ECONOMY & BUSINESS

A. Economic Terms and Concepts

1. Economic Terms:

Arbitrage: If someone takes advantage of different prices of the same security traded in two or more stock exchanges (by buying in one and selling in the other), it is called arbitrage.

Actuary: A statistician who calculates insurance risk and premiums.

Annual General Meeting: The yearly meeting of shareholders that Joint-Stock Companies are required by law to convene, to allow shareholders to discuss their company's Annual Report and Accounts, elect the Board of Directors and approve the dividend suggested by directors.

Annuity: A series of equal payments at fixed intervals from an original lump sum investment. Where an annuity has a fixed time span, it is termed an annuity certain, and the periodic receipts comprise both a phased repayment of principal (the original lump sum payment) and interest, such that at the end of the fixed term, there is a zero balance on the account. An annuity in perpetuity does not have a fixed time span but continues indefinitely and receipts can therefore come only from interest earned. Annuities can be obtained from pension funds or life insurance schemes.

Anti-Competitive Practice: A practice followed by a firm that restricts, distorts or eliminates competition to the disadvantage of other suppliers and consumers. Examples of restrictive practices include Exclusive Dealing, Refusal To Supply, Tie-In Sales etc.

Appreciation:

a. An increase in the value of a currency against other currencies under a Floating Exchange Rate System. An appreciation of a currency's value makes imports cheaper and exports more expensive, thereby encouraging additional imports and curbing exports and so helping in the removal of a Balance of Payments surplus and the excessive accumulation of international reserves. How successful an appreciation is in removing a payments surplus depends on the reactions of export and import volumes to the change in relative prices. If these values are low, trade volume will not change very much and the appreciation may in fact make the surplus larger. On the other hand, if export and import demand is elastic then the change in trade volumes will operate to remove the surplus.

b. An increase in the price of an asset is also called capital appreciation. Assets held for long periods, such as factory building, offices or houses are most likely to appreciate in value because of the effects of inflation and increasing site values, though the value of short term assets like stocks can also appreciate. Where assets appreciate, then their replacement cost will exceed their historic cost, and such assets may need to be revalued periodically to keep their book values in line with their market values.

Articles of Association: The legal constitution of a Joint-Stock Company, which governs the internal relationship between the company and its members or shareholders. The articles govern the rights and duties of the membership and administration of the company e.g. directors' powers, meetings, the dividend and voting rights assigned to separate classes of shareholders etc.

Administered Prices: Strictly, prices which are set by management decision rather than by negotiation between buyer and seller. True market prices are to be found only in the stock exchange and other places where prices change constantly. Most retail and industrial prices are set by management, though they will be altered in response to competition. The term administered prices is often used to refer to price-fixing by a monopoly firm, a cartel or a government body. Some economists have argued that inflexible administered prices have been an important contributory cause of inflation. In India, we have been witness to an Administered Pricing Mechanism (APM) in petroleum for long, which has now been dismantled in favour of market-determined pricing.

Anti-Trust (US): Legislation to control monopoly and restrictive practices in favour of competition. It applies not only to group of firms but also to single companies. For instance, recently an anti-trust case was filed against Microsoft by its rivals accusing it of adopting anti-customer and unfair trade practices, which they claimed, had the impact of restricting consumer choice.

Authorized Capital: The share capital fixed in the Memorandum of Association and the Articles of Association of a company as required by law. Also known as nominal capital or registered capital.

Average Cost: Total production costs per unit of output. It is calculated by adding total fixed costs to total variable costs and dividing by the number of units produced. The effect of indivisibilities is that average costs fall as output expands, spreading the fixed cost over more units. After a time, however, average variable costs may increase as, for example, workers are paid overtime to operate machinery nearer to its full capacity and more has to be spent on maintenance. In the long run, all costs are variable because more fixed assets can be acquired or surplus capacity scrapped.

Average Cost Pricing: The pricing of goods or services so as just to cover the average cost of production. The firm engaging in this will make neither a profit nor loss.

Bad Money Drives Out Good: The idea that an injection of low-quality coinage into a monetary system will dissuade holders of high-quality coins from parting with cash. Before paper money (banknote) became universally accepted as a means for settling debts, precious metals were the most common forms of money. Gold and silver coins were struck bearing a face value equal to the value of the metal content. Debasement of the coinage occurred when the face value of their metal content went down as opposed to their denominated worth. The holders of the correctly valued coinage became unwilling to exchange for the debased coinage because they would obtain less metal in exchange than if they bought direct. The result was that the 'good', undebased coinage did not circulate. The process is referred to as Gresham's law.

Bank Rate: The interest rate at which the Central Bank of a country (Reserve Bank of India in case of India) lends to the banking system through rediscounting eligible bills of exchange and other commercial papers. Short-term interest rates are geared to the bank rate through the banking system.

