was about 30 percent of GDP. But India's savings fall short of its investment needs. Moreover, India needs intelligent risk capital that will ensure that investments are monitored and brought to fruition. And India needs long term patient capital that is willing to collect a return over many years, he added.

Industrial countries, with their ageing populations, would seem to have a matching need – a need, as they increase their savings, to see them invested in attractive long term instruments producing adequate returns. There is a perfect match here provided both sides work at reducing barriers. We constantly hear of moves in industrial countries to engage in financial protectionism, to keep savings at home in order to finance overextended industrial country governments. Any move in this direction would be terribly misguided.

At the same time, emerging markets have to increase the comfort level of international investors, to improve their sense that their capital is well protected. After all, why would they invest over the long term if their capital can be expropriated by a change in laws or by the whims of the government? The best guarantor of investment protection is a stable and democratic political structure, a belief in the rule of law, and a transparent and independent legal system. India has all three. So have many other emerging markets, he said.

The rise of the East may also be contributing to social tensions. Historically, advanced industrial economies have adapted by creating new jobs and endowing their workers with the skills to do those jobs. But the pace with which the East has grown may have reduced the time companies and workers in industrial countries have had to adapt. The high levels of persistent unemployment in industrial countries may reflect, in part, the lack of such adaptation. This is creating new problems. How will the West deal with a 55 year old auto worker who is too old to learn a new trade but too young to retire? How will advanced industrial countries find people for the jobs that are vacated by retiring workers if their fertility rates fall below the replacement rate? The answers will determine the character of such societies in the years to come. The wrong answer is to blame immigration, trade or technological progress. The right answer will be to harness these forces to provide the remedies , he added.

Emerging markets too have their problems of adaptation. Some sections of their people are already in the post-industrial society that we see around us here in Cambridge. They live in gated communities, travel to air-conditioned offices in air-conditioned cars, invest in equal proportions at home and abroad, consume as much as their peers in industrial economies, and believe naively that they have shut out the heat and the dust and the pain and the suffering of the emerging market. But governments cannot ignore the growing disparity between these winners in the process of globalization and the masses, the majority of whom in a country like India are still dependent on agriculture or low paying casual jobs. Inclusive growth is not an option for India , it is an imperative, he said.

A good, decent job is the best form of inclusion. So, India's efforts have been focused on trying to enable the poor to obtain better nutrition and health, education and skills, and financing, that will allow them to secure good livelihoods. In this regard, India is in the middle of a massive effort to empower the poor through a system of rights-based entitlements including the right to information, the right to education, the right to medical care, and the right to food. Inclusive growth will enable India to have a fairer, and in many ways more stable, society, Mr Chidambaram added.

As the people in the East look for houses, cars and bikes, and washing machines, it will create enormous demands for resources; it will entail higher expenditure; and it will present severe challenges to the environment. Our planet, given current mitigation technologies, will not allow all of us to enjoy the lifestyles of the rich countries – there is an overall budget constraint imposed by the environment. Of course, technologies will improve, but for now sustainable development will require all of us to adapt , he added.

Environmental sustainability adds to the range of economic issues on which we need global dialogue and global co-operation. And, I am afraid, the quality of that dialogue, and the degree of co-operation, has, so far, been deficient, he said.

In part, this is a consequence of the rapid rise of the East. Global multilateral organizations were set up to deal with a set of problems based on an agenda and a framework set by the industrial countries. The problems have changed, the players are different, and their relative importance has altered significantly, but the organizations, the agenda setting, and the lens through which solutions are devised have not changed enough, he said.

Even as the old great powers still dominate the multilateral organizations, thus causing emerging markets to remain silent or sullen, new structures like the G-20 are yet to find traction. There is a vacuum in global economic policy discussion that can prove dangerous as the shift in economic power creates new frictions. Perhaps we need new multilateral institutions, institutions set up for the post-financial crisis era that are not compromised by the legacy and the power structures of the past. A real concern is that the old great powers do not feel the need for change because they know the emerging markets do not have common goals and can be easily divided. But denying emerging markets real power will be very shortsighted, he said.

There is the potential for tension within the countries of the East, as competition for resources and markets increases. In recent months we have seen talk of conflict over islands, underwater resources, or even water itself. We need to work collectively to reduce these tensions and to ensure that trade, investment, and mutual gain trumps narrow self interest, he said..

Finally, as the East grows in economic strength, it will need the intellectual heft to provide the solutions to the myriad problems that will arise. Speaking as an Indian, let me say our universities are growing in strength. But great institutions of learning like Harvard University can play an important role: by teaching our youth, by training our teachers, and by engaging in intellectual dialogue that will strengthen mutual understanding, Mr Chidambaram added.

Finally, he said that the rise of the East is not, and should not be seen as, a threat to the West. Properly managed, it can result in enormous gain for all and a true meeting of civilizations. Perhaps the third line of Kipling's poem will in fact come true: "But there is neither East nor West, Border, nor Breed, nor Birth."

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