

MANAGEMENT OUTLOOK



Jagan Institute of Management Studies

ACTION AGENDA 2009— INDIA

Today, the new government faces unique challenges and an immense task. FICCI as a public affairs platform inspired by Mahatma Gandhi's dream of economic freedom has held detailed deliberations to identify the challenges before the country and specific actions needed. We believe that today we are confronted with a triple challenge of Restoring economic growth and achieving inclusion Providing national security And Improving governance.

It must be emphasized that the national programme of the new government should have 'achieving inclusion' as its central theme. The focus of all our efforts should be to reach the benefits of growth to all sections of the society. In this context the importance of quality employment generation cannot be over em-



phasized. Today, not only do we need more jobs but we also need better quality jobs.

The three areas outlined above - restoring economic growth, providing national security and improving governance - are all in a way related to the overarching objective of inclusive growth. We must evolve a common understanding on each of these three areas and work assiduously on these issues of national importance.

RESTORING ECONOMIC GROWTH

While the global economic slowdown has had a definitive impact on India's economy, our growth has not collapsed as it has in some of the other countries. In fact one can say that even in the midst of one of the engine humming albeit at a slow pace. The challenge now is to bring the economy back to the

Chart 1

New driving force

The major emerging markets have become the main engines of world growth. For the first time, China and India are making the largest country-level contributions to global growth.

(based on PPP weights, percent of world growth)



Source: IMF staff calculations.

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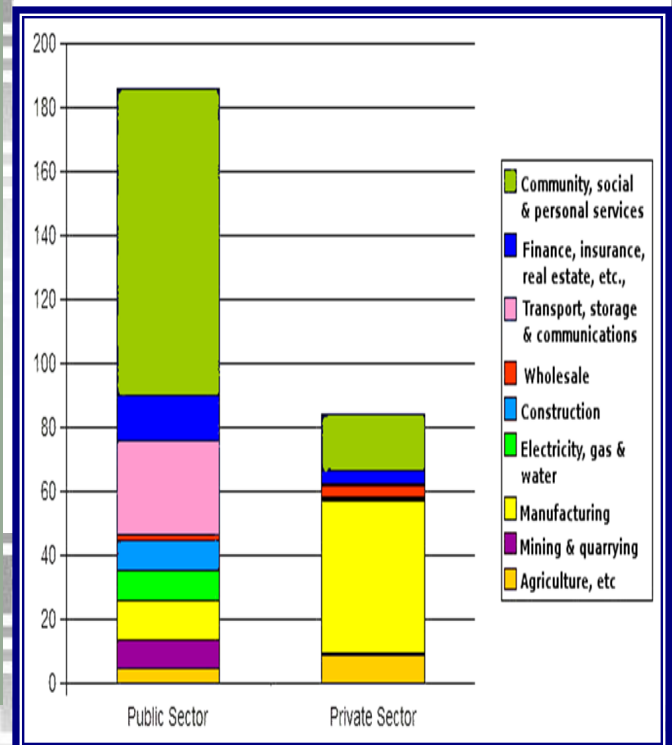
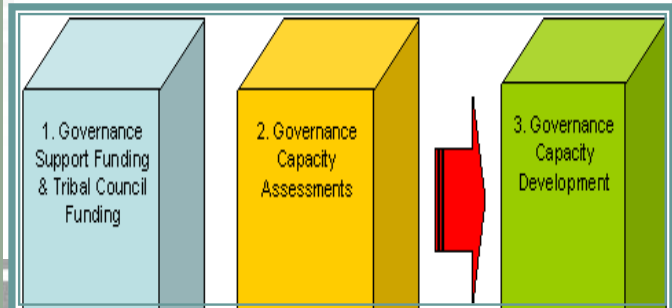
earlier seen high growth trajectory of 9% and to prepare for the upswing in the global business cycle. To restore growth we need to give a decisive push to the real sectors. We have to ensure that the agriculture sector grows by at least 4% a year. The industrial economy has got badly mauled. We need to give boost to the manufacturing sector. Finally, real sector growth cannot come about without removing infrastructure bottlenecks.