Bad Delivery: The delivery of a share relating to the transaction is considered "BAD" when there are some defects in the share certificate or the transfer deed. SEBI has formulated uniform guidelines for good and bad delivery of documents. The bad delivery may pertain to the transfer deed being torn, mutilate, overwritten, defaced etc.

Book Value: The book value of a stock is determined from a Company's records, by adding all assets then deducting all debts and other liabilities plus the liquidation price of any preferred issue. The sum is divided by the number of common shares. Book value of the assets of a company or a share security may have little or no significant relationship to market value.

Bonus: A free allotment of shares made in proportion to existing shares out of accumulated reserves. A bonus share does not constitute additional wealth to the shareholders. It merely signifies recapitalisation of reserves into equity capital. However, the expectation of bonus shares has a bullish impact on market sentiment and causes share prices to go up.

Balance of Payments: A tabulation of the credit and debit transactions of a country with foreign countries and international institutions during a specific period. Transactions are divided into two broad groups: current account and capital account. The current account is made up of trade in goods (so-called visible trade) and in services and the profits and interest earned from overseas assets, net of those paid abroad (invisible trade). It is the current account that is generally referred to in the discussion on the balance of payments. The capital account is made up of such items as the inward and outward flow of money for investment and international grants and loans.

Balanced Budget: A situation wherein the government's planned expenditure equals its expected income. In public finance, it is a situation where current income from taxation and other receipts of central government are sufficient to meet payments for goods and services, transfer payments and debt interest. The Indian budget is often in deficit on both current account and capital account and these deficits are financed by net borrowing and changes in the money supply. The importance of the budget balance and how it is financed is that it may affect levels of demand and prices in the economy.

Banker's Draft: A cheque drawn by a bank as opposed to a bank's customer. Banker's drafts are drawn at the customer's request and that customer's account is debited. They are regarded as cash, since they cannot be returned unpaid and are used when a creditor is not willing to accept a personal cheque in payment.

Bear: A speculator who sells stocks or shares that he may or may not possess because he fears a fall in prices and, therefore, that he will be able to buy them (back) later on at a profit; the antonym of bull. A bear who sells securities that he does not possess is described as having 'sold short'. If he does possess the securities he sells, he is described as a 'covered' or 'protected' bear. A 'bear market' is one in which prices are falling.

Bill of Exchange: A term used in international trade by which the drawer makes an unconditional undertaking to pay to the drawee a sum of money at a given date, usually three months ahead. In principle a bill of exchange is similar to a post-dated cheque, and it can be endorsed for payment to the bearer or any named person other than the drawee. A bill of exchange has to be 'accepted' (endorsed) by the drawee before it becomes negotiable. This function is normally performed by an accepting house, but bills may also be accepted by a bank (it is then known as a bank bill) or by a trader (trade bill). Once accepted, the drawee does not have to wait for the bill to mature before getting his money; he can sell it on the money market for a small discount.

Bad Debt: An accounting term for money owed that is unlikely to be paid because, for example, a customer has become insolvent. Such bad debts are written off against the profits of the trading period as a business cost.

Balance of Trade: A statement of a country's trade in goods (visible) with the rest of the world over a particular period of time. The term specifically excludes trade in services (invisibles) and concentrates on the foreign currency earnings and payments associated with trade in finished manufactures, intermediate products and raw materials, which can be seen and recorded by a country's customs authorities as they cross national boundaries.

Balance Sheet: An accounting statement of a firm's assets and liabilities on the last day of a trading period. The balance sheet shows the assets owned by the firm and sets against these the balancing obligations or claims of those groups of people who provided the funds to acquire the assets. Assets take the form of Fixed Assets and Current Assets, while obligations take the form of Shareholders' Capital Employed, Long-Term Loans and Current Liabilities.

Bearer Bonds: Financial securities that are not registered in the name of a particular holder but where possession serves as proof of ownership. Such securities are popular in the American financial system but fairly rare in India, where the names of shareholders are recorded in a company's share register.

Benchmarking: The process of measuring a firm's performance and comparing this measured performance with that of other firms. Benchmarking can help a firm discover where its performance is deficient and can suggest means of improving competitive performance.

Bill of Exchange: A financial security representing an amount of credit extended by one business to another for a short period of time (usually three months). The lender draws up a bill of exchange for a specified sum of money payable at a given future date and the borrower signifies his agreement to pay the amount indicated by signing (accepting) the bill. Most bills are 'discounted' (i.e. bought from the drawer) by the Discount Market for an amount less than the face value of the bill (the difference between the two constitutes the interest charged).

Birth Rate: The number of people born in a population per thousand per year. The difference between this rate and the death rate is used to calculate the rate of growth of the population over time. The birth rate tends to decline as a country attains higher levels of economic development.

Black Economy: Non-marketed economic activity that is not recorded in the National Income Accounts, either because such activity does not pass through the marketplace or because it is illegal. Illegality is not the same as non-marketed activity. Illegal economic activity may operate quite efficiently in the usual price system, which is determined by supply and demand. Examples may be the purchase and sale of illegal drugs on the street, or alcohol in the US prohibition era of the 1920s, or foodstuffs in Britain during the Second World War when rationing was in force. Non-marketed activity may be undertaken for altruistic reasons, for example, the services of a housewife on behalf of her family and the work of charity volunteers. Other non-marketed activity is done on a barter basis, for example, where a mechanic services the motor car of an electrician who in return installs new light fittings in the mechanic's house. Money has not changed hands and the activity is not recorded.

In the Indian context, the term is specifically used to mean that part of the national income, which does not enter the accounts books, and therefore does not attract any taxes, resulting in losses to the government. It has become such a serious fiscal problem that a Voluntary Disclosure of Income Scheme was initiated a few years back (a kind of amnesty scheme) to flush out unaccounted black money. Most references to the black economy refer to the illegal situation of people working without declaring their income.

Bond: A financial security issued by businesses and by the government as a means of borrowing long-term funds. Bonds are typically issued for periods of several years; they are repayable on maturity and bear a fixed interest rate.

Once a bond has been issued at its nominal value, then the market price at which it is sold subsequently will vary in order to keep the effective interest rate on the bond in line with current prevailing interest rates. For example, a Rs.100 bond with a nominal 5% interest rate paying Rs.5 per year would have to be priced at Rs.50 if current market interest rates were 10%, so that a buyer could earn an effective return of Rs.5/50 = 0% on his investment.

In addition to their role as a means of borrowing money, government bonds are used by the monetary authorities as a means of regulating the money supply. For example, if the authorities wish to reduce the money supply, they can issue bonds to the general pubic, thereby reducing the liquidity of the banking system as customers draw cheques to pay for these bonds.

Break Even: The rate of output and sales at which a supplier generates just enough revenue to cover his fixed and variable costs, earning neither a profit nor a loss. If the selling price of a product exceeds its unit Variable Cost, then each unit of product sold will earn a contribution towards Fixed Costs and Profits. Once sufficient units are being sold so that their total contributions cover the supplier's fixed costs, then the company breaks even. If less than the break-even sales volume is achieved, then total contributions will cover the fixed costs and leave a surplus that constitutes profit.

Buffer Stock: A commodity (copper, wheat, etc.) held by a trade body or government to regulate its price. An official price of that commodity is established, and if the open market price falls below this because there is excess supply at the fixed price, than the authorities will buy the surplus and add it to the buffer stock to force the price back up. By contrast, if there is an excess demand at the fixed price, then the authorities will sell some of their buffer stock to bring the price down. Thus, the price of the commodity can be stabilized over time, avoiding erratic, short-term fluctuations in price.
This mechanism attempts to avoid erratic short-term fluctuations in price. However, if the official price is set at too high a level this will encourage over-supply in the long term and expensively accumulating stocks; while if the official price is set at too low a level, this will discourage supply in the long term and lead to shortages. For example, in India, the government-run Food Corporation of India maintains sufficient buffer stocks of foodgrains which can be released in case the prices are abnormally high. Such releases tend to neutralize the impact of high grain prices on the poorer sections.

Buyer's Market: A short-run market situation wherein there is excess supply of goods or services at current prices, which brings price down to the advantage of the buyer e.g. satellite channels in India, housing and auto loan market etc.

Blue Chip: A first class equity share, which (the hope is), carries little risk of sharp declines in earning in economic recessions. In India, HLL, Infosys and Ranbaxy equities, for example, are commonly regarded as blue chips.

Bond: A fixed-interest security issued by central or local governments, companies, banks or other institutions. Bonds are usually a long-term security but do not always carry fixed interest and may be irredeemable and may be secured/ unsecured. There is no specific stock exchange for these bonds. The term bond has also been given to types of non-fixed-interest security, such as property bonds, which provide the holder with a yield of funds invested in property, or 'managed bonds', in which the bond includes debentures.

Bretton Woods: An international conference held at Bretton Woods, USA, in July 1944 to discuss alternative proposals relating to post-war governments. The agreement resulting from this conference led to the establishment of the International Monetary Fund and the International Bank For Reconstruction and Development (The World Bank), which are also known as the Brettonwoods Sisters.

Budget: An estimate of income and expenditure for a future period as a opposed to an account, which records financial transactions. Budgets are an essential element in the planning and control of the financial affairs of a nation and of business, and are made necessary essentially because income and expenditure do not occur simultaneