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inside...

Chairman
Dr. Rajiv Kumar

Editor
Meera Kumar

Assistant Editor
Sushmita Yadav

Advertising & Circulation
Animesh Goswami
PL Joseph
Rahul Siwach

Design & Art
www.seemasethidesign.com

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R.N.I No. DELENG/2004/13722
Federation of Indian Chambers of Commerce and Industry,
Federation House, Tansen Marg,
New Delhi - 110001
Phone: 23738760-70 (11 Lines)
Fax: 23320714, 23721504
E-Mail: ficci@ficci.com
Website: www.ficci.com

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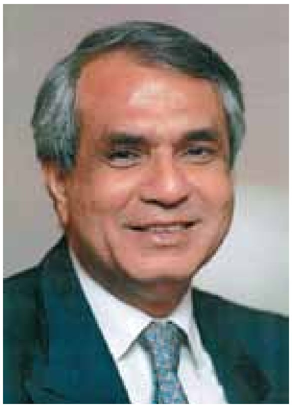

Dr. Rajiv Kumar

Dear Reader,

We chose the retail sector as our cover story for obvious reasons - India is expected to become a trillion dollar consumer market by 2020, an exciting journey made possible by a composite of two dynamic sectors, fast moving consumer goods and retail. One makes the goods for consumers; the other makes them available. One increases the choice basket; the other augments consumer experience.

Increasing affluence among shoppers, evident throughout the nation, fuels the growth of these sectors; changing consumer lifestyles, aspirations and new technologies bring about major transitions. The retail sector is expected to result in the creation of over 10 million jobs (including six million jobs in the logistics sector alone) in the next three years. This holds great promise for the nation; and this fact alone should persuade the Government to change the laws regarding two of FICCI's top reform agendas - GST and 100% FDI in retail.

On the macroeconomic front, we remain less than optimistic of a strong economic revival in the near term. To build confidence in the economy, it is important that the Government ensures fuel for power plants; streamlines the process of land acquisition for industrial purposes; introduces the Goods & Services Tax (GST); and extends the price decontrol mechanism for diesel. The Reserve Bank of India must also adopt a liberal monetary policy.

These suggestions were conveyed by FICCI members led by R V Kanoria, President, FICCI to Dr. C. Rangarajan, Chairman, Economic Advisory Council to the Prime Minister.

Sheila Dikshit, the Chief Minister of Delhi and Montek Singh Ahluwalia, Deputy Chairman, Planning Commission, Government of India, presented FICCI's Water Awards to nine companies in recognition of their contribution to efficiency and water conservation.

Didier Reynders, Deputy Prime Minister and Minister of Foreign Affairs, Belgium, visited India close on the heels of a 17-member CEOs delegation to Belgium led by Naina Lal Kidwai, FICCI's Senior Vice President. To increase trade and investment between India and the European Union (EU), the Deputy Prime Minister made a strong pitch for an early conclusion of the EU-India Free Trade Agreement (FTA).

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Shilpa Gupta & Surabhi Pant*

It has always been exciting to talk about and be a part of the growth story of the two most dynamic sectors in India – FMCG and Retail. One is producing for consumers, and the other making the products available to them. One increases the choice basket and the other augments their experience.

The potential of growth and consumerism in India has captured the attention of the world and consumers have been provided with a plethora of product choices and shopping options over the last 10-12 years. But there have been a few challenges in addressing this gro-wth, in a profitable and sustainable manner.

According to a study by FICCI, India's retail market is expected to cross US$1.3 trillion by 2020. With the current market size estimated at US$500 billion, this translates to an additional US$800 billion in the next eight years. India's FMCG sector was estimated at $30 billion in 2011, growing at 11 per cent Compound Annual Growth Rate (CAGR). Given the huge potential of both sectors, it is important that retail and FMCG companies collaborate to realise the opportunities that lie ahead.

The growth of these sectors can tackle the problem of unemployment in rural and urban India. According to ICRA research, expansion of Indian retail sector is expected to result in the creation of over 10 million jobs (including six million jobs in the logistics sector alone) in the next three years, in agro-processing, sorting, marketing, logi-stics management and the front-end retail business.

Increasing affluence and aspirations among shoppers has fuelled the growth of these sectors. However, the road ahead is not an easy one as with increased penetration of multiple brands and product varieties, consu-mers now have unlimited choices. Thus their bargaining power has increased tremendously. The typical Indian consumer shifts loyalties with every 25 kilometers and with every Rs 10. The dimensions to deal with vary from class, education, language, caste, and local customs. The phrase 'Consumer is King', stands true in all scenarios today and it is important for the industry to keep innovating and exploring different ways to reach out.

Equally important is to value the entire supply chain. The collaboration of the two sectors can be successful only if the entire supply chain is geared up and strengthened. We are beginning to witness more organisations with local manufacturing and other supply chain partners who are using technology to build collaborative networks that will grow and maintain special skills.

For companies to serve their consumers better, it is important to understand the changing consu-mption trends in India. Organisations will have comparative advantage only if they are quick, versatile and flexible.

Rising aspirations – limited spending potential

India's rising middle class is aspiring for products that their counterparts in developed countries enjoy but are somewhat constrained by their limited spending power. Hence, department stores and supermarkets offer a range of private labels at cheaper rates. Private labels are not the only beneficiaries; brands are also following suit. Tata Nano is a perfect example of a product that satisfies the aspiration of the middle class to own a car at a resonable cost. Micromax, a mobile phone brand that was launched recently has quickly captured market share and become the third largest mobile handset seller in the country because of its competitive prices. The telecom sector has leveraged on the trend by bringing attractive plans that appeal to the masses.

To unlock the full potential of the Indian middle class companies must address the issue such as limited disposable income. The middle class wants to enjoy a lifestyle that does not burn a hole in their pockets and marketers.

Sensitivity towards environment

Environmental and social issues have become important among consumers who have begun to favour ethical and eco-friendly products, starting from Ahimsa silk (alternative silk fabric where there is no killing or cruelty to animals involved); vegan (vegetarian) belts and footwear to environmentally friendly electronic goods such as LED bulbs by Philips. Making green choices is a high priority for about 60 per cent of Indian consumers and 95 per cent of consumers who make green choices claim to do so to protect the environment.

Shift from conventional to bold

Indian consumers have now begun to look beyond the given and functional benefits of a product and look for more extended applications and services. Offering additional services has become synonymous with selling. Hence, offering relevant services to consumers is a win-win situation in any business.

Rural India: New demand drivers

With rising rural incomes, new roads, better education, televisions and cellphones, India's sleepy countryside of 740 million people is ready for takeoff. According to the National Council for Applied Economic Research in 2009-10, rural India accounted for about 22 per cent of computers sold, 29 per cent of refrigerators, 32 per cent of cars and 46 per cent of televisions. Average rural family income is expected to rise by 27 per cent in the next five years. Even ITC went one step ahead to revolutionise rural retail by developing 'Choupal Sagar'; a rural mall.

Going digital/multi-channel

Consumers today undertake research and comparison of products and brand alternatives. They move between channels for the right information and look for offers on premium products such as perfumes, cosmetics and deodorants.

The challenge for the industry is immense – it needs to meet the evolving consumers' expectations. India ranks high in the consumer confidence index indicating that people have trust in India's future. It is imperative that the industry act responsibly; transparency, honesty in products and services, maintaining quality and price point are the key to maintain the trust of the consumer.

The path ahead is demanding but in a nation with a population of almost 1.2 billion, the rewards can be significant. JRD Tata stated the mantra for success very succinctly when he said, "Growing organisations in any field must constantly evolve, accept or even seek new ideas, new visions and new enthusiasm".

**Shilpa Gupta is Head and Surabhi Pant is Assistant Director, Retail & FMCG, FICCI.*

MASSMERIZE 2012

Building a trillion dollar opportunity

L to R: Kurush Grant, Executive Director, ITC & Chairman FICCI FMCG Committee; Dr. Rajiv Kumar, Secretary General , FICCI; Bijou Kurien, President and CEO, Reliance Retail & Chairman FICCI Retail Committee and Anil Rajpal Head Retail & Consumer Products, India, Global Consulting Practice, TCS.

Massmerize 2012 is a unique FICCI initiative which brings two sectors with immense bearing on the livelihoods of people – FMCG and retail – to the same platform. FICCI's aim is to highlight the potential of these sectors and demonstrate how they can work together to serve consumers' interest.

The theme of India's premier retail and FMCG conference, held on August, 7, 2012, in Mumbai, was 'Building a Trillion Dollar Opportunity: How to Take Consumerism to the Next Level?' More than 400 participants from the retail and FMCG sectors attended the one-day conference and the industry stated its need for more such initiatives.

Shantanu Khosla, CEO, P&G; Devendra Chawla, President, Future Group; Rakshit Hargave, MD, Nivea; Harkirat Singh, MD, Woodland; William Pinckney, MD, Amway; Mohit Anand, VP, HUL; K Radhkrishnan, President, Future Fresh Foods; Krishnamohan, CEO, Emami and H G Raghunath, COO, Titan and 50 other renowned speakers delivered addresses; the participants also deliberated upon the new growth avenues in retail and FMCG space and dealing with the regulations concerning the consumers.

The conference had 10 sessions where key issues facing the retail and FMCG industry such as partnership between retail and FMCG sector; growing consumerism; leveraging the digital era; technologies in retail; efficient supply chain and building consumer trust; FDI in retail; Indian retail – path to profitability; and new growth avenues were discussed.

Dr Rajiv Kumar, Secretary General, FICCI, in his welcome address emphasised that Massmerize should become a globally benchmarked event. He pointed out that the FMCG and retail industry has escaped the downturn, which the economy is facing, with a healthy but nominal growth rate of 15-20 per cent.

Shilpa Gupta, Head - Retail & FMCG, FICCI, with Shantanu Khosla, CEO, P&G.

He urged the need to understand the drivers of consumerism.

Dr Kumar said that there is a need to identify the share of urban and rural demand for FMCG products. The focus of FMCG players should be on the rural market, so that the gap between the urban and rural market can be narrowed. It will also lead to product innovation and frugal innovation as the demand in rural areas is bound to increase more than in urban areas.

Kurush Grant, Chair, FICCI FMCG Committee, in his opening remarks brought out the uniqueness of the FMCG sector. He mentioned that FMCG and retail are two sides of the same coin. FMCG industries cannot progress without the advent of retail and both are partners in growth.

Grant said, "The interesting fact of FMCG industry is that in times of economic downturn, two ends of the market tend to grow faster than the other ends of the market." He affirmed that the FMCG industry is not correlated with GDP growth; instead it is correlated with spread of the per capita GDP across geographies, regions and demographics.

Bijou Kurien, Chair, FICCI Retail Committee, highlighted that India in terms of its potential, is a market of US$4.5 trillion in terms of GDP on a PPP basis. In that context, India is at a lower middle income level on the world scale. There are various segments of consumers, hence there is a need to create different models, produce different brands and products.

Kurien said that it is not only about creating a winning brand, but about the product reaching the consumers using any distribution channel.

The conference also deliberated on what drives consumption to the next level. India's consumption has grown at an impressive pace in the last two decades and could reach the trillion dollar mark in the next 5-8 years. Unless we have a richer India, we cannot drive consumption to the next level. In order to achieve it, the Government and the industry needs to work in tandem, and the Government must facilitate the process.

Key drivers that will take consumption to next level

- India is becoming a consumer society
- Better distribution of wealth
- Better infrastructure
- In-depth understanding of customers' insights
- National Rural Employment Guarantee Act (NREGA)
- Affordability and availability

FICCI-TCS knowledge paper on multichannel retailing

The Indian retail industry is poised to become a 1.3 trillion dollar opportunity by 2020. In the past retailers have tried to capitalise this opportunity by increasing their store presence across major cities in India. On the other hand, FMCG companies have tried to enhance their distribution reach. FICCI believes that this opportunity, cannot be solely addressed by the conventional brick and mortar retail channels because the opportunity is dispersed across the country, where a billion plus customers need a million sales and service touch points. Are retailers' current operating models geared to cater to such unique and ubiquitous customer demand across these million touch points?

To answer these intriguing questions, FICCI released a knowledge paper on 'Driving Indian Consumption through Integrated Multichannel Retailing' in association with TCS.

The knowledge paper proposes a forward-looking 4i Multichannel Maturity Model. Through this model retailers can fully leverage the potential of all the contemporary channels accessible to the Indian consumers, namely, brick and mortar stores, digital and mobile. FICCI believes that modern retailers have the potential to reach US$10 billion of sales through digital, mobile and other non-conventional channels by 2020. Further the suggested model can help Indian retailers refine their current operating model and help them to embark on a journey towards 'Integrated Multichannel Retailing'.

The knowledge paper recommends 'Multichannel Retailing' as an inevitable choice for Indian retailers in their quest for enhanced customer experience and business sustainability. The 4i MMM, explained in the paper allows retailers to benchmark their current retail practices and prepare them for the next level of multichannel maturity.

The paper describes the retailer's multichannel maturity as individual, independent, interconnected and integrated and suggests five simple iterative steps required for retailers to move from their current stage to the next level of multichannel maturity. Most Indian retailers are yet to begin their multichannel journeys.

There is a symbiotic relationship between retailers and FMCG companies which spreads across the value chain – from assortment planning, replenishment, space planning and promotion; FMCG and retail companies must collaborate on this journey. FMCG companies have a lot to gain with the advent of multichannel retailing. The depth of retail-FMCG collaboration will be one of the key factors in the success of multichannel retailing.

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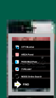

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Industry Speaks

FICCI seeks views on industry trends

**Bijou Kurien is President & CEO, Reliance Retail.*

Q. What are the key trends that would be responsible for a retail revolution in India?

A. The key trends driving retail transformation in India would be:

The young Indian market

» The rapidly changing Indian consumer who is demanding better quality brands, products and retail environment
» The increasingly prosperous urban and top-end rural consumer
» Growing urbanisation and increasing distance between residence and store
» The need for providing a one-stop location for food, entertainment and shopping

Many of these, working together or in isolation, are likely to drive rapid change amongst Indian consumers and catalyse the retail revolution.

Q. Is FDI in multi-brand retail the need of the hour?

A. The current need for Indian retail is lower cost of capital, increasing investment in food and non-food supply chains, increase in the number of brands and products for the Indian consumer and expanding the reach of the retail network. Since retail has a long gestation period, high investment and low return business, creating a retail chain of significance is beyond the capability of large sections of Indian entrepreneurs. This is not withstanding other challenges such as lack of knowledge, awareness of the latest retail technologies and contemporary retail practices. Hence, in this context, it is important for foreign players to enter Indian retail market. From a consumer perspective, there is a desire for modern retail formats which are easily accessible.

Q. What are the other regulations which would bring the desired change in the sector's performance?

A. There are several State and Central regulations which currently hamper the growth and performance of the sector. The inability to access the farmer because of non-implementation of the model Agriculture Produce Marketing Committee (APMC) Act by various states is one of the most significant. Several local regulations which translate into a number of licenses and permissions required for opening and running the store is another. The Central Government investment policies around funding of wholesale and retail companies as well as rules limiting intercompany activity needs change.

Q. Do you feel there is an urgent need of a Central nodal body for retail sector?

A. A Central nodal body for retail sector will certainly help address several issues which are faced by the industry. It will also help to create and implement certain standard laws, policies and procedures, both at the Central and State level.

Q. Where does the key to successful Retail & FMCG collaboration lie?

A. The common objective of the Retail and FMCG sector should be to provide the consumer with an array of choices from the most convenient shopping locations. This would help us to tap the potential and drive consumption. Retail and FMCG sectors can work synergistically to improve the overall retail experience, while understanding the consumers better and serving their needs more efficiently.

FICCI interviews leaders in the Retail & FMCG sectors

**Rakshit Hargave is MD, Nivea.*

Q. How do you see the FMCG sector being affected by the economic downturn?

Rakshit There could be some demand slackening in the rural areas.

Utsav. There is definitely a slow down and caution in the minds of the consumer. Consumers are either delaying their decision to buy or shifting to lower price point alternatives.

Q. What are the three challenges currently faced by the FMCG sector?

R. FMCG sector faces challenges in terms of input costs, efficient and predictable supply chain, innovations and new ideas which can create customers.

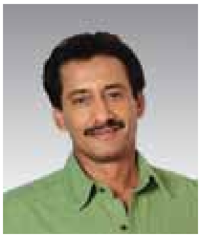
U. High rentals, slowdown in sales, logistics and the delay in Goods and Services Tax (GST) implementation.