ACTION AGENDA- AGRICULTURE

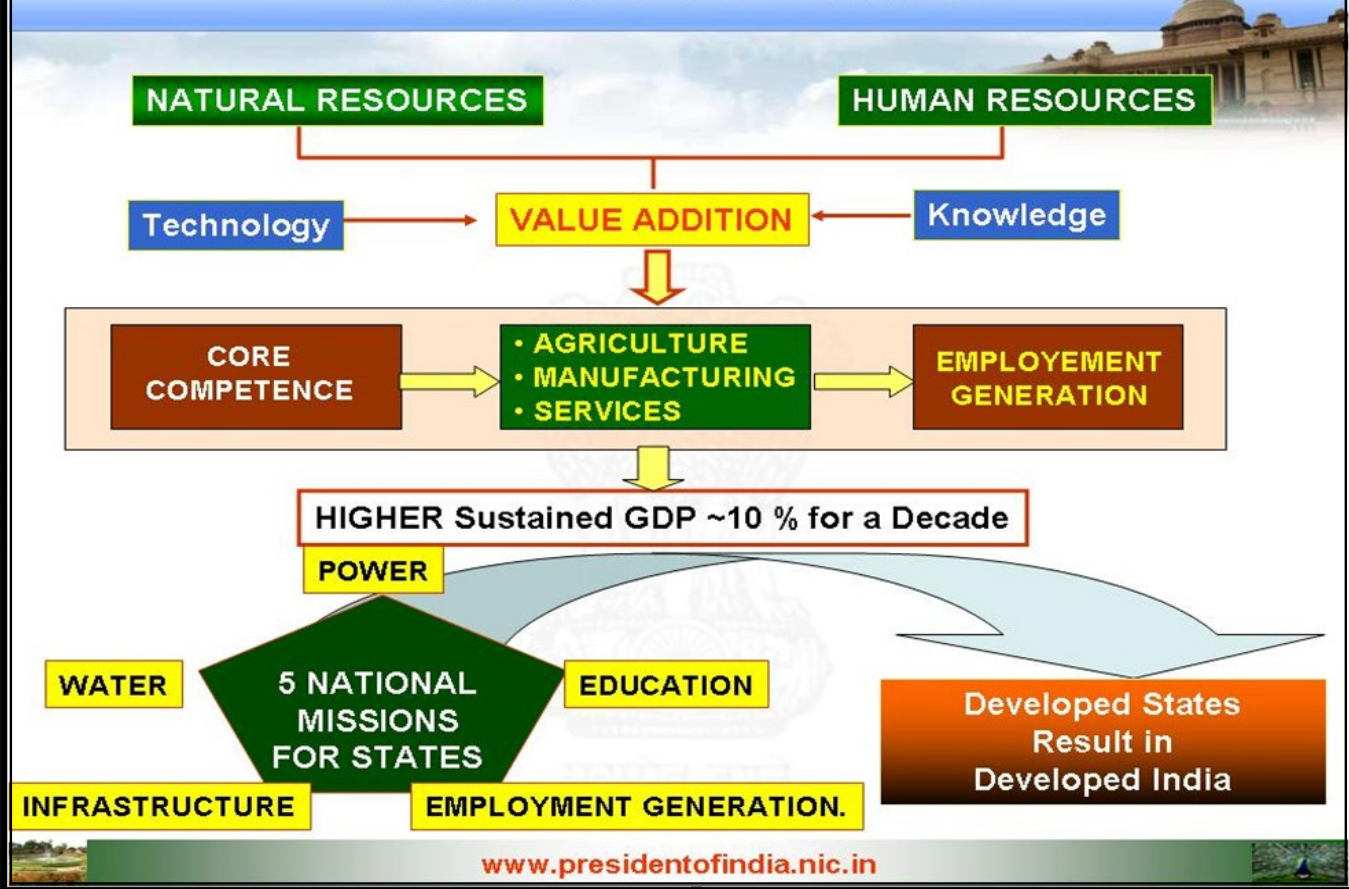
- 1) Change priority sector lending norms for banks to include investments made by corporates in agri-market infrastructure in the direct finance category of priority lending.
- 2) Make private sector investment in agri-infrastructure, agricultural R&D and extension services eligible for 150% weighted deduction.
- 3) Develop a plan to leverage private sector to commercialize agrotechnologies developed by ICAR and public sector research institutes.
- 4) Develop a new framework for risk management in agriculture that would protect farmers from price and production risks.

ANNOUNCEMENTS MADE

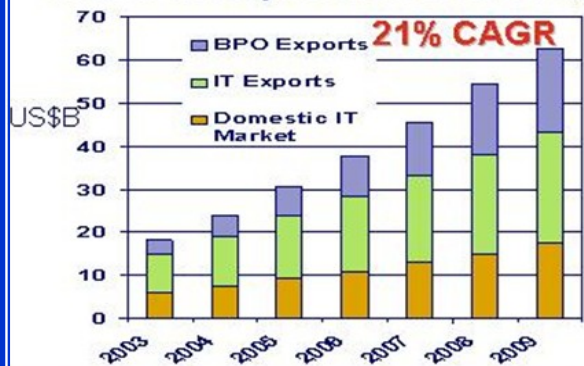
- 1) Plan for launch of a second green revolution.
- 2) Plan for strengthening and promoting the 'contract farming' framework.
- 3) An empowered committee to resolve the pending issues with regard to APMC amendments at the state level as also to bring uniformity in laws across states.
- 4) Initiate restructuring of agriculture training and extension by integrating all government agencies on to a common platform.



ENGINES FOR GROWTH



Indian IT industry Revenue Forecast US\$B



Indian IT Market - Product/Service Segments



Indian IT Market – Industry Segments in 2004



Indian IT Market - Geographic Segments



Source: IDC, 9/2005

ACTION AGENDA- INFRASTRUCTURE

- 1) Evolve a mechanism that can help minimize the cost and time overrun in the case of infrastructure projects.
- 2) Develop a robust inventory of infrastructure projects that can be offered to the industry. Completed project dossiers with all approvals granted should be offered to the private sector through the competitive bidding route.
- 3) SEZ policy is still evolving. Bring in an element of stability in the SEZ policy.

ANNOUNCEMENTS MADE

Restart work on the stalled projects. Projects that deserve immediate attention include –

Roads and highways

- NHDP Phase II - Four laning of North South East West Corridor.
- NHDP Phase III - Connecting important tourist locations and state capitals with NHDP phase I and II.
- NHDP Phase IV - Widening of 20,000 kms of existing single / intermediate highways to two lane.
- NHDP Phase V - Six laning of 6500 kms of National Highways comprising GQ and other high density stretches.

Ports

- Deepening of channel at Paradip port.
- Deepening and widening of Mumbai harbor and JN port channel.

Airports

- Privatize and modernize Chennai and Kolkata airports in line with the Delhi and Mumbai airports.
- Up-gradation of 35 non-metro airports.

Railways

- As initiated earlier implement Public Private Partnership for management of major railway terminals on the same model as



adopted for airports.

- Dedicated freight and industrial corridor - Low hanging fruits. Initiate long-term integrated plans and promote co-ordination among different departments and states.

SOURCE: FICCI



TO BE CONTINUED.....IN THE NEXT MANAGEMENT OUTLOOK ISSUE