Q. At what level do you find the maximum skill gap within the industry?

R. FMCG has enough skilled people. The gap lies in the mindset and the belief in being able to do new things and doing them differently.

Online shopping trends

Sundeep Malhotra*



Capgemini's latest study indicates that online shoppers in developing markets such as India and China are bypassing the traditional retail infrastructure. According to the study, 72 per cent of respondents from India and 69 per cent from China say that they purchase more products in a single transaction online than in a physical store, compared with just 31 per cent from the US. Half the respondents from both developing and mature markets believe the retail landscape will change and they expect physical stores will simply become showrooms to select and order products by 2020.

In the 1990s when the internet made its entry into India, no one could have imagined that such dramatic changes would be wrought in so short a time. The last thing Indians thought of was using this medium for commercial transactions – well, that is e-commerce for you. Today, from ticketing to household needs, the internet offers an easy e-commerce platform for every consumer. The industry consensus is that growth is at an inflection point with the online user base in India growing at over 24 per cent CAGR (Compound Annual Growth Rate). India's online shopping is registering an exceptional 100 per cent annual growth. Google says that out of India's 100 million internet users half prefer online purchasing and this number is rising each year. Approximately 241 million people were added to the working class over the last 20 years.

The expanding use of credit and debit cards (130m debit cards and 24m credit cards in circulation) explains the shifting mindset towards the use of plastic money. With this sort of pressure and stiff competition for online shopping, traditional shops and retail outlets are hard-pressed to go digital. According to some estimates, the online retail industry is expected to touch Rs 7,000 crore by 2015, up from Rs 2,000 crore at present with an annual growth rate of 35 per cent. Almost 237 million people are expected to be online by 2015 (24 per cent CAGR) which represents 28.9 per cent of Indians who will be transacting online thus making it a 19 per cent internet penetration.

Accelerating growth of discretionary incomes as part of the urbanisation and expansion of the middle class is a great boon to the industry. And there is ample reason to support this. The Indian Government actively supports e-commerce and e-payment of income taxes and booking of railways tickets. In fact, the Indian Railways' booking site which is government-owned happens to be Asia's largest online travel site (11.3m transactions in June 2011)[1]. The penetration of e-commerce is low compared to markets such as the United States and the United Kingdom but is growing at a much faster rate with a large number of new entrants. The key drivers are:

- Increasing broadband internet (growing at 20 per cent MoM) and 3G penetration.
- Rising standards of living and an escalating, upwardly mobile middle class with high disposable incomes.
- Availability of much wider product range (including long tail and direct imports) compared to what is available at brick and mortar retailers.
- Busy lifestyles, urban traffic congestion and lack of time for offline shopping.
- Lower prices compared to brick and mortar retail, driven by disintermediation and reduced inventory and real estate costs.

continued on pg. 12

U. Junior management, planning at all levels and information management for data system integration.

Q. Your expectations from the Government on the regulatory issues concerning the sector such as standard packaging, legal metrology, misleading advertisement and ban on plastics and packaging?

R. To make regulations simpler and come down heavily on rule breakers for wrongful claims and taking action against counterfeits.

U. There has been a notification to mention the name of the factory on the box labels. Why would you want a retailer to mention the name of the factory and disclose the trade partner's details in public? Apple does not mention the name of the factory where the phone is made? Neither does Sony? So why such a norm for consumer durables such as shoes, we have to mention?

Q. What is the main area where the key to successful Retail and FMCG collaboration lies?

R. Front-end supplies and service levels to be raised. The need is for efficient methods and analytics for demand estimation.

U. Cross promotion to create value for customers.

R- Rakshit Hargave U- Utsav Seth

**Utsav Seth is CEO & Managing Director, Pavers England.*

Accelerating growth of discretionary incomes... is a great boon to the industry.

We've come a long way: Busy schedules, lack of time and most of all convenience has forced not just the discerning elite but even small city and town consumers to reach for the mouse click. It has also caused the share of food related expenditure to drop – releasing money for discretionary expenditure. And this discretionary expenditure is expected to increase from 27 per cent in 2008 to 32 per cent in 2013. Statistics say that there will be a 500 million sq. ft. shortage in physical retail pace in 2015.[2] The average Indian consumer's shopping preference too is changing dynamically, with the digital mode taking over the trade not just for booking tickets or paying bills but also purchasing white goods and groceries. At present e-commerce in India is estimated at over $950 million gross sales value with electronic goods contributing a huge 67 per cent share and apparels 18 per cent. In 2015, e-tailing is expected to be a US$8 billion opportunity with electronics and apparel continuing to be at the centre of demand. This gives ample reason to the big companies and the general retail chains to upgrade their customer's shopping experience by digitalising their platforms and providing competitive services and deals in the offing.

On offer: Conventional and direct selling is a lot more inconvenient these days for those who are pressed for time. Changing lifestyles leave people with hardly any time to step out especially for another chore called shopping. The same task can be done on phone or internet all in the luxury of one's home, office or even car. Online shopping platforms have made it rather easy for working and busy people to enjoy a new dimension of shopping all within the given 24 hours. In fact the easiest and simplest tool in a homemaker's hands can be a device with internet to get the most mundane chores out of the way – purchase of grocery and household items. It also saves on fuel big time thus making it an eco-friendly practice. With attractive deals and savers one actually makes the most of online shopping.

One of the highlights of good online shopping platforms is the delivery and after sales services. Retail brands put in extra effort to empower their logistics mechanisms by ensuring a strong storage and supply chain. The delivery staff's high standards and consistency in service and speed definitely pays. Thus, e-commerce is becoming a complex business where all functional verticals of any business are coming to play a key role. Be it technology for an attractive and navigator friendly website or a sound marketing plan to drive traffic to the website.

What works: In India, a consuming class is emerging as a result of increasing income levels and dual career families with high disposable incomes. With online retailers eyeing their presence in the market, it is important to identify the target shoppers as well as the prime factors of enjoyment in shopping. Today's consumer needs a comprehensive online shopping destination presenting a broad range of quality products at great value with free shipping. Online navigators may look not always for the lowest price but for the best value. Servicing customers in tier 2 and 3 cities at competitive prices is what needs to be looked at. Since internet growth is highest in these locations, it is an upcoming hub of online shoppers. Cutting through the limitations of online sites and issues related to the internet penetration is the television. It offers a good product description through an audio-visual medium that takes the consumer much closer to the real product.

Another advantage of the online platform is that it offers not just regular products but hard to find, great value products that are unique to the site. It is crucial to engage a distinct web sourcing team that builds on the diverse online product range for its discerning customers thus making sourcing and procurement an important part of the business. A 24X7 call centre for sales and support is absolutely crucial for first time consumers and for the regular shoppers as well. An online site should travel that extra mile to support maximum number of payment mechanisms including cash on delivery and monitoring delivery transactions real time.

As e-commerce companies improve their customers' experience, the market is taking off and growing at 60 per cent year-on-year. Social marketing is yet another tool that needs to be effectively exploited. The population segment that is hooked on to such social websites is now getting more diverse and more and more discerning consumers are becoming a part of it. There was a time when social networking sites belonged to the young but now increasing numbers of middle-aged people are getting hooked to it and are potential consumers. The digital growth in India is very rapid and more people are connected on social media websites via their phones nowadays which has given a big boost to e-commerce. On an average 59 per cent males access internet through their smartphones while 48 per cent females do. Seventy eight per cent of smartphone owners indulge in searching from their device, 77 per cent used their smartphones to listen to music, 35 per cent are glued to newspapers, books, magazines or TV and 33 per cent enjoy playing games.

This poses a marketing challenge – how to attract the potential customers via trendy and appealing marketing strategies. All in all e-commerce is not just here to stay but to grow in leaps and bound in the coming years.

1 Source: Indian Railway Catering & Tourism Corporation (IRCTC) media release
2 Technopak Consulting

**Sundeep Malhotra is Founder & CEO, Homeshop18.*

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FMCG's next tipping point

Shweta Shukla*

Dantmanjan, saboon aur tel (tooth paste, soap and oil) is really what we are talking about here – products that are a part of every Indian's home (and honestly even the homeless) from the time he or she wakes up till the end of each hard day. Little wonder then that the Indian FMCG industry has braved global recessionary and commodity price pressures, and at about Rs. 1670 ($33Bn), has tripled over the last decade. A fairly robust GDP growth, increased rural incomes, evolving urban lifestyles and the growing reach of traditional and new media have augured its growth thus far.

But the truth is that despite intrinsically being about the *aam admi*, this industry constitutes barely 2% of the country's GDP. A recent Booze & Co report predicts that if some of the above pro- FMCG factors are allowed to foster within an environment of enabling policy, 15-17 per cent growth may be expected over the next decade, leading to an overall industry size of INR 6000 ($120 Bn) by 2020. *Ceteris paribus*, could *enabling policy* trigger FMCG's inflexion and possibly a 20-20 phenomenon i.e. 20% growth by 2020?

Favorable policy has the unique ability to boost both demand and supply for FMCGs. Demand will go up when manufacturers are able to create more awareness and offer the right price value propositions. Supply will go up when logistical bottlenecks are improved and infrastructure is improved. While there are policies that need impetus (or review) for specific sectors within FMCG like foods or cosmetics, for the purpose of this article I have picked a few areas which are more all encompassing to FMCG and constitute a virtual wish list.

Demand related policies

Optimizing current tax regime: In an already inflationary environment, the last thing we needed is an inflated tax bill – be it from the 2 point increase on excise duty across the board in the last Union Budget or the states unexpectedly taking VAT up, or more services now coming under the gambit of service tax with lack of clarity on cost sharing between entities. It is not too late for the Ministry of Finance to review and revoke these measures and implement simplified tax laws for simple governance such as elimination of interstate entry tax and octroi independent of GST which I will mention later.

Self-regulation in advertising: Advertising is really the corner-stone of building mass awareness and demand for FMCG brands. Currently self regulation in advertising via ASCI (a well estab-lished global model) is not only effective in controlling misleading advertising but also ensures speedy redressal for consumers as it is devoid of bureaucracy. A recent proposal to set up a Government controlled body in addition to ASCI leading to duplicated regulation will derail the process of consumer redressal due to regulatory uncertainty and in fact weaken the current self regulatory system which is working favorably for all stakeholders. Instead the Ministry of Consumer Affairs should focus on strengthening the current self regulation model by better enforcement of current laws against misleading advertising – this is again in line with other developed markets.

Flexibility in packaging: The recent move to standardize pack sizes as per the Legal Metrology Act is not in the interest of consumers as it may force manufacturers to offer limited SKU choices, not in the interest of the economy as it could fuel further inflation in FMCG categories as manufacturers are forced to take prices up and finally not in the interest of fair trade practice as competition actually benefits consumers with more choices and lower prices. It is pertinent for the Ministry of Consumer Affairs to review the downsides yet again, before the implementation date of November 2012 and retract this regressive policy.

Protecting brands from counte-rfeits: Counterfeit brands account for over 10% of the total FMCG industry. Given the immense threat these pose to consumer safety and potential loss to the Government & FMCG revenues, the government's intent to enforce Trade Mark and Copyright Laws now needs speedy implementation along with the right expertise to prevent the menace.

Supply enabling policies

Implementing GST now: There is nothing that FMCG needs more than a GST that is simple and harmonizes multiple centre & state level taxes to create a unified market place. Specifically, the State Empowered Committee on GST should consider exemption or a concessional list that includes essential items like medicines including OTC, food products and essential products of health and hygiene for women and children. It should also ensure that pre-GST tax incentives offered by states like Himachal Pradesh or Uttaranchal are seamlessly grandfathered after GST and industry interests have been protected. In sum, a GST with optimum tax rates, one that eliminates inter-state tax barriers and streamlines the supply chain has potential to keep FMCG prices down, boost the Government exchequer and fuel GDP growth.

Breaking barriers for FDI in retail: While all retail channels are equally important be it the wholesaler, kirana, chemist, or the hyper market, FDI in multi brand retail will do more than the obvious good for the industry and consumer. Not only will it provide consumers with more choices and allow the industry to benefit from a more efficient supply system, more importantly, it will send the much needed message about India as an investor friendly destination, paving way for continued investment in FMCG, state-of-the-art supply systems and more job creation.

The common thread that runs through this wish list relates to the Government, FMCG sector and the Consumer. Improving profitability of FMCG, via these steps can only help manufacturers pass the benefit of affordable prices back to the consumers, generate more demand and put more revenue back into the Government exchequer – obvious, but worth a reiteration.

And frankly, the glass in not half empty. On most of these policies, the Government is already engaging with industry or the intent to implement has been established. For an industry that generates substantial direct and indirect tax revenues, employment and transportation in the country, the Government should review what is not working and accelerate what is needed to make the glass truly full.

Unleashing conducive policy, in confluence with FMCG's other growth drivers – the spread of consumerism, the growing reach of digital technology, a larger choice of channels on TV, and the industry's commitment to inclusive growth - might just create the right platform for FMCG to take off to the next level.

*Shweta Shukla is Head – Communications, Procter & Gamble India and Member – FMCG Committee, FICCI.
The author can be contacted on shukla.s@pg.com

Integrity branding

Harish Bijoor*

Earning consumer trust is very difficult; losing it, very easy.

In the several marketing summers I have lived, fought, sweated and thrived, there is one insight that has held me in good stead. That is the insight of 'integrity' branding. Integrity branding is all about saying simple truths in your brand communication process. Stick to the tone and tenor of integrity and you cannot go wrong!

Let me look at it in a manner of detailing the concept at hand. All consumers are essentially truth seeking animals. Yes, all of us lie in some small manner or the other. These are really the small lies that make the fabric of our modern day lives. Small lies ward off the inconvenience of a lie-less society.

Despite all these small lies, we are essentially truth seeking as consumers. When you buy a toothpaste, you expect honesty out of the entire exercise. The consumer-brand interaction process is a relationship. A relationship quite like the many relationships we go through in our social lives.

When you get into a relationship with a member of the opposite sex, or let me be politically correct and say member of the same sex even, you expect just one primary thing out of the relationship - the truth. There is no relationship you get into expecting dishonesty and lack of integrity.

Consumers get into brand relationships based on the expectation of the truth. But do they get it? How much of it? And how frequently?

My belief is that the brand that offers the truth most of the time in this continuous relationship is the one that succeeds. The brand that fails on this count is an utter failure right away, or on the path of a self-fulfilling prophesy of doom round the corner.

Let me illustrate this with an example. Let me choose my favourite gourmet table bird for this example, the chicken! Let me take three of them.

There are really three chickens in our marketing lives. And remember, all of us are marketing people, since there are only two kinds of people in the world. The 'marketing person', who market to others and the 'marketed-to person' at the other end!

Imagine three chickens out there. Each of the chickens is a manufacturer and a marketer. Each of the chickens has done something that they are very good at. Each has laid an egg and each of the eggs look alike. Each of the marketers takes a different path to market their respective eggs.

There is the first chicken, which I call the 'shy chicken'. This chicken looks at the egg it has laid and finds the product quality to be all of 100. It then stands up and looks at the target audience of potential consumers and whispers with a decibel of shout that is at best two on a scale of 100.

This chicken's whisper is heard by very few in the target audience. Even those who hear it, find it a faint whisper. The promise offered by the whisper is just two on a scale of 100. Those few who hear the whisper actually come to see the egg, often lured by the under-shout that creates quite a bit of mystery in the consumer at hand.

When the few consumers actually arrive to see the product, there is great joy. The consumer expectation of two is rewarded with a delivery of 100. The positive stroke offered in this purchase is +98 and the negative of this approach, of course, is the fact that it scores very low on consumer awareness.

Now look at the second chicken. This is what I call the 'honest chicken'. This chicken looks at the target audience and shouts out the product offer with a 100 decibel. The shout quality is equal to that of the product quality.

The pros of this approach are apparent. Awareness scores are good. Everyone has heard that the chicken has an egg to offer. But there is a problem. Consumers do not necessarily respect honest chickens.

"...the brand that offers the truth most of the time in this continuous relationship is the one that succeeds."

When the consumer has heard the full story, he does not want to see the egg at all. There is no mystery. Only a few arrive to see the egg, and they are the ones who actually need an egg. When they arrive, they expect 100 and get 100. No positive strokes and no negative. The potential of a buy is also low.

The third chicken is waiting. This chicken finds the competition hot. This chicken gets onto the rooftop and shouts with a decibel value of 400. The chicken has laid an egg but shouts as if it has laid an asteroid. The awareness scores are terrific. The entire town lands up to look at the phenomenon. The expectation is 400. The delivery is 100. There is a negative stroke quotient of -300. Nobody buys it!

All these three chickens and their respective approaches are out there for the marketer to choose from. Each of us makes this choice every day. There are variations available in the gamut of 0-400 in terms of shout levels. Different marketers choose differently.

The result is that the chicken which shouts with a decibel of 80 is the one that succeeds the most. In a market where everyone is shouting at 400, the one chicken which whispers is the one who is heard and trusted the most.

Think about it. Which chicken are you as a marketer? And which chicken are you as a working person? And which chicken are you as a person living in a family of your own?

*Harish Bijoor is a brand-domain specialist and CEO, Harish Bijoor Consults Inc., a consulting practice with presence in the markets of Hong Kong, Dubai, UK and India.
Email: harishbijoor@hotmail.com
Follow him on Twitter.com @harishbijoor*

Trends in e-commerce

Muralikrishnan B*

While e-commerce is at a nascent stage in India it is evolving rapidly and there can be no doubt that the penetration of e-commerce has surpassed all expectations. The Internet & Mobile Association of India (IAMAI) estimates India's e-commerce market to be worth Rs 46,520 crore or $10 billion in 2011, with a user base of about 10 million people.

The key drivers of this increased acceptance is because of internet usage and modern retailing in both metros and Tier II and III cities, coupled with the rising middle class which has both disposable income and high aspirations. Of the total e-commerce pie in India, online shopping or sale of retail goods accounts for 20 per cent. The rest is travel related, which includes activities such as hotel booking, ticket and railway tickets. Travel related activities are reaching the maturity phase, and online shopping is growing and will take a bigger share of the pie in 2012.

Online shopping is at an interesting phase in the country. While it coexists with modern retail, digital commerce itself is evolving to include TV shopping, phone shopping and even mobile commerce. Consumers have evolved from just checking emails and news to using the net to book travel or movie tickets, net banking and even shopping online. Shopping online provides access to brands which are not available in small cities and towns, bridging distribution inefficiencies. The eBay India Census 2011 identified buyers from 3,311 cities who are shopping online in all 28 states and 7 Union Territories. Online buyers are purchasing everything from the latest laptop to a bean bag from the comfort of their homes, cyber cafes or even mobile phones.

Here are some key trends that are evident in the e-commerce industry:

Social media leads to social commerce: Offline shopping tends to be a social phenomenon and this will catch up with online shopping as well. We foresee online shopping getting integrated with social media as more and more enthusiasts seek opinions before they indulge and seek compliments post indulgence. This could take the form of deeper and richer integration of social tools in the online shopping experience. The e-commerce players will leverage the social graph and add engaging ways that enable users to share their shopping experiences on various social media channels. Industry reports state that 25 per cent of the time spent online is on social platforms, dominated by Facebook. Out of this, 50 million are on Facebook and 13 million on Twitter, taking the size of the social media universe to 63 million. A report by Nielsen stated that 13 million Indians check online reviews out of which six million are through social media sites. eBay India has a significant presence on Facebook with more than two million fans.

Indian fashionista hit online malls: Indian fashionistas are discovering that shopping online is as much fun and saves both time and money while ensuring access to a wide range of unique inventory. Sitting in their home or office or even while on the move, women are shopping for the best of international labels and a variety of lifestyle products ranging from fashion, fragrances, home décor to even fitness equipment. The eBay Census documented that over 45 per cent of all purchases are in the lifestyle category when you look at all e-commerce purchases – both domestic and imports. Almost 30-35 per cent of online shoppers in 2012 are predicted to be women.

Tier II & III cities (Bharat) and rural India catching up fast: Non-metro consumers increasingly aspire to consume brands and lifestyle products. They have the spending power, but no access. These aspiring consumers from smaller cities are latching onto online shopping as never before. The eBay Census highlighted that Bharat contributed about 40 per cent of transactions and rural India contributed to nine per cent on eBay India.

Brands set their sights on online stores: Smart marketers follow their customers. An estimated 100 million Indians spend their time online consuming content, communicating and even indulging in commerce. Brands are setting up online storefronts to cater to this demand. From a dedicated storefront on e-commerce websites, to special promotions and standalone e-commerce enabled websites, brands are going to come online in a big way and invest in servicing this distributed but significant customer base.

Upsurge of mobile assisted commerce: Another, big impetus to e-commerce is mobile commerce. Over 65 million consumers across the globe use eBay applications on various platforms such as smartphones and tablets.

Currently mobile assisted commerce has picked up significantly in India and is expected to grow. It enables consumers to check prices online using mobile applications and make a purchase after comparing prices. The advent of 3G services along with low cost smartphone handsets has significantly contributed to internet usage on mobile phones along with cheaper mobile data plans. As the consumption basket is becoming dearer with the fall of the rupee, consumers are increasingly seeking the best prices. However, it is inconvenient from all practical purposes to survey all physical stores to find the best bargain. The growth in high speed mobile-internet penetration will encourage consumers to consider browsing for price benefits on online retailing sites before making offline purchase decisions. So expect to witness savvy consumers checking their phones, before they buy even at a retail store.

** Muralikrishnan B is Country Manager, eBay India. He can be contacted at murali@ebay.com*

Are multi-channel retailers ready to embrace e-commerce?

Sandeep Aggarwal*

Retailers have always found it challenging to embrace technology, especially e-commerce. Across the globe, retailers are sceptical of technology and the Internet, and Indian retailers are no exception. Today e-commerce comprises a mere 0.1 per cent or $500 million (excluding online travel) of the approximately $500 billion retail industry in India.

It is my opinion that multi-channel retailers or brick and mortar retailers are not quick adopters of e-commerce for the following reasons.

- **Different DNA:** The foundational strength of multi-channel retailers is the traditional brick and mortar business. While an e-commerce company spends time thinking about technology, product, user experience, infrastructure hosting, user interface (UI) and informational technology (IT) hiring, multi-channel retailers spend time working out the architectural designs of a retail store, location, lease negotiation, furniture or fixtures, hiring of sales people and amenities. E-commerce companies are driven by product, technology, innovation, agility, low capex, scale and measurements. Though many of these traits are also present in multi-channel retailers, the basic structure of traditional retailing does not allow them to use these traits on a daily basis.
- **Prior investments:** Multi-channel retailers invest in their existing physical infrastructure. Hence it becomes extremely difficult for them to invest new money in the area that they do not fully understand, especially when they have not even recouped their prior investments in brick and mortar.
- **Lack of confidence in e-commerce:** Traditional retailing often suffers from lack of confidence in technology-driven businesses. Retailers feel that physical retailing is tough and wonder how it is possible to run an entire business and scale it using technology. The apprehension is apt but it delays the speed to market in terms of embracing technology to augment their operations.
- **Entrepreneurship:** Technology and e-commerce businesses are not built because they have developed perfect processes, but because they are passionate and energetic.
- **Fear of cannibalisation:** There is a fear that technology enabled businesses can cannibalise the existing brick and mortar business; the exact impact remains unknown but this fear serves as a major hurdle in the adoption of technology.
- **Sense of entitlement:** Many times multi-channel retailers develop a strong feeling of entitlement that their brick and mortar business is the best, and nothing can further improve their business.

How can multi-channel retailers embrace e-commerce?

I would like to highlight the top five things retailers must do to adopt e-commerce.

- **Create separate division.** If you are an existing retailer with strong physical presence, create e-commerce as a separate division. It can give you the much-needed automation, agility and entrepreneurialism to ramp the e-commerce business.

- **Infuse fresh blood.** Retailers will have to infuse fresh blood into their organisation. While, the retail understanding and existing business processes could be a plus, legacy issues and thinking are typically the reasons why start-ups are better positioned to capture e-commerce opportunities.
- **Create option value.** Even though you may feel nervous and have limited understanding of e-commerce, develop some option value and start having deeper understanding as you become more informed. E-commerce is not going to work out for every retailer. Do not reach to this realisation after wasting sizable money. First test the water and start small to decide if you want and can play bigger.
- **Learn and absorb everything.** This may sound lame but reality is that if a retailer is planning to embrace e-commerce, s/he is embarking on uncharted territory. When you are dealing with too many unknowns, the best is to learn and absorb everything around you and eventually start connecting the dots.
- **Create a circle of influencers.** As a brick and mortar retailer, if you think that you are not well equipped to completely embrace e-commerce, then start networking with people who know more than you do. This can result into knowledge enhancement and transfer of information that can benefit you, especially combined with your existing business momentum.

**Sandeep Aggarwal is the founder and CEO, ShopClues.com. ShopClues.com is India's first and largest managed marketplace. You can reach Sandeep at ceo@shopclues.com*

A food chain revolution that could unite Bharat and India

Asitava Sen*

Producing more with less

Food and food products represent approximately 40 per cent of total household expenditure and 21 per cent of gross domestic product (GDP). As much as 70 per cent of the current food spending in India is on agri-products. However, the level of processing for perishable produce is extremely low and India's share in the global trade of processed food is below 2 per cent. The 'Vision 2015' plan for the Ministry of Food Processing Industries (MoFPI) hopes to triple the size of the processed food sector by increasing the level of processing of perishables from 6 to 20 per cent. It is projected that the value addition should increase from 20 to 35 per cent and the enhanced share of India's food exports in global food trade from 2 to 3 per cent.

Rapidly changing demographics and lifestyles in the country combined with increasing disposable income is driving growth in consumption of high value food products. Food consumption and eating habits of the population are changing – the share of cereals and pulses in the national diet is shrinking and that of proteins (fruits, vegetables, milk and animal protein) is growing.

The biggest challenge for the agriculture sector is to produce more in the face of shrinking natural resources. In India, agriculture faces serious productivity challenges owing to the vagaries of the monsoon, poor irrigation and storage infrastructure, loss of arable land and soil erosion due to intensive farming and excessive use of fertilisers. In addition, the continuing global price inflation of food and commodities is a matter of concern for the Government.

There is an urgent need to modernise the supply side of food to cope with the demand side pressures. Food should be produced, processed, stored, distributed and finally retailed to the end users using innovative methods.

Understanding value chains

The first step is to understand the 'farm to fork' value chain of food commodities and the inter-linkages between the various elements of the value chain. As an example, the poultry value chain consists of the following stakeholders – feed companies, genetics providers, nutrition and healthcare solution providers, contract farmers, equi-pment suppliers, integrated broiler companies, processing comp-anies, branded marketers, logistics and supply chain partners, food services and modern retailers.

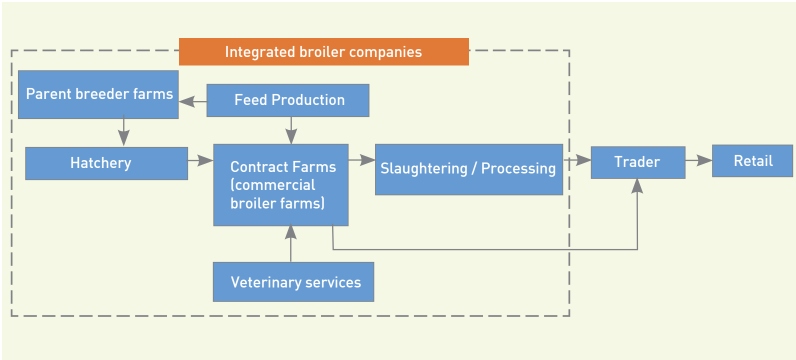
The downstream sector, responsible for demand creation, is currently constrained by the fragmentation in the upstream sector. Hence the shortage of high quality processed products.

Similarly, in the case of fruits and vegetables, we have seen a correlation between penetration of organised retail and share of processing for fruits and vegetables in several countries.

'Plate to Farm' paradigm

Growth of food services companies and food retailers will drive growth and consolidation in processing and other segments in the upstream value chain. It can bring efficiency in the food chain and catalyse a critical linkage between the producers and consumers – between 'Bharat' and 'India'. Several benefits will ensue across the chain:

Figure 1: The Poultry Value Chain



Benefits to producers

» Rise in farm gate income: It is believed that primary and secondary processing at the farm gate and direct access to buyers can potentially improve farmers' income by up to 30 per cent. Given the multi-layered supply chain and archaic marketing restrictions still prevailing in many states, the farmer gets only 10 per cent of the retail price after more than three months of hard work as opposed to the trader who pockets 15 per cent for three minutes of work. Food processing and organised retailing will provide vital market access to producer companies and farmers' co-operatives. When farmers are given the freedom to sell their produce directly to retailers and processors, they will get better prices and other vital agronomic information as well as advisory services.

» Nonagricultural employment in rural areas: Contract farming and direct sourcing initiatives undertaken by retailers and their suppliers will facilitate investment and new jobs in rural areas in sorting, grading, storing, processing and logistics. Since over 50 per cent of India's population is engaged in agriculture and contributes only 15 per cent to GDP, it is critical to move rural labour to other value added employment options.

» Market access to the Micro, Small and Medium Enterprises: Eighty five per cent of the units involved in processing of fruits and vegetables are micro, small and medium enterprises. Organised retailers will source their private labels and co-brands from them and provide market access besides imparting management and technical skills training.

Infrastructure

» Infrastructure to reduce wastage: It is believed that up to 30 per cent of our fresh produce is wasted. Although cold storage and agricultural logistics enjoy infrastructure status and favourable government policies such as viability gap financing and other incentives, we need a set of strong off-takers at the end of the value chain for these investments to grow.

» Rural channels for distribution: Cash and carry wholesale and modern rural retail formats will help create market access in semi-urban and rural India; this will not only facilitate brands but can also help the Government to fulfill its inclusion agenda.

Benefits to consumers

» Tame food inflation: By compressing the chain, we can create greater efficiencies, part of which can be passed on to the consumer. New competition between retail formats could help in keeping food inflation under check.

» Increase consumption: Organised retail helps encourage up-trading, bulk packs and impulse purchase, thereby catalysing consumption. It can offer a suitable channel for distribution for several emerging categories. For instance, the channel offers an opportunity to serve private labels of authentic ethnic regional food products at national scale.

Summary

To address the issues of agricultural productivity, food safety and nutritional security, farm gate income and inflation, there is an urgent need to focus on reforming the supply side, modernise food marketing and encourage the growth of modern retailing. There is also a growing imperative for various stakeholders in the value chain to cooperate and collaborate with each other to usher a 'Chain Revolution'.

Figure 2: Food Processing in Perishables

Country	Share of Organized Retail (per cent)	Share of Processing in Perishable (per cent)
USA	85	65
China	20	23
Thailand	40	30
Malaysia	55	80
India	5-8	6

**Asitava Sen is Senior Director & Head, Food & Agribusiness Research and Advisory (FAR), Rabobank India.*

Direct selling & consumer protection

Rajat Banerji*

The Direct Selling (DS) industry, which took root in India in the early 1990s, is a thriving industry today. It is valued at over Rs 5,000 crore and engages more than 40 lakh persons as distributors or selling agents or representatives of DS companies of which almost 70 per cent constitute women. No wonder the DS industry has the capacity to 'give millions, with limited means, a legitimate tool to earn a decent living and develop marketing and management skills', as described by a leading pink daily. A Bloomberg article published in August 2012, noted that 'Direct Selling turns into a powerful tool to fight poverty'. This statement underlies the tremendous potential of this little-understood industry.

Direct Selling is a distribution medium utilised by certain companies, in which they engage private citizens on a contractual basis to sell their products or services directly to consumers. This offers budding entrepreneurs a no or low-cost business opportunity. The products of DS companies are not available in malls, retail or wholesale stores. This is a person-to-person business which relies on the power of word of mouth which communicators across the spectrum, agree is the most powerful form of communication. Perhaps that explains the success of this industry.

The consumer too, has definite benefits if serviced by a distributor of a DS company. He or she receives personalised service which includes guidance as how to use a product, which is delivered to their doorstep. All ethical DS companies offer a money back guarantee that is valid even if the product is used.

Recording a turnover of Rs 2,130 crore last year, multinational company, Amway is one of the major DS players in India with a little over 40 per cent market share of the formal direct selling industry. At Massmerize 2012, the FICCI-FMCG jamboree in Mumbai, in early August 2012, a doyen of an Indian FMCG giant, acknowledged that Amway and indeed Direct Selling, had turned several accepted rules, on its head, and has shown that direct interface with the consumer is indeed possible.

In comparison to our Western counterparts where Direct Selling has been flourishing for the last 50 years, in India it is a 'young' industry which is about 14-15 years old. The 17-20 per cent growth in the industry probably explains the entry of many established FMCG players in the traditional retail model who are eyeing DS as an alternative channel, for instance, Hindustan Unilever Network.

Clearly, this is no small industry and if global indicators are anything to go by, there is tremendous potential for DS in India. Mexico, on a similar socio-economic level as India, has one-tenth India's population. Yet, its DS industry is over five times bigger than India's. Globally, it is a \$120 billion industry which supports 60 million people.

On another level, India, with about 40 lakh consultants is 11th amongst the top 25 countries in terms of the number of sales consultants, while it ranks 23rd in terms of the revenue that it generates. This also shows the tremendous potential that the Indian Direct Selling industry possesses.

According to a recent report published by Indian Council for Research and International Economic Relations (ICRIER), the Indian Direct Selling industry is expected to reach Rs 15,000 crore by 2014-15. India's Direct Selling industry is fast emerging as a viable career option for women, empowering them to earn a good income from home. Little wonder Direct Selling has emerged as a women-friendly profession, with around 25 lakh women becoming part of the industry. Presentation skills, public speaking and networking abilities are some of the 'intangible gains' that anyone involved in this industry will acquire.

Inevitably, there are challenges that this nascent industry faces. Possibly, the greatest challenge is the lack of guidelines or legislation for the industry, which has led to lack of clarity. For instance in regular FMCGs, a sales supervisor has numerous sales representatives working for him, a distributor of a DS company encourages others into the business, making the 'introducer' akin to the sales supervisor, and the 'joinees' the sales representatives. Due to lack of legislation, regulators tend to see this as 'enrolment', often without realising that there is no monetary benefit in simply 'introducing' someone into the business. Legitimate DS companies offer money back guarantees on their business opportunity as well as their products, allowing future entrepreneurs to 'try' the respective business with no risk at all. Hence, there is no easy money to be earned in the DS industry; it is only through consistent hard work and selling of products and services that good income can be generated and sustained.

This lacuna has led to the emergence of dubious companies whose promoters often disappear overnight, leaving legions of disgruntled consumers, who may have lost money. This situation has sullied the reputation of the entire industry and brought it on the radar of regulators. Hampered by the lack of legislation, regulators are often unable to interpret the operation of the industry. Kerala was the first state to courageously set guidelines for the industry in September 2011, and it is in the interest of the consumer that such guidelines are replicated in all other states.

Thus Direct Selling is an employment generator and beneficial to the economy. Markets across the globe have legalised the booming DS industries with meticulous, yet non-intrusive regulatory frameworks. The same is needed in India to protect consumers from predatory businesses as well as to unlock the potential of the industry.

** Rajat Banerji is National Head Corporate Affairs, Amway India Enterprises Pvt Ltd.*

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GLOBAL COMMODITY FUTURES EXCHANGES

Rankings 2011	Rankings 2010	Commodity Futures Exchange	2010 Volume (Mn Contracts)	2011 Volume (Mn Contracts)	2010 to 2011 Change (%)
1	2	CME Group (incl. CME, CBOT & NYMEX) - **USA**	609.1	677.2	11.2%
2	3	Zhengzhou Commodity Exchange (CZCE) - **CHINA**	495.9	406.4	-18.1%
3	**6**	**Multi Commodity Exchange of India (MCX) - INDIA**	**197.2**	**346.2**	**75.5%**
4	5	ICE Group - **USA, UK AND CANADA**	264.7	310.0	17.1%
5	1	Shanghai Futures Exchange (SHFE) - **CHINA**	621.9	308.2	-50.4%
6	4	Dalian Commodity Exchange (DCE) - **CHINA**	403.2	289.0	-28.3%
7	7	London Metal Exchange (LME) - **UK**	112.4	138.5	23.2%

Note: Volume is expressed in terms of number of contracts traded in Jan-Dec 2011. This data is for single-sided trade.

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Source: #Data published for the calender year 2011 on the websites of exchanges and FIA Annual Volume Survey released in March 2012. ##Based on the comparison of trading volumes (in terms of the number of commodity futures contracts traded) for the calender year 2011 sourced from the websites of exchanges and from FIA

Dr. C Rangarajan, Chairman, Economic Advisory Council to the Prime Minister in a discussion with FICCI members.

FICCI's President meets PM's Economic Advisory Council

The decline in new orders in Purchasing Managers' Index in May and June suggests that industrial growth will remain soft in the near future.

FICCI is less than optimistic of a strong economic revival in the near term. FICCI's pessimism is based on the perceptible absence of policy reforms. To build confidence in the economy, it is important that the Government implements measures to ensure fuel for power plants; streamline the process of land acquisition for industrial purposes; introduce the Goods & Services Tax (GST); and extend the price decontrol mechanism for diesel. At the same time, it is important for the Reserve Bank of India to adopt a liberal monetary policy.

These apprehensions were communicated to Dr. C. Rangarajan, Chairman, Economic Advisory Council to the Prime Minister by senior FICCI members led by R V Kanoria, President, FICCI, and Chairman and MD, Kanoria Chemicals, at a meeting on July 18, 2012.

Naina Lal Kidwai, Senior Vice President, FICCI, Country Head HSBC India and Director HSBC Asia Pacific; Sidharth Birla, Vice President, FICCI and Chairman Xpro India Ltd; Rajan Mittal, Vice Chairman and MD Bharti Enterprises; Harsh Pati Singhania, MD, J K Papers Ltd; Y K Modi, Chairman and CEO, Great Eastern Energy Corporation Ltd; Waszyk A Helio, Chairman and Managing Director, Nestle India Ltd; Dr. Rajiv Kumar, Secretary General, FICCI and Dr. Arbind Prasad, Director General, FICCI accompanied President Kanoria.

Kanoria pointed out, "In the 2011-12, GDP growth of 6.5 per cent has come below the consensus figure of 6.7 per cent and the Advance Estimate of 6.9 per cent. The quarterly investment rate is visibly low and consumption is far from bouncing back. Weak investments, low imports and declining consumption all point to soft domestic demand."

Expectations of subdued global growth and uncertainty surrounding the eurozone which could lead to bank runs will further weigh down on investment sentiment. This could lead to reduced foreign inflows, growth that comes in at numbers lower than the currently reduced expectations and lower domestic demand – all these factors support the need for further monetary accommodation.

"However, the impact on the economy is likely to be far more effective if it is complemented by strong measures for improving the investment climate or reducing subsides to tackle burgeoning deficits. The Reserve Bank of India (RBI) communications so far seems to suggest that any rate call would be driven by the mix of both inflation and government efforts towards fiscal consolidation," Kanoria said.

The May Index of Industrial Production (IIP) growth hovers at a low 2.4 per cent. April 2012 IIP growth estimate has been revised downwards from 0.1 to -0.9 per cent, on account of the revisions to capital goods (revised: -19.6 per cent, prior: -16.3 per cent) and consumer non-durables (revised: 2.5 per cent, prior: 5.2 per cent). "There are risks of a downward revision to May's reading as well," warned Kanoria.

Industrial credit growth which has typically led the industrial revival remains weak, even at a disaggregated level in sectors such as basic metals. The decline in the Purchasing Managers' Index (PMI) new orders, in May, as well as in June, suggests that industrial growth will remain soft in the near future.

Below is the 12 point agenda that Kanoria presented to Dr. Rangarajan:

- Eschew the temptations of a premature welfare state and announce an immediate moratorium on any additional expenses on doles
- Expedite the implementation of the Goods and Services Tax (GST)
- Ease monetary policy
- Do not pass the Land Acquisition Bill in its current form
- Provide fiscal stimulus for investments across sectors
- Push through with FDI policy reforms in areas where action is possible outside the ambit of Parliament – multi-brand retail, civil aviation etc
- Extend the price decontrol mechanism to diesel and other oil products
- Take steps to energise the coal sector by fostering competition
- Strengthen frameworks to raise funds for infrastructure financing through instruments such as municipal bonds etc
- Pursue the objective of food security through productivity increase and agriculture marketing reforms
- Fast-track implementation of critical policies and projects like National Manufacturing Policy, National Electronics Policy, PCPIR etc
- Address the issue of repatriation of black money to immediately mitigate the balance of payments situation by entering into global revenue sharing agreements.

Dr. C Rangarajan, Chairman, Economic Advisory Council to the Prime Minister (3rd from left) with FICCI's delegation.

FICCI's President suggests six-point agenda to PM

Energy is the main driver of an economy. According to the approach paper for the 12th Five Year Plan, to achieve a GDP growth rate of 9 per cent, commercial energy supplies will have to grow at least at a rate between 6.5 to 7 per cent per year.

Given the current growth statistics of the Indian oil and gas sector, it is improbable that the targeted growth will be achieved. With domestic production unable to keep pace with demand, the demand-supply gap has been consistently widening. Today, India imports about 73 per cent of its oil and 24 per cent of its natural gas requirements to meet its rising demand. During the 12th Five Year Plan, import dependence on petroleum products and natural gas is likely to be as high as 80 per cent and 28.4 per cent respectively. The current energy outlook is bleak and if not addressed immediately, it could have a debilitating impact on growth.

The challenge before the nation is to ensure a reliable supply of energy resources for the future and make the country's energy supply resilient to external factors such as volatile international crude oil prices and economic and geopolitical uncertainties in resource-rich nations. In addition to targeting new markets, diversification of the energy basket, which is currently skewed towards oil, is essential.

In a letter to the Prime Minister, FICCI President, R V Kanoria, has pointed out that disparities in pricing mechanism, slow policy reforms, an unattractive fiscal regime and inadequate infrastructure are some of the challenges to energy security. For a high growth momentum, an empowered leadership group will have to effectively steer the development of this sector.

The challenge before the nation is... to make the country's energy supply resilient to external factors.

The Energy Coordination Committee, set up under the Prime Minister's chairmanship, was a positive step towards coordinated and cohesive decision making on matters pertinent to energy. The industry suggests its revival to monitor, review and successfully execute policies that address energy security concerns.

Kanoria suggested a six-point agenda to address the impending crises related to the oil and gas sector: remunerative pricing; fiscal stimulus; acquisition of overseas oil and gas assets; genuine autonomy to Upstream and Downstream regulators; immediate improvements in infrastructure; and effective demand side management and conservation of energy.

Emphasising the importance of efficient pricing mechanism, Kanoria stated that this would expand domestic energy supplies, economise the utilisation of energy resources and curtail adulteration and transactions in the black market. To arrest the negative impact on economic fundamentals, the Government needs to offer remunerative energy prices to producers and take bold initiatives to deregulate diesel prices.

"Our domestic sedimentary basins are grossly under explored. Huge risk capital investment is required for exploratory efforts and induction of technology in this sector," he stated and added that "to attract any player, particularly foreign, with funds and technology, we need to offer a conducive tax and regulatory regime and a transparent risk and reward system to invest in the domestic exploration and production (E&P) sector. Clearances and permissions required must be fast tracked to expand domestic E&P activities".

Because equity ownership in foreign oil and gas assets and diversification of the oil and gas supply base is fraught with political and strategic importance, Kanoria said, "We need to lay greater thrust on deepening our political engagements and strengthening economic and commercial linkages with energy surplus countries." Sustained proactive diplomatic intervention and proactive efforts are needed to encourage public and private oil and gas companies to actively pursue this objective. Kanoria recommended the creation of a special purpose Sovereign Fund of a substantive size to compete in the global oil and gas markets for overseas acquisitions.

Kanoria also recommended that the Government should loosen its control and reduce its equity holdings in Public Sector Undertakings (PSUs). Instead of holding 70 to 80 per cent, the Government should reduce its share to 51 per cent. Thereafter these companies should be allowed to function as any other listed company. Also, genuine autonomy must be granted to Upstream and Downstream regulators.

Kanoria also highlighted the urgent need to prioritise and accelerate the pace of building infrastructure for secure transportation of energy resources. The consequences of not doing this could prove to be the biggest problem despite all other policy initiatives. As a buffer against supply disruptions, large strategic reserves of crude oil and petroleum products must be built. The timely completion of national natural gas pipeline grid can ensure last mile connectivity and meet the ambitious target of covering 240 cities under the CGD (city gas distribution) network in the coming years.

Kanoria also laid emphasis on effective demand side management and conservation of energy without compromising on growth. Accelerating awareness creation programmes for energy efficiency and incentives to invest in new technologies in energy-intensive industries, widespread improvement in agricultural practices and ensuring efficient transport infrastructure are some other issues which require attention.

The recommendations, he stated, if acted upon with urgency will go a long way in mitigating the grim situation on the energy security front. The industry believes that a proactive Energy Coordination Committee can play a significant role in implementing the suggested six-point agenda and formulate a coordinated policy response.

Prime Minister Dr. Manmohan Singh compliments FICCI

The Prime Minister of India, Dr. Manmohan Singh, complimented FICCI for its collaboration with Defence Research and Development Organisation (DRDO) in developing bio-digester toilets for use by rural communities.

Dr. Singh, in his address at the DRDO Awards Function on July 31, 2012, in New Delhi said, "I was very happy to learn that DRDO in collaboration with FICCI has developed a bio-toilet that promises to solve the problem of open defecation in rural India. If this green, cost effective 'flush and forget' technology is successfully implanted, it will give a big boost to our Total Sanitation Campaign. Application of technology to social benefit programmes should be expanded further."

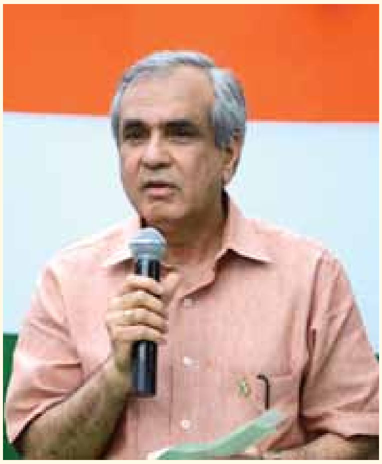
The technology has been commercialised under the DRDO-FICCI Accelerated Technology Assessment & Commercialization (ATAC) Programme. The initiative is undertaken by FICCI's Centre for Technology Commercialization (C-Tech). These bio-digesters will be available soon in 1000 Gram Panchayats across the country.

This technology is non-polluting and an effective method that degrades and converts human waste into usable water and gases in an eco-friendly manner. The generated gas can be utilised for energy, cooking and water for irrigation purposes. Bio-digester can be customised to suit the requirements of the region and demography; also it is easy to maintain and decomposes human waste completely without leaving any pathogens.

The Ministry has allocated Rs 400 crore to implement the project. A Memorandum of Understanding (MoU) in this regard was exchanged between the Ministry and DRDO on July 26, 2012, in the presence of the Defence Minister, A K Antony and Minister for Rural Development, Drinking Water and Sanitation, Jairam Ramesh.

"I was very happy to learn that DRDO in collaboration with FICCI has developed a bio-toilet."

- Prime Minister, Dr. Manmohan Singh



FICCI pledges service to nation on Independence Day

Fervour and gaiety marked the celebrations of the 65th anniversary of India's Independence at FICCI's headquarters as Dr. Rajiv Kumar, Secretary General, unfurled the tricolour on August 15.

Dr. Kumar and employees at FICCI dedicated themselves to the task of serving society by remaining India's voice for policy change – change that is beneficial to society at large.

This was followed by a scintillating Bharatanatyam dance recital by Aranyani Bhargava, a disciple of Leela Samson.

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EU-India FTA – a case of high expectations

L to R: Naina Lal Kidwai, Senior Vice President, FICCI; Didier Reynders, Deputy Prime Minister and Minister of Foreign Affairs, Belgium and João Cravinho, Ambassador, European Union Delegation to India

"We do not ask for unilateral concessions from India. We only seek lower tariffs so that tangible progress can be made."

In the recent past, Europe has captured all the headlines around the world; the sovereign debt crisis in Europe has sent shivers across economies and India is no exception.

At present Belgium is India's tenth largest trading partner, and the second most important European trading partner, preceded only by Germany. In 2012, bilateral import and export totaled Eur13.3 billion or US$16.6 billion.

However, to increase trade and investment phenomenally between India and European Union (EU) Didier Reynders, Deputy Prime Minister and Minister of Foreign Affairs, Belgium, made a strong pitch for an early conclusion of the EU-India Free Trade Agreement (FTA) to take two-way trade and investment flows to the next level.

"We do not ask for unilateral concessions from India. We only seek lower tariffs so that tangible progress can be made in trade in services," Reynders said while addressing an interactive meeting organised by FICCI on 'There to Stay... the Future of the Euro and Why it Matters for India' in New Delhi on August 3, 2012.

The Belgian Deputy Prime Minister's visit came close on the heels of a 17-member CEOs delegation to Belgium led by Naina Lal Kidwai, FICCI's Senior Vice President. The delegation was accompanied by Anand Sharma, India's Commerce, Industry & Textiles minister in the last week of June 2012 to strengthen trade relations between the two nations and look for new avenues of investment.

The EU-India FTA will benefit Belgium significantly as it is at the heart of Indo-European business flows. "Strong Indo-European business flows", Reynders said, "need a strong European economy which the European Commission is trying hard to achieve. Our dependency on the health of the EU common market is such that we feel that the future of the

Euro is also our own future. We are determined to find a solution".

Reynders stated that Belgium is one of the prime sources of investments in India. Many Indian entrepreneurs invest in Belgium as their gateway to the single European market. They are attracted by the central location, a benevolent tax regime and a competent, multilingual workforce.

Reynders added, "In our bilateral relations with India, we have decided to devote our efforts to seven specific focus sectors – logistics and maritime, clean technology (including renewable energy), infrastructure, automobile, life sciences, capital goods such as textile machinery and food processing."

Reynders pointed out, "The euro crisis of today results from the asymmetry inscribed in the European treaties between holding a common currency on the one hand and allowing national governments to conduct their own fiscal policies on the other. When some governments let their deficit slip to dangerous levels while others keep a lid on public spending, there is a widening spread of interest rates on different kinds of public debts expressed in the same currency, an unprecedented situation in world history. Redressing such a situation is made even more difficult when the real economy stagnates and government incomes tend to regress."

In the short term, it makes good sense to combine fiscal consolidation with economic growth policies. In the longer term, there is a need to reflect on the sustainability of a system where a currency is shared but budget deficits are left to fragmented decision making.

The eurozone economies represent around 17 per cent of the world economy. A strong Euro, based on a sizeable part of the world economy, will add stability to the global economic and financial system. It will further complement and balance a financial system dominated by one international reserve currency. Currencies such as the Yuan and Rupee will have an increasingly bigger role to play in that respect.

As regards the management of the eurozone crisis, Reynders remarked, "the present imbalances could be managed more easily if there existed a perspective on a workable endgame. This would help instill confidence and trust that is essential in matters related to money and financial markets. Yet, an endgame would entail Europe-wide, a tighter connection among economic, fiscal and monetary policies. It would require a higher degree of convergence among European economies as well as a higher degree of shared competitiveness. This would imply further tax harmonisation, tighter budget discipline and probably also a process of potentially painful Europe-directed structural reform."

Reynders suggested that a single currency with 17 countries makes it much easier for exchanges with the member countries that are among the country's most prominent trade partners. "Also Europe remains a hub for innovation and research. We look forward to develop our cooperation with India in the field of new technologies and scientific applications. A financial context where we enjoy a single and stable currency for these European partners can only favour such cooperation in the future," he added.

Some of the fields where India and Belgium can achieve unprecedented trade relations include diamond trade, skills development, and tourism. The vibrant diamond trade, supported by a thriving Indian community in the Belgian city of Antwerp, is a well known key driver of the bilateral trade. Diamonds represent over 60 per cent of the trade.

The Belgian Deputy Prime Minister also highlighted the importance of skills development for a modern economy. Belgium enjoys a high quality education system that is open to foreign students at a reasonable cost. Reynders invited Indian students to Belgium to explore educational opportunities.

"Also tourism presents huge potential on both sides. Tourism is not only an important economic sector, it also favours human and cultural exchanges. Europalia is a cultural festival which is organised in and around Belgium. Next year's Europalia will be devoted to India. It will bring Indian civilisation closer to Europe in all its diversity and richness, and we in Belgium are happy to contribute," he elaborated.

"In our bilateral relations with India, we have decided to devote our efforts to seven specific focus sectors."

João Cravinho, Ambassador, European Union Delegation to India, remarked, 'Trade relations between India and Europe are improving and trade is balanced on both sides. Even during the eurozone crisis, India-EU trade has continued to grow," he said. The scientific communities of both India and EU are working closely on civil nuclear programme and nanotechnology. The growing cooperation can be witnessed in the fight against piracy and counterfeit as well.

FICCI's Senior VP, Naina Lal Kidwai said that although the economic downturn affected the trade and investments scenario, trade now seems to have picked up substantially between India and European nations. She pointed out, "Indian corporates need financing and foreign direct investments (FDI) will go a long way in enhancing economic relations. A step towards this has been taken by signing an agreement between India and Belgium in the railway sector. It will enable India to take advantage of Belgium's expertise to develop world-class railway stations in India."

During the interaction, the Belgian Deputy Prime Minister announced that at the end of 2013, an economic mission is planned to India headed by Prince Philippe. More than 200 companies will be accompanying the Prince on this mission.

From political integration to economic union

At a dialogue on 'Europe at Crossroads – Current Political and Economic Challenges', organised by Federation of Indian Chambers of Commerce and Industry (FICCI) and Konrad-Adenauer-Stiftung (KAS) on August 22, 2012, New Delhi, Dr. Andreas Schockenhoff, Member of the German Federal Parliament, underscored the need for more political integration in Europe.

"The established instruments of economic and fiscal union as well as the stability pact have proven insufficient to cope with the economic and financial challenges of today, especially with regard to stabilising the Euro," he declared.

Dr. Schockenhoff said that the eurozone crisis must be fought at its roots – this is why fiscal and structural reforms in the affected euro-countries are the first step in achieving sustainable growth.

"Decisions to ensure financial stability and fiscal consolidation are a necessary condition for a return to higher structural growth and employment. But it is not in itself sufficient. We have to modernise our economies and strengthen our competitiveness to secure sustainable growth. We now need to focus on accelerating structural reforms to increase competitiveness and create more jobs – and not on short-term stimulus packages. This is the essence of the Compact for Growth and Jobs," he said.

The inherent principles of the financial aid packages for other euro-countries have been that they are temporary measures, are tied to certain conditions and demand that the recipient country adhere to these conditions and put into effect budgetary discipline and structural reforms.

Dr. Schockenhoff remarked, "A decisive instrument for the self-assertion of Europe and our ability to shape the global agenda is a strong and credible defence and security policy. The current military capabilities of the EU member states are nowhere near Europe's economic leverage or our political ambitions. Only if we decide defence budgets, will we be capable of responding to security challenges."

L to R: Dr. Beatrice Gorawantschy, Resident Representative of KAS to India; Dr. Rajiv Kumar, Secretary General, FICCI; Dr. Andreas Schockenhoff, Member of the German Federal Parliament and Deputy Chairman of the CDU/CSU Parliamentary Group in the Bundestag for Foreign Affairs, Affairs of the European Union and Defence Policy; Amb. Lalit Mansingh, Former Foreign Secretary of India and Mr. Cord Meier-Klodt, Chargé d' Affaires a.i., Embassy of the Federal Republic of Germany at the 'FICCI-KAS Dialogue on Europe at crossroads - Current political and economic challenges'.

"Given the financial constraints under which all European countries are operating, however, this ability to take effective action in the realm of security policy can only be guaranteed through closer cooperation and more military integration," he pointed out.

Ambassador Lalit Mansingh, Former Foreign Secretary of India, said, "After 12 rounds of the Indo-EU Summits, the two giants – India and EU – have not been able to come to an agreement and the dialogue has lost momentum. Both India and Europe are pre-occupied with immediate problems, hence the delay in reaching to a conclusion."

"People of both India and Europe suffer from misleading stereotypes and negative images. Indians perceive Europe as in terminal decline, while Europeans see the Indian political situation in perpetual turmoil. These images do not reflect reality. In fact, the negative stereotypes are preventing us from dealing with serious issues," Mansingh stated and added that, "such misconceptions need to be corrected through more contacts with European and Indian thinkers and think tanks".

The message was loud and clear – India and Europe can only thrive together.

Cord Meier-Klodt, Chargé d' Affaires a.i., Embassy of the Federal Republic of Germany, stated, "For India and Europe there is no room for an ostrich strategy. They both need to meet the challenges facing their nations head on and find ways to overcome them." He said that crises give an opportunity to fill the missing links. "Hence one should not look at a crisis as a calamity but more as an opportunity to find innovative ways to meet the challenges," he observed.

Dr. Rajiv Kumar, Secretary General, FICCI, remarked that India is closely watching the economic and political movements in Europe. Indian businesses do not believe that Europe is in terminal decline. "On the contrary", he said, "there is optimism regarding the beneficial impact of business ties between India and Europe. This is evidenced by the fact that many Indian corporations have forged joint ventures with companies in Europe and made strategic investments."

Dr. Beatrice Gorawantschy, Resident Representative of KAS to India, gave the vote of thanks.

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Real Estate Conference focuses on sustainable housing solutions

Laxmi Narayana M, Principal Secretary, Housing, Government of Karnataka, addressing the participants.

A recent McKinsey Global Institute (MGI) research report estimates that cities could generate 70 per cent of net new jobs by 2030, produce around 70 per cent of India's GDP, and drive a near fourfold increase in per capita incomes across the nation.

Surging growth and employment in cities will be a powerful magnet. MGI projections show India's urban population soaring from 340 million in 2008 to 590 million in 2030. This urban expansion will happen at a speed quite unlike anything India has seen before. In the 40 years between 1971 and 2008, the urban population rose to nearly 230 million; it will take half the time to add the next 250 million. India has a young and rapidly growing population — a potential demographic dividend. But India needs thriving cities if that dividend is to be realised.

India has the potential to unlock many new growth areas in its cities, including infrastructure, transportation, healthcare, education and recreation. MGI projects that to meet urban demand, the country will have to build between 700 million and 900 million square meters of residential and commercial space each year. In transportation, the country needs to build 350-400 kilometers of metros and subways every year, more than 20 times the capacity-building that India has achieved in the past decade. In addition, between 19,000 and 25,000 kilometers of roads will have to be built every year (including lanes for bus-based rapid transit systems), almost equal to what has been constructed over the past decade.

As a step towards achieving this goal and discussing the ramifications of these plans, FICCI organised 'South India's First Real Estate Conference' in Bangalore on August 3, 2012. The conference sought to understand the growing needs, gaps and opportunities in South India with regards to urban development, housing solutions, technological and sustainable innovations applicable in the sector.

MGI estimates that India needs to invest US$1.2 trillion just in capital expenditure in its cities over the next 20 years, equivalent to US$134 per capita per year, almost eight times the level of spending today. If India taps into five sources of funding used in cities around the world —monetised land assets, higher property taxes, user charges that reflect costs, debt and Public Private Partnerships, and formula-based government funding — its largest cities could generate as much as 80 per cent of the funding required from internal sources.

Sudhir Krishna, Secretary, Ministry of Urban Development, Government of India, said, "Over 60 per cent of GDP comes from urban areas with cities becoming the hub of economic growth. Therefore, cities must be planned using a transit-oriented approach with empowering local governments. The 12th Five Year Plan highlights that inclusive governance and environmentally sustainable and transparent development needs to take care of that. More importantly, we must meet every city's aspirations including education hubs, tourism hubs, traditional towns and urban cities."

Laxmi Narayana M, Principal Secretary, Housing, Government of Karnataka, remarked, "South India has been a trendsetter in many ways and Karnataka is growing at an estimated 15 per cent per annum. Department of Housing estimates show a rise of 11 per cent in housing needs. With 40 lakh people in Karnataka living in slums there is a great opportunity for developing affordable housing solutions. One can look at Public Private Partnership and single window clearances as solutions. "

Niranjan Hirandani, Chairman, FICCI Real Estate Committee and MD, Hirandani Estate, stated, "South India is significant owing to rapid development in IT & ITES industry. The 11 cities in South Indiawill soon grow to almost 15 cities, delivering more than their fair share to GDP. The growth of population and of cities cannot be stopped but we can emphasise responsible and dynamic urban development and housing solutions."

In the past, India has experienced the Green Revolution, the Industrial Revolution and revolutions in telecom, aviation and automobile industries. Now is the time for a revolution in housing and urban development. Such a revolution has already taken place in the Middle East, China and the US. Hence, there is no reason for India not to explore existing gaps and transform them into opportunities. Surpluses can be created in housing as was created in food, telecom, aviation and automobile sectors.

A white paper 'Re-orienting Real Estate through Smart Concepts and Technology' authored by FICCI-E&Y was released on the occasion. The paper highlights the accelerated economic growth over the last two decades in Tamil Nadu, Andhra Pradesh, Karnataka and Kerala which resulted in fast paced urbanisation in the southern region, now housing 102.8 million people.

Ajit Krishnan, Partner Industrial & Real Estate Leader, Ernst & Young, said, "Real estate is not about building houses, it is about building communities. Most structures become architectural delights but the time has come for organisations to move on. How can you use technology to improve systems, processes and also to bring in transparency to customers and help us become a vibrant and successful industry?" The conference concluded on these thought-provoking questions raised by Krishnan.

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  - Energy Efficiency Studies under PAT (Perform Achieve and Trade) Scheme
  - Preparing Investment Grade DPRs on Energy Conservation
- **CAPACITY BUILDING TRAINING PROGRAMS ON ABOVE AREAS**

Partial List of FICCI Clients:

Industries

- *ITC, Munger*
- *Hindustan Zinc Ltd*
- *ACC Limited*
- *NTPC*
- *Essar Steel Limited*
- *BPCL*
- *BALCO*
- *United Breweries Limited*
- *JK Lakshmi Cement Limited*
- *OCL India Limited*
- *Manikgarh Cement*
- *Shree Cement*
- *Safdarjung Hospital*
- *Century Cement Limited*
- *Atlas Cycles*
- *Parliament Library*
- *Chambal Fertilizers Limed*
- *Ambuja Cement Limited*
- *Upper Doab Sugar Mills*
- *Sangal Paper Mill*
- *Sholingur Textiles*

National/International Organizations:

- *Reserve Bank of India*
- *Bureau of Energy Efficiency*
- *WWF, India*
- *PCRA*
- *Central Pollution Control Board*
- *Govt. of Gujarat*
- *Ministry of Water Resources*
- *Ministry of Environment & Forest*
- *Shakti Foundation*

For Enquiries Please Contact:

Mohan Patil
Director - Resource Conservation & Management
FICCI
Industry's Voice for Policy Change
Federation House, Tansen Marg, New Delhi -110001
T: 011-23357394, F: 011- 23359734
Email: ma.patil@ficci.com W: www.ficci.com

FICCI recognises industry's efforts to conserve water

Sheila Dikshit, Chief Minister, Government of National Capital Territory of Delhi and Montek Singh Ahluwalia, Deputy Chairman, Planning Commission, Government of India, presented the FICCI water awards to nine companies on August 7, 2012, in New Delhi.

FICCI in association with HSBC launched the Annual Water Awards with the aim of recognising leadership in the sphere of water efficiency and conservation. An additional objective was to recognise those stakeholders who have developed a knowledge base on sustainable water management practices and have made efforts to disseminate those practices to encourage adoption of the same.

FICCI launched the Water Mission in March 2011. The primary objective was to engage with the various sectoral committees across FICCI membership in developing a water agenda around each committee. The Mission has been successful in getting representation from the various committees; members from these committees, FICCI's Water Champions, drive the work of the mission.

Dikshit said, "The ever rising demand of water combined with increasing pollution load would lay stress on the depleting freshwater sources leading to conflict amongst other users. This conflict will be pronounced in areas with low per capita availability of freshwater such as arid and semi-arid regions of India."

Sheila Dikshit, Chief Minister, Government of NCT of Delhi (2nd from left) and Montek Singh Ahluwalia, Deputy Chairman, Planning Commission, Government of India (2nd from right) presenting the FICCI Water Awards to winners. Also seen are Naina Lal Kidwai, Senior Vice President, FICCI and Country Head, HSBC India (extreme right) and Dr Arbind Prasad, Director General, FICCI (extreme left)

"Indian industry therefore needs to adopt water efficiency in their processes and take measures for increasing availability of freshwater through water harvesting, recharge and reuse of treated wastewater," she remarked.

Dikshit also pointed out that Delhi faces challenges in terms of water availability. "We have tried out measures to enhance our wastewater treatment capacity through interceptor sewers and recharge of aquifers," she added.

Ahluwalia remarked that judicious use of water can be assured by enforcing regulation and devising a pricing mechanism for the consumption of water by the industries. Both these need to be done in tandem to ensure optimum use of this scarce resource.

While the current demand for water matches availability, this situation is unlikely to hold for long. With economic growth and expansion of industries, the demand for water will increase manifold; therefore, immediate steps need to be taken to avoid an industrial water crunch.

On this occasion, the first report of 'FICCI-HSBC Knowledge Initiative' was launched. The report comprises best practices on water conservation across various sectors. The first compilation in the Knowledge Initiative series consists of a background paper on water use in thermal power plants and best practices from five major power companies which are part of the FICCI Power committee.

Naina Lal Kidwai, Senior Vice President, FICCI and Country Head, HSBC India, who heads FICCI's Water Mission, stated that the Mission initiated a 'Water Use in Indian Industry Survey' with FICCI membership. It was undertaken to gauge the importance Indian companies attach to water, its conservation and management. The survey results indicate Indian industry leaders are greatly concerned about inadequate water availability and poor water quality; they perceive this as a major risk to their operations.

The entries for the Water Awards depict the wide range of initiatives Indian companies are taking to conserve water resources. Initiatives adopted range from rainwater harvesting, wastewater treatment, water audits and technology modification for reduction in freshwater consumption and reuse of wastewater.

The thermal power sector accounts for the highest water use amongst all industrial sectors. Rising power demand will mean greater generation; this in turn would lead to high water consumption. The standing committee of the Ministry of Water Resources predicts a threefold increase in water demand for the thermal power sector during the period 2010-2050.

The case studies included in the publication demonstrate the efforts of Indian power companies such as Adani Power, Essar Power, Jindal Power, NTPC and TATA Power, who have undertaken large scale measures to conserve water through rainwater harvesting and reduced their freshwater intake through desalination and wastewater treatment and reuse. In addition these initiatives can create environmental benefits leading to economic gains as is evident from the experience of FICCI members.

FICCI launched the Water Mission in March 2011 to develop a water agenda around each sectoral committee. The Mission has been successful in getting representation from the various committees.

Winners of FICCI Water Awards

Category: Community Initiatives by Industry

First Prize	Hindustan Unilever Limited
Second Prize	Tata Chemicals Limited
Third Prize	Bajaj Hindusthan Limited

Category: Industrial Water Efficiency

First Prize	Essar Steel Limited
Second Prize	ITC Bangalore
Joint Third Prize	Sterlite Copper
Joint Third Prize	Chemplast Sanmar

Category: Innovation

First Prize	HSIL – Aqua Free Water less Urinal
Second Prize	Tata Chemicals Limited – Tata Swach Nanotech Water Purifier

Shekhar Dutt, Governor of Chhattisgarh and former Deputy National Security Adviser and Defence Secretary, speaking at FICCI's conference on 'Homeland Security 2012 – Safe & Secure City'.

Audits can secure cities

Shekhar Dutt, Governor of Chhattisgarh and former Deputy National Security Adviser and Defence Secretary, urged security and urban affairs professionals to ensure that skills are imparted to the growing number of youth so that they can become value-earning and productive individuals. At the same time the social security system needs to be beefed up to secure the nation in the years to come. He elaborated on the urgency of these issues and recommended that they be treated on a priority basis if the pernicious impact of unemployed youth on the safety and security of urban areas is to be warded off.

At FICCI's two-day conference on 'Homeland Security 2012 – Safe & Secure City' in New Delhi from August 7-8, 2012, Dutt cautioned that the current challenges of security issues in urban centres will get magnified as India's urbanisation grows. It is estimated that there will be a population of 620 million young people in the country by 2030; policy makers will have to meet their aspirations because the inability to do this is fraught with dangerous consequences.

Dutt also underlined that the security audits are essential. A security impact assessment along the lines of the Environmental Impact Assessment and Social Impact Assessment of the 1980s is urgently required by the country.

He expressed doubts about India's preparedness against adversaries who have access to technology that can lend itself to functional and disruptive ends. Dutt elaborated, "In the terrorists attack in Mumbai (26/11) there was much evidence of such technology. In terms of scale it was small but in terms of intent it was big. It signified the implementation of the doctrine of asymmetry. It is a doctrine that can be used against us to exploit all the vulnerabilities of urbanisation."

Dutt explained that India's likely adversaries have adopted this doctrine as a policy and warned about the scale of mayhem that can be caused. "The Pakistan Army is aware of its limitations in challenging India conventionally. It therefore seeks to compensate this inadequacy through a strategy of latent capability created within India that can be activated at will and at the time of choosing. In concert with conventional engagement, it will attempt to tie down forces to tackle a heightened internal situation. An attempt will be made to curtail our ability to hit back and create conventional criticality inside the adversary's territory. In such a case, the end state of war sought to be achieved to finally resolve a political or territorial dispute will get severely impacted."

"The Chinese", Dutt stated, "have refined this concept through synergetic application of all state instrumentalities and call it 'Fourth Generation Warfare'. The China-Pakistan linkage is well known and the vulnerabilities of our national assets get highlighted when this possibility is taken into account."

He spoke of the critical link between urbanisation and security and elaborated on the devastating effect of any well thought out action of willful mischief. For instance, a paralysing impediment to communication, evacuation, treatment can be caused by disrupting traffic. Choke points can be targeted to achieve just this while triggering an incident at another place. Power can be disrupted simultaneously.

"Unless we use technology and instrumentalities such as unmanned aerial vehicles (UAVs), helicopters and cyber to help us, we may well be found wanting. Readymade studies of traffic patterns, alternative back up plans for resilience and laws that allow implementation of control measures and inbuilt evacuation infrastructure have to be planned. Worst case scenarios need to be war gamed and contingency plans need to be developed accordingly," said Dutt.

Anand Prakash, Inspector General of Police & Director (modernization), Bureau of Police Research and Development (BPR&D), Ministry of Home Affairs, pointed out that from the standpoint of security, the broad goals of a safe and secure city should be reduction in crime and creation of safer communities, increasing public perception of safety, sustaining proactive and engaged safe city partnerships and encouraging community support for safe city.

Prakash said, "The safe city architecture should be well equipped with systems for surveillance, screening, access control, public address and communication, integrated building management systems, fire and safety systems and a command and control framework."

"For the implementation and operational stages of the project, the public-private partnership (PPP) model would be the best since the project would cover a large geographical area and extensive and effective technology would have to be installed", Prakash observed.

The inaugural session of the conference witnessed the launch of the FICCI-Ernst & Young (E&Y) report on 'Progressive Policing in India' and a theme presentation by T Koshy, Executive Director, E&Y. The session was also addressed by G K Pillai, Chairman, FICCI Homeland Security Committee and former Home Secretary, Government of India and Dr. Arbind Prasad, Director General, FICCI.

The two-day conference was addressed by Raghu Raman, CEO, NATGRID, Ministry of Home Affairs and Dr. V K Kashyap, former Director and Chief Forensic Scientist, Directorate of Forensic Science Services, Ministry of Home Affairs. The participants deliberated on issues such as the need for security audits, secure city initiatives by states and technology platforms for secure city initiatives by states.

The conference held sessions on coping with rising crime in cities, and the business of security. J C Sekar, Global Director, Market Access Knowledge Services, Underwriter Laboratories, Singapore held a Master Class on 'Safety and Fire Protection of High Rise Buildings'.

"Delhi, crime capital, has no CCTV cameras", ... B K Gupta, ex-Police Commissioner

'Delhi, the crime capital of the country' has no electronic surveillance systems such as CCTV cameras in place to deter criminals and help the police force crack crime cases. "The city police lack adequate forensic science support to back its efforts with irrefutable evidence in nailing criminals and bringing them to justice", said B K Gupta, former Delhi Police Commissioner.

Addressing the session on 'Coping with rising crime in cities' at FICCI's conference on 'Homeland Security 2012', Gupta said, "it is not the number of cops that matter. In fact, we have to have lesser feet on the ground in terms of numbers, but more of high-tech equipment which can support the police force in discharge of its duties".

He lamented, "Even after the Commonwealth Games in October 2011, Delhi does not have an effective CCTV facility to check terrorism and other crimes. Progress in this direction is being made on a piecemeal basis. For instance, in South Mumbai, 5,000 cameras are being installed while Delhi has still to make a beginning".

In her remarks, Cristina Albertin, Representative – South Asia, United Nations Office on Drugs and Crime, pointed out that megacities need to plan and develop the use of space in an integrated way to tackle infrastructure, housing, transport and other social and economic problems. Greater attention is needed to be given to redevelopment of public space with a view to create safe and accessible places for interaction and recreation.

The Government should develop and implement inclusive, gender-sensitive and effective crime prevention strategies and engage communities and civil society, including the private sector for effective community policing and private security.

Albertin underlined the need to learn from the experience of megacities and high-crime cities which have been successful in reduction of crime. For instance, high-crime cities such as São Paulo, Medellin and Bogota demonstrate the importance of combining strong leadership, efficient funding, effective civil society participation, good governance models and utilising technological innovations.

L to R: Shishir Jaipuria, Chairman, Textiles and Technical Textiles Committee, FICCI; Kiran Dhingra, Secretary, Ministry of Textiles, Government of India and Bhupendra Singh, Secretary General, International Jute Study Group, Bangladesh.

Old jute in new bags

"In India around 3.5 million mill workers are directly employed in the jute packaging industry. However, this has invariably led to restricted use of high-end technology. Hence, to leverage the jute, kenaf and allied fibres industry it is important to re-visit the Jute Packaging Act and amend it to enable the industry to induct modern technology," declared Kiran Dhingra, Secretary, Ministry of Textiles, Government of India, at a conference on 'Application and Commercialization of Natural Fibres Composites in Infrastructure, Construction, Housing and Automotive Sectors' on August 7, 2012, in New Delhi.

The conference was organised by FICCI in association with International Jute Study Group (IJSG), Bangladesh and National Jute Board. The focus was on strengthening Public-Private Partn-ership (PPP) in the natural fibre sector and exploring innovative approaches for the application and commercialisation of the natural fibre composites especially in infrastructure, construction, housing and automotive sectors.

"Natural fibres especially jute, kenaf and allied fibres are being used in the manufacturing of automobiles and in infrastructure globally as an optimum replacement of synthetic fibres such as glass, carbon, aramid, electrical or e-glass and polyethylene (PE) fibres," remarked Dhingra.

She affirmed, "jute composites hold out great potential with high physical properties and excellent performance at low weight, i.e., high stiffness, high strength and low density. It is estimated that the market size of bio-composites will increase from $2.1 billion in 2010 to $3.8 billion in 2016. A study indicates that there is scope for about 20 kg of natural fibres to be used in approximately 6,000-7,000 million vehicles being produced globally each year."

Dhingra pointed out, "Infrastructure is another vibrant sector which can witness niche applications of the natural fibre composites. Infrastructure which includes building and construction materials is adopting green technology for moving towards a sustainable environment. Jute-based composites can be focused upon for development as it holds the prospect for application in entirely new areas leading to future development and an increased market share of jute."

Bhupendra Singh, Secretary General, IJSG, Bangladesh, said, "The fibre-based composites can contribute greatly to the automotive manufacturer's final goal constituting 30 per cent weight reduction and 20 per cent cost reduction. According to a study completed by the USA Environmental Protection Agency (EPA) and USA Bureau of Transportation Statistics, 75 per cent of fuel consumption is directly related to vehicle weight. And EPA studies have also estimated that reducing vehicle weight by 10 per cent saves 7 per cent of fuel at the pump. The growth outlook for bio-fibres in automotive components is expected to increase by 54 per cent per annum and infrastructure also shows an upward trend in the recent days."

"Eco-friendly bio-composites from plant derived fibres and crop-derived plastics would be the novel materials of the 21st century not only as a solution to the growing environmental threat but also as a way to alleviating the uncertainty of petroleum supply which is expected to decline. New process development for bio-composite fabrications for commercial applications is the real challenge of research at the current level of technology so far developed for bio-composites," explained Singh.

Shishir Jaipuria, Chairman, Textiles and Technical Textiles Committee, FICCI, stated, "The industry at present faces a challenge in the form of lack of standarisation." He emphasised that there is a need to intensify research and development in the sector and create awareness about the application and commercialisation of natural fibre composites.

Atri Bhattacharya, Secretary, National Jute Board & Jute Commissioner, gave the vote of thanks.

The conference also deliberated on other issues such as Applications and Commercialization of Natural Fibre Bio-composites in Automobile Sector; Applications and Commercialization of Natural Fibre Bio-composites in Infrastructure Sector; and Applications and Commercialization of RSWM Limited Bio-composites in House Construction Sector.

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From FICCI's Archives

FICCI has been at the forefront of policy advocacy and thought leadership since its inception. FICCI's contribution to India's growth is evident from the proceedings of its Fourth Annual Meeting held at Delhi on April 7, 1931.

Mahatma Gandhi addressed the session; below are some excerpts from the speech Gandhiji gave when he was requested by the President of FICCI, Lala Shri Ram to declare the proceedings open.

"Your President has paid a tribute to the Congress, and suggested that the Congress should confer with commercial experts in economic matters. I welcome the suggestion. The Congress would always be glad of your advice and help. I may tell you that the Congress does not belong to any particular group of men; it belongs to all, but the protection of the poor peasantry, which forms the bulk of the population, must be its primary interest. The Congress must, therefore, truly represent the poor. But that does not mean that all other classes- the middle classes, the capitalist or Zamindar- must go under. All that it aims at is that all other classes must subserve the interest of the poor. The Congress stands for the industrial prosperity and progress of India. The industrial classes are slowly coming within the Congress fold… In fact your invitation to me to address you is not due to my name, but because I am a humble servant of the Congress and representative of Daridranarayan. I cannot forget the services rendered by the commercial classes, but I want you to go a step further. I want you to make the Congress your own and we would willingly surrender the reins to you. The work can be better done by you. But if you decide to assume the reins, you can do so only on one condition. You should regard yourselves as trustees and servants of the poor…" (Excerpts translated from Mahatma Gandhi's speech where he addressed the House in Hindi)

FICCI has always played a key role to make the economy strong and inclusive

Some Resolutions moved during the Proceedings with regard to agriculture produce by Mr Walchand Hirachand representing Maharashtra Chamber of Commerce, Bombay:

- "The Federation views with alarm the abnormal depression brought about by unprecedented fall in the prices of agricultural produce specially wheat, cotton, groundnuts, jute, etc., and while noting the Government's action in reducing Rail-Freight Rates on wheat in certain cases deplores the general apathy in giving immediate relief to the agricultural population of the country.
- › The Federation suggests for the acceptance of the Government of India substantial reduction in the Railway freight on agricultural produce which would also result in stimulating greater volume of trade.

  › The Federation expresses gratification at the recent imposition of the import duty on wheat even though it is a very tardy step in that direction bearing in mind that the price of wheat in the market centres upcountry had declined to under-cost of cultivation about a year back.

  › The Federation suggests similar import duty on or prohibition of import of rice from foreign countries.
- The Federation further urges upon the Government of India the necessity of revising the Land Revenue Policy with a view to afford adequate relief to agriculturists in case of such unprecedented slump in prices…"

FICCI has been a voice of Indian industry for decades

Resolutions moved during Second Day's Proceedings (April 8, 1931) with regard to Industry by Mr Fakirjee Cowasjee representing Buyers and Shippers Chamber, Karachi:

- "The Federation calls upon the Government of India to take active steps towards the development of Indian Industries in general… It draws the attention of Government to the urgent necessity of taking steps to:

  › make India self-supporting in the matter of salt supply;

  › secure the acceptance by the Swedish Match Company of certain recommendations made by the Tariff Board in view of its unfair activities such as rate war with the end of ruining the indigenous industry;

  › give effect to the recommendations of the Hide Cess Committee.
- With a view to give adequate protection to Indian tanning industry, the Federation urges upon the Government of India to set up immediately an inquiry through Tariff Board to examine the case of the industry and pending the report of Tariff Board levy a duty of 15 per cent ad valorem on raw hides and 25 per cent ad valorem on raw skins to give it immediate relief which it urgently requires.
- The Federation deeply regrets the apathetic and indifferent attitude taken up by the Government of India after the failure of Shipping Conference convened by the Viceroy last year regarding the development of national mercantile marine and presses upon the Government of India the urgency of taking immediate and effective steps for the development and protection thereof."

These are moments of pride for FICCI. FICCI continues to draw inspiration from the works of our mentors and members who guided us through the decades.

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Government of India

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Government of India

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- EXHIBITION
- B2Bs

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Inaugural Address

Mr Kapil Sibal
Hon'ble Union Minister for HRD
Government of India

Keynote Speaker

Dr. Philip G. Altbach
Monan Professor of Higher Education
Director, Center for International
Higher Education Boston College

Some Prominent Speakers

- **Dr Jane Knight**, Adjunct Professor , Department of Leadership, Higher and Adult Education, University of Toronto
- **Prof. Paul Griffin Head**, Dept of Industrial and Manufacturing Engineering, Pennsylvania State University
- **Prof M Anandakrishnan**, Chairman-FICCI Higher Education Committee & Chairman- BoG IIT, Kanpur
- **Prof Rajan Saxena**, Co-Chair FICCI Higher Education Committee & Vice Chancellor, NMIMS, University
- **Mr Avinash Vashistha**, Co-Chair FICCI Higher Education Committee & Chairman and Chairman & GU Managing Director, Accenture - India
- **Mr Pawan Agarwal**, Advisor-Higher Education, Planning Commission, GoI
- **Ms Sushma Berlia**, President, Apeejay Stya Group*

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Bangladesh seeks help from FICCI Quality Forum

FICCI Quality Forum (FQF) conducted a workshop on 'Citizen's Charters in India' on July 30, 2012, in New Delhi for a 16-member delegation of government officers from Bangladesh. The delegation was led by Md. Eunusur Rahman, Additional Secretary, Ministry of Public Administration, Bangladesh, and comprised Deputy Secretaries, Deputy Commissioners, Deputy Directors, Principal Secretary to Adviser to Prime Minister of Bangladesh and Project Manager of Civil Service Change Management Programme, Bangladesh. The Departments of public administration, social service, agriculture and education were represented in the workshop.

Bangladesh is currently implementing the Second Generation of Citizen's Charters and is intent on making this initiative a success. Citizen's Charters are seen as one of the central policy instruments in increasing government's accountability and improving services to the people of Bangladesh.

The delegation was keen to learn from India's experience and how measures were taken to improve services provided by Government agencies. The discussions during the workshop revolved around the Sevottam framework developed by Department of Administrative Reforms and Public Grievances, Government of India, and its implementation through Service Guarantee Acts introduced by nearly 15 states during 2011-12.

In accordance with the requirements of Sevottam framework, delegates learnt the process of developing a workflow for delivery of a specific service and using the workflow to set realistic delivery dates. The concept was new to the visiting delegation, and was received with exceptional interest by them.

The delegation also met with officers from Delhi and Karnataka State governments to learn how Indian states are implementing Citizen Service Guarantee Acts.

FICCI Quality Forum (FQF) is a specialized division of FICCI that provides a wide range of services in quality management systems to industry and government.

FQF has unparalleled capability to offer training and consultancy in Sevottam and is the country's only organisation today with a concentration of resource persons having experience with Sevottam related assignments over the last several years.

FQF services include training and consultancy in implementation of ISO standards, Lean and Six Sigma. FQF also offers carbon advisory and climate change mitigation services and has successfully registered CDM projects with UNFCCC.

About Sevottam

The word Sevottam is a combination of two words: Seva (service) and Uttam (excellent). It is a simplified application of service quality management principles to improve day-to-day public service delivery.

In 2009, the Second Administrative Reforms Commission recommended mandatory implementation of Sevottam in all government organisations. Earlier, the Sixth Central Pay Commission had recommended Sevottam to be a mandatory criterion for performance-related incentives in the Government.

Sevottam seeks an outcome similar to Service Guarantee Acts introduced by nearly 15 states during 2011-12.

1997: Citizen's Charters introduced

2004: Concern with ineffective implementation

2005: Integrated assessment-improvement framework 'Sevottam' released

2006: IS 15700 published

2007: Voluntary work by India Posts & Income Tax

2008: First 15700 Certificaton

2009: ARC mandate on Sevottam

2010: 'Sevottam' compliant Citizen's Charters included in RFD's of 84 Central Ms/Ds

2011: Service Guarantee Acts passed by States

2012 roadmap
- Fixed Time Norms for specific services
- Compensation for delay

The journey towards service excellence

Annual Banking Conclave commences in Kolkata

L to R: Gaurav Swarup, Chairman, FICCI-ERC; T C A Ranganathan, CMD, EXIM Bank of India; Ramesh Agarwal, Chairman, FIEO, Eastern Region and Ali Abbas Shirazi, President, The Oriental Chamber of Commerce.

The Annual Banking Conclave is a flagship programme of FICCI-Eastern Regional Council which has witnessed an exciting journey in the last eight years. It has provided a forum to bankers and industrialists to interact with each other and exchange their ideas and views.

The ninth edition of the Annual Banking Conclave commenced in Kolkata on July 18, 2012. The theme this year 'Indian Banking: The Road Ahead' was chosen keeping in mind that though the outlook for India's growth and stability seems promising, one cannot ignore the serious challenges such as high inflation, high fiscal deficit, high current account deficit, weak rupee and lack of investors' confidence.

Ajai Kumar, CMD, Corporation Bank, while addressing the conclave said that the economy of the world has been facing difficulties in terms of lapse of banking and financial institutions and sovereign debt crisis of the eurozone with plummeting demand. However, amidst all this chaos, India's banking sector has been amongst the few to maintain resilience.

Kumar highlighted the opportunities in infrastructure financing, SME financing, retail and investment banking and stressed that Indian banks must innovate to take advantage of the new business opportunities available.

M Narendra, CMD, Indian Overseas Bank, indicated that the Indian economy has maintained a relatively high growth despite global recession. However, certain constraints, such as domestic cyclical and structural factors, continue to drag the economy.

He said that the policy actions on power, coal and natural gas sector would help in boosting the overall growth of the economy. Narendra mentioned that banks need to address the current challenges such as high resource growth and credit growth gap, managing quality of assets, asset liability mismatch in infrastructure funding, timely delivery of credit and raising capital.

T C A Ranganathan, CMD, EXIM Bank of India, stated that recently there has been a drastic change in the direction of exports from the traditional demand zones towards the southern countries, particularly Asia, Africa and Latin America and the Caribbean region. There is a need to enhance India's exports with a focus on emerging partner countries to deal with the trade deficit.

Ranganathan added that supporting Micro, Small and Medium Enterprises (MSMEs) is a focus area as the small size of the MSMEs hinders internationalisation. According to him, clusters and cluster marketing needs to be promoted and EXIM bank has taken initiatives to support this sector.

Impact of WTO & FTAs on Gujarat

Arvind Agarwal, Director-General, SPIPA, addressing the inaugural session.

To sensitise the State Government officers and other stakeholders of the changes taking place in the rules of World Trade Organization (WTO) to discipline international trade, Sardar Patel Institute of Public Administration (SPIPA), in association with Centre for World Trade Organization Studies (CWTOS) in the Indian Institute of Foreign Trade (IIFT) and FICCI-Gujarat State Council organised a seminar from August 6-7, 2012, on 'Impact on WTO and FTAs on Gujarat'.

The seminar was inaugurated in the presence of R S Sodhi, Chairman, Gujarat Cooperative Milk Marketing Federation (GCMMF) and Rajeev Kher, Additional Secretary, Ministry of Commerce.

Arvind Aggarwal, Director-General, SPIPA, pointed out that the stakeholders are not adequately aware of the FTAs and their impact due to which they are not able to actively participate in taking suitable measures. He welcomed the initiative taken by the Ministry of Commerce to identify administrative training institutions to impart training to state-level officials on WTO provisions and FTAs.

Abhijit Das, Head and Professor, Centre for WTO Studies, IIFT and Prof. Sajal Mathur, Centre for WTO Studies, IIFT, gave an overview of WTO and FTAs and their impact on the country and on the states. The session was chaired by Mahendra Patel, CMD, Mamata Machinery.

Sunil Parekh, Corporate Adviser, Zydus Cadila Healthcare Ltd., said that Gujarat is a B2B state, where mainly raw materials are produced instead of finished goods. Gujarat is a leading state in exports of country.

Adding to that Yatindra Sharma, President, KHS Machineries, stated that the challenge for industries in Gujarat will be in terms of non-tariff barriers. The industries will have to make efforts in the direction of building up the technology base, improve quality and performance standards that can be matched with the requirements of foreign countries.

Rajasi Clerk, Dean and Head, School of Social Sciences, Gujarat University, emphasised the need of filing patent application for protection of 'Intellectual Property Rights' by India and foreign countries.

Padmin Buch, MD, GITCO, stated that patent is important because of its direct impact on economy and industries. This session was chaired by Prof. Vijay Paul Sharma, IIMA.

Case studies on 'Experiences of relevance to Gujarat in the WTO Context' were presented by Farhat Daymakumar, Additional General Manager, GSFC; M G Jobanputra, Senior Marketing Officer, GSFC and Snehal Desai, Associate General Manager, Adani Group.

Uma Swaminathan, SEWA, presented 'Impact of International Trade on Handicrafts in Gujarat'. Others who addressed the seminar included Dr. P Nayak, Member Secretary, Textile Committee, Government of India and R M Sankar, Principal Scientific Officer, ATIRA.

The speakers urged SPIPA and other state-level research institutions to undertake industry specific research to form a database loaded with comprehensive information. SPIPA being identified by the Gujarat Government as the nodal institution in the state should act as an anchor point in the state for a two-way exchange of information. It should make the stakeholders understand and articulate the agreements entered into internationally.

Anup K. Pujari, Director General, Foreign Trade, stated that the basic demand and supply vis-à-vis imports and exports, transportation cost, technology and efficiency in production – by taxing the foreign commodity or reducing the domestic price by subsidising the domestic product, in order to tilt the balance in favour of domestic markets. He suggested that India's negative balance of trade position (US$185 billion last year) can be compensated by running a budget deficit or saving.

Cloud computing: Revolutionising the rules of business

L to R: Safir Adeni, MD, Eknovate Solutions; P Sridhar Reddy, Chairman, CtrlS Data Centres and V Srinivas Rao, SVP, Mahindra Satyam.

Small and Medium Enterprises (SMEs) are attracting attention of both the developed and developing nations as well as the countries in transition.

Usage of technology is revolutionising the rules of business, which has resulted in structural transformation of enterprises. Modern businesses cannot succeed without the help of information technology (IT), which is having a significant impact on the operations of SMEs.

Cloud computing is one such technology which helps SMEs and other marginal businesses. It is a way of computing, via internet, which broadly shares computer resources instead of using software or storage on a local computer. India and China are the two major players in the cloud computing arena. Subscription-based service model and cost effectiveness are two important factors that drive more and more SMEs to enter and utilise cloud-based applications.

In order to benefit not only the SMEs but other major industries also, FICCI-AP State Council organised a conference on 'Cloud Computing -Opportunities & Challenges' on July 31, 2012, in Hyderabad.

SMEs are enthusiastic about cloud computing, they also have concerns. Barriers to adoption of cloud computing by business include cost of migration to a cloud model, fear of lock-in to one cloud service provider, data security and lack of large-scale data centers. Firms will also face challenges when they will adopt the technology.

Challenges and opportunities for SME sector

Saurabh Patel, Minister of State for Industry and Finance addressing the 2nd Series of Conferences on Financing SMEs – Towards Global Competitiveness.

As part of Vibrant Gujarat 2013 Pre-Conferences, FICCI-Gujarat State Council and Gujarat Chambers of Commerce and Industry (GCCI) in partnership with Gujarat Industrial Development Corporation (GIDC) and iNDEXTb organised the '2nd Series of Conferences on Financing SMEs – Towards Global Competitiveness 2012' on July 27, 2012, in Ahmedabad.

The objective of the conference was to address the challenges and opportunities pertaining to SME sector, with aid of experts and policy makers from the State Government, banking and financial domain.

The conference was inaugurated by Saurabh Patel, Minister of State for Industry and Finance, who said that the State Government would soon come out with a Manufacturing and Textile Policy to boost the Small And Medium Enterprise (SME) sector in the state and also suggested that SMEs should present themselves to the standing committee of Goods & Service Tax (GST) and fight against the new tax regime for survival.

Mahendra Patel, Executive Committee Member FICCI and President, GCCI, in his welcome address pushed for the revival of state-run funding institutions such as Gujarat Industrial Investment Corporation (GIIC) and Gujarat State Finance Corporation (GSFC) that could lend to SMEs.

B B Swain, VC & MD, GIDC, invited delegates to be a part of Vibrant Gujarat 2013. He informed delegates that the Sixth Summit of Vibrant Gujarat is slated to be

Transformational leadership... inspirational entrepreneurship

L to R: Dr. B.V.R. Mohan Reddy, Chairman & MD, Infotech; Shantanu Paul, CEO, Talent Spirnt; Jeff Slayter and Kane Minkus.

FICCI-AP State Council in association with Future Competency organised a conference on 'Transformational Leadership & Inspirational Entrepreneurship' on July 4, 2012, in Andhra Pradesh.

The advent of new technologies has revolutionised speed and accessibility of effective communication and information. This technology presents both challenges and opportunities in the way we seek to develop business, personal, cultural, political and economic exchanges and cooperation amongst people of diverse nationalities, cultures, ethnicity, language, religion and race. How are we equipping ourselves to face these challenges and make the most of the opportunities that they present?

The speakers at the workshop included Sangita Reddy, Executive Director, Apollo Hospitals Group; Santanu Paul, CEO, Talent Sprint; Dr B V R Mohan, Chairman & MD, Infotech Enterprises; Dr Jayaprakash Narayan, President, Lok Satta Party and Sreedhar T, Managing Director, TMI Network. Entrepreneurs Jeff Slayter and Kane Minkus shared the stage with the Indian business leaders on the occasion.

held from January 11-13, 2013, in Gandhinagar. Vibrant Gujarat 2013 will be an unrivalled platform for exploring business opportunities, sharing best practices and interacting with the people to get mutually beneficial partnerships.

Dr. Chandan Chatterjee, GM, iNDEXTb, explained how changing business environment is making the conventional businesses move in the direction of 'thought diversification'.

Focusing on the 'Infrastructure Initiatives in the State', Swati Buch, GM, Gujarat Industrial Development Board (GIDB), emphasised the need to adopt Public Private Partnership (PPP) model for developing world-class infrastructure projects. She added that Gujarat is the first state to come up with the infrastructure projects developed through PPP mode.

Jaimin Vasa, Chairperson, GCCI MSME Committee, emphasised the importance of SME financing for bankers, and explained that there is a huge contribution of SMEs in the economic growth of the country. He said that 45-50 per cent SMEs in Gujarat do not have access to formal sources of finance.

Varsha Mondkar, DGM and Business Head (SME), State Bank of India (SBI), deliberated upon issues and challenges of SMEs of Gujarat and how public sector banks can help to bridge the financial gap that exists between SMEs and banks.

Sanjay Gupta, DGM, Small Industries Development Bank of India (SIDBI) focused on the sustainable development of SME sector and emphasised on clean 'Energy System implementation' at SMEs.

In the session on 'Alternate Financing Options', speakers deliberated upon the 'Alternative options of funding SMEs'. Mihir Joshi, MD, GVFL, explained how 'Venture Capital' is different from 'Private Equity' and what steps should businesses take to avail funds from a Venture Capitalist.

Financing business through 'Private Equity' and what are the key considerations need to be taken care of was discussed by Ashwani Khare, Partner, KPMG. Ranjan Sharma, Senior Manager, CARE Ratings, talked about the importance of 'Credit Rating' for better credibility of business.

Rahul Bhutiani, GM, Brand Capital, shared insights on the importance of 'brand building' for the SMEs and explained how brand capital helps the business through 'brand creation funding', to undertake consistent and well planned 'brand building exercise' for a prolonged period. One of the areas of funding for SMEs, hedging was presented by Jagdeep Grewal, VP-Commodities, Kunvarji Group.

Securing India's coastline

L to R: Commodore (R) S Shekhar, Convenor, Maritime Strategies Panel, FICCI Tamil Nadu State Council and Regional Director, National Maritime Foundation; P Murari, Adviser to FICCI President and Former Secretary to President of India and Commodore Amar K. Mahadevan, Naval-officer in charge, Tamil Nadu and Puducherry.

The International Search and Rescue Facilitation Organisation (INSARFO) was launched on August 10, 2012, in Chennai. S Shekhar, Convenor, Maritime Strategies Panel, FICCI Tamil Nadu State Council and Regional Director, National Maritime Foundation, on the occasion explained the current scenario of Indian coastal security system. He told that the Indian chapter of INSARFO is constituted under the aegis of the Maritime Strategies Panel of FICCI Tamil Nadu State Council.

The Tamil Nadu coastline which extends to more than 1000 kms has several vital installations such as nuclear plants on the shoreline. "We have to deliberate whether we have the human resources and infrastructure to protect these assets," Shekhar stated.

Commodore (Retd) K P Ramachandran VSM and CEO, Tulip International, gave a presentation on Perimeter Intrusion Detection Systems (PIDS) to access control and video surveillance monitoring. The systems collectively monitor and manage people and facilities by authenticating and authorising the access to individuals, looking for anomalies and deterring possible malicious attacks or security breaches.

Capt. Kamarul Hisham, Baung Utara SDN BHD, Malaysia gave a presentation on high-tech surveillance cameras and bulletproof boats on the occasion.

Inspector-General Satya Prakash Sharma, Commander, Coast Guard (Region East), said that the Coast Guard will soon acquire a dedicated Pollution Control Vessel to handle oil spills in the Bay of Bengal. He said that the vessel, weighing 4,000 tonnes, is 100 metres long and will have on board advanced pollution control and management equipment. It will be the first of its kind in Asia.

He stated that the 'Samudra Paharadar' will be stationed at Visakhapatnam because of berthing problems in Chennai. "We have a similar vessel stationed in Mumbai. It is to mitigate any oil spill in the Bay of Bengal. We have trained manpower ready to be deployed on the vessel. In case of an oil spill, the vessel will contain it, recover the oil using skimmers and dispose it of in accordance with prescribed standards," explained Sharma.

Sharma said that the force would also acquire an Emergency Towing Vessel (ETV) to rescue ships with engine failure. ETVs had been procured by the Ministry of Shipping and given to the Coast Guard for deployment during exigencies. The ETV earmarked for Region East would also be deployed at Visakhapatnam.

He also underlined the need for mortuary facility on board ships and added, "none of our ships have a mortuary on board. Though our focus is on rescuing victims alive, we have no place to keep bodies if anyone is found dead. A mortuary is an essential element in a ship on a rescue mission".

Commodore Amar K. Mahadevan, Naval-officer in charge, Tamil Nadu and Puducherry, said that the country is thinking about maritime security in multi-dimensional contexts namely military, economic and political. He added that war, piracy, international terrorism, drug smuggling and environment degradation are very much a part of it.

P Murari, Adviser to FICCI President, said that FICCI would support the entire initiative and soon will take the issue to the national level with the support of the Ministry of External Affairs and the Defence Ministry.

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Development in rural areas rests on traditional industries

L toR: Rafeeque Ahmed, Chairman, FICCI-TNSC; Niranjan Mardi, Principal Secretary, MSME Department; M C Sampath, Minister for Rural Industries, Tamil Nadu; P Murari, Adviser to FICCI President; G Santhanam, Principal Secretary, Ministry of Handlooms, Handicrafts and Textiles and Abdul Azeez, Convenor, Traditional Industries Panel, FICCI-TNSC.

FICCI-TNSC organised a one-day conference-cum-exhibition focussing on traditional ind-ustries in Tamil Nadu on July 12, 2012. While inaugurating the conference M C Sampath, Minister for Rural Industries, Tamil Nadu, said that during the 12th Plan period, Tamil Nadu will set up 100 industrial clusters with common facilities centre (CFC) to enhance productivity, competitiveness and capacity building of Micro, Small and Medium Eenterprises (MSMEs).

The Centre has sanctioned a grant of Rs 39.89 crore and Rs. 5 crore to the state. For the current year, 20 clusters would be taken up for implementation costing Rs 136.07 crore. The Centre would provide a grant of Rs 97.30 crore and Tamil Nadu's share is Rs 10.48 crore. He emphasised that traditional industries provide employment opportunities to several lakh of people and it was the duty of the state to protect the sector.

Dr. Niranjan Mardi, Principal Secretary, Micro, Small and Medium Enterprises Department, Tamil Nadu, said that the state already has 20 industrial clusters and Rs 136 crore has been allocated to create common facilities centre. To empower first generation entrepreneurs, an allotment of Rs 100 crore has been sanctioned and the process of framing the guidelines is underway. For improving infrastructure Rs 3 crores have been invested in three industrial training.

G Santhanam, Secy, Dept of Handlooms, Handicrafts and Textiles, Tamil Nadu, stated that traditional industries form the backbone of development in rural areas. Traditional industries have evolved over a period of time and are located in rural areas, hence they are tradition bound and women folk are completely involved in it.

Rafeeque Ahmed, Chairman, FICCI-TNSC, said that the textiles sector contributes to 14 per cent of industrial production, 4 per cent of national GDP and 10.63 per cent of country's export earnings providing direct employment to over 35 million people. The leather sector has an annual turnover of over US$7.5 billion, the export of leather and leather products was US$3.84 billion in 2010-11. India's handicrafts exports jumped 17.5 per cent year-on-year to US$2.7 billion in the 2011-12 from $2.3 billion in 2010 - 11.

Abdul Azeez, Chairman, FICCI Traditional Industries Panel, said that the traditional industries of India include handloom, handicrafts, textiles, leather, power loom, coir, cashew, tiles and bricks and other household industrial activities carried out in the rural parts of the country. Indian economy has been endowed with eco-friendly products of traditional industrial sector which has a glorious past and worldwide reputation.

He mentioned that in the liberalised economy of India, there are fears that the traditional industries may wipe off owing to the presence and pressures of large industrial enterprises, both domestic and foreign. It, thus, becomes the social obligation of the Government and the society as a whole to protect this sector and preserve the traditional skills of the artisans and the workers.

He mentioned that khadi and village industries today represent an exquisite, heritage product, which is 'ethnic' as well as ethical. It has a strong potential clientele among the middle and upper echelons of the society. Coir is an agro-based traditional industry, which originated in the state of Kerala and proliferated to the other coconut producing states like Tamil Nadu and other Indian States.

Mr. Azeez said that the traditional industry is an export oriented industry with annual exports of over Rs 800 crore, having greater potential to enhance exports by value addition through technological interventions and diversified products such as coir geotextiles. The acceptability of coir products has increased rapidly due to its 'environment-friendly' image.

The other expert speakers in the conference were Thiyagarajan, DGM, Tamil Nadu Small Industries Development Corporation Limited; Mohammed Jamaludin, Joint Director, Directorate of Handlooms and Textiles, Chennai; Dr. Asit Baran Mandal, Director, Central Leather Research Institute; Gopalakrishnan, General Manager, Tamil Nadu Khadi and Village Industries Board; N. Shafeeq Ahmed, Chairman, Indian Finished Leather Manufacturers & Exporters Association (IFLMEA); Ruban Hobday, Director – Southern Region,Gem & Jewellery Export Promotion Council (GJEPC); K. Venkatachalam, Deputy General Manager, UCO Bank; Sashikala, Manager, TIIC; Sengupta, Associate Professor & Cluster Initiative Coor-dinator and Jayaraman, Manager, MSME DI.

Trade between India and Malaysia to reach $15 billion by 2015

L to R: M Nandakumar, Convenor, Energy Panel, FICCI – TNSC; Datuk Syed Ali Alattas, President, National Chamber of Commerce & Industry of Malaysia; Anuar Kasman, Consul General for South India, The Consulate General of Malaysia, Chennai and Somi Hazari, Executive Committee Member, The Southern India Chamber of Commerce and Industry.

More than 35 Indian companies participated in a B2B meeting with Malaysian companies on July 2, 2012 in Chennai. The sectors that participated in the meeting represented the construction industry and plantations, property development, wholesale trade and distribution, automobile industry, e-commerce service information and communication technology, hospital suppliers, port authority, marine and mechanical engineering, power generation and trade and fishing industry seeking new business opportunities including collaborations.

Anuar Kasman, Consul General for South India, The Consulate General of Malaysia, Chennai, stated that the economic relations between Malaysia and India boosted significantly after the visit of the Malaysian Prime Minister to India in 2010. The India-ASEAN trade-in-goods agreement under the free trade agreement (FTA) came into force on January 1, 2010, and since then it has opened new avenues for expansion.

Datuk Syed Ali Alattas, President, National Chamber of Commerce & Industry of Malaysia (NCCIM), said that the tourism and merchandise trade has increased to US$12.5 billion last year, a 40 per cent increase from 2010.

In 2011, the total exports to India amounted to US$9.27 billion, an increase of 34.6 per cent compared with US$6.88 billion in 2010. The total exports to India accounted for four per cent of Malaysia's total exports to the world. The major exports to India in 2011 were electrical and electronic products, crude petroleum, palm oil, chemicals and chemicals products and saw logs and sawn timber.

M Nandakumar, Convenor – Energy Panel, FICCI-TNSC, said that Malaysia is the second largest trading partner of India within ASEAN, and India is the largest trading partner of Malaysia among the countries of the South, excluding China. The two countries have set a trade target of US$15 billion by 2015 and firmly believe that Comprehensive Economic Cooperation Agreement (CECA) will help in achieving the same. Malaysian firms are currently working on 69 construction projects worth US$3.5 billion in India.

Poland, a safe haven for investment

The Polish Ambassador to India Piotr Klodkowski met with P Murari, Adviser to FICCI President, and other senior members of FICCI-Tamil Nadu State Council on July 11, 2012.

Many Indian-based IT companies operate in Poland such as Infosys and Wipro. "With an increase in business missions between India and Poland, we want to make ourselves visible across the country, including Chennai and Tamil Nadu, which we view as investment-friendly states," said Klodkowski.

According to him, there is dynamism in the trade between both the countries that should be leveraged. "While two-way trade between the two countries stood at US$2 billion for 2011-12, our target over the next 10 years should be to increase trade between both countries to more than US$5 billion," he added.

Klodkowski said that Poland is a 'green island' in Europe. Poland did not have a negative economic growth in the last three years, therefore it a safe country for investment. He remarked that Polish companies focus on social responsibility other than business.

P Murari, Adviser to FICCI President (3rd from left), with Piotr Klodkowski, Poland Ambassador to India (3rd from right).

KEY MACRO ECONOMIC INDICATORS

	June 2011	July 2011	Aug 2011	Sept 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	March 2012	Apr 2012	May 2012	June 2012
Index of industrial production (YoY %)													
Industry	9.5	3.7	3.4	2.5	-5.0	6.0	2.7	1.0	4.3	-2.8	-0.9	2.5	-1.8
Mining	-1.4	0.7	-5.5	-7.5	-5.9	-3.5	-3.3	-2.1	2.3	-1.1	-3.2	-0.6	0.6
Manufacturing	11.1	3.1	3.9	3.1	-6.0	6.6	2.8	1.1	4.1	-3.6	-1.2	2.6	-3.2
Electricity	8.0	13.1	9.5	9.0	5.6	14.6	9.1	3.2	8.0	2.7	4.6	5.9	8.8
Industrial growth as per use-based classification (YoY %)													
Basic goods	7.8	10.0	5.8	5.3	1.2	6.5	5.5	1.9	7.6	1.1	2.1	4.2	4.1
Intermediate goods	1.6	-0.1	-1.0	-1.4	-8.4	1.3	-1.5	-2.5	1.0	0.0	-1.6	3.7	1.6
Capital goods	38.7	-13.7	4.0	-6.5	-26.5	-4.7	-16.0	-2.7	10.5	-20.1	-19.6	-8.8	-27.9
Consumer goods	3.1	6.4	2.1	5.7	0.1	12.8	10.1	2.5	-0.4	1.1	3.7	4.5	3.5
Growth of core infrastructure industries (YoY %)													
Overall Index	5.6	8.2	3.8	2.6	0.4	7.8	4.9	0.7	6.9	2.2	3.1	4.0	3.6
Coal	-3.0	2.4	-15.3	-17.8	-9.0	4.9	5.6	7.5	17.8	6.8	3.8	8.0	7.2
Crude Oil	7.7	1.4	1.6	0.1	-0.9	-5.6	-5.6	-2.0	0.3	-2.9	-1.4	0.5	-0.8
Natural Gas	-11.7	-8.2	-5.3	-6.4	-7.4	-10.1	-10.8	-10.4	-7.6	-10.1	-11.3	-10.8	-11.1
Refinery Products	4.6	3.9	3.9	4.4	-2.8	11.2	0.8	-4.6	6.2	1.6	0.5	2.9	6.1
Fertilizers	-2.4	-1.6	4.3	-2.1	-2.1	-6.7	0.8	4.0	4.1	1.5	-9.3	-15.1	-11.7
Steel	14.5	16.5	7.9	7.5	4.2	10.5	10.2	-2.8	4.7	2.3	6.8	4.9	-0.5
Cement	1.7	13.0	8.4	2.2	0.3	17.0	13.6	10.9	9.8	7.1	8.2	11.3	10.2
Electricity	7.9	13.0	9.4	8.8	5.4	14.4	8.9	3.2	8.6	2.8	5.4	5.9	8.1
Monetary indicators (YoY %)													
Money supply (M3)	17.1	16.4	16.7	16.3	14.4	15.2	15.6	14.4	13.5	13.0	13.0	13.3	13.2
Aggregate deposits	18.4	17.2	17.9	19.1	13.5	18.0	16.9	15.7	14.3	17.4	13.3	14.1	13.4
Total bank credit	19.9	18..5	20.6	21.4	17.9	17.6	15.9	16.4	15.6	19.3	17.6	17.8	16.5
Non-food credit	19.4	18.2	20.1	19.2	18.9	17.3	15.7	16.8	15.3	16.8	16.8	16.7	16.2
Inflation (YoY %)													
WPI	9.51	9.36	9.78	10.00	9.87	9.46	7.74	7.23	7.56	7.69	7.50	7.55	7.25
Primary products	11.31	11.47	12.46	12.22	10.96	8.90	3.59	2.76	7.07	10.41	9.55	10.31	10.46
Fuel group	12.85	12.04	12.91	14.02	14.79	15.48	14.98	16.99	15.11	12.82	12.10	11.53	10.27
Manufactured products	7.90	7.73	7.87	8.00	8.05	8.17	7.64	6.71	5.82	5.16	5.27	5.24	5.00
CPI (IW)	8.6	8.4	9.0	10.1	9.4	9.3	6.5	5.3	7.6	8.6	10.2	10.2	
External sector indicators													
Exports ($ mn)	29213	29344	24312	24821	19870	22321	25015	25346	24618	28681	24455	25681	25067
Imports ($ mn)	36872	40425	38354	34588	39513	35922	37753	40107	39781	42587	37941	41947	35371
Oil imports ($ mn)	10180	11445	10278	9209	10076	10307	10279	12325	12660	15831	13909	14987	12689
Non-oil imports ($ mn)	26692	28980	28075	25378	29437	25615	27474	27782	27121	26756	24032	26959	22682
Trade balance ($ mn)	-7659	-11081	-14041	-9767	-19643	-13600	-12737	-14761	-15163	-13906	-13486	-16256	-10303
Gross inflows / Investments ($ mn)	6836	1947	6889	2614	3888	3423	2238	2,997	3204	2621	2947	2417	2334
FII ($ mn)	741	1540	-1821	-1308	-516	76	2302	5392	9228	-552	-1306	12	-412
External sector indicators (YoY %)													
Exports*	46.4	81.7	44.2	36.3	10.8	3.8	6.7	10.1	4.2	-5.7	3.23	-4.16	-5.45
Imports*	42.4	51.5	41.8	17.2	21.7	24.5	19.8	20.2	20.6	24.2	3.83	-7.36	-13.46
Exchange rate and Forex reserves													
Re / Dollar	44.85	44.42	45.28	47.63	49.25	50.84	52.66	51.35	49.16	50.32	51.80	54.47	56.03
Re / Euro	64.53	63.46	64.94	65.50	67.47	68.90	69.31	66.21	65.09	66.52	68.19	69.70	70.31
Re/ 100 Yen	55.71	55.95	58.68	62.06	64.11	65.62	67.66	66.78	62.74	61.04	63.81	68.33	70.67
Forex reserves ($ billion)	315.7	319.0	321.9	311.4	316.2	307.8	296.6	292.7	295.9	294.3	294.8	286.0	289.7

Sources – Central Statistical Organization, Ministry of Commerce and Industry, Ministry of Finance, Reserve Bank of India
**based on Provisional numbers, some numbers have been rounded to one decimal place*

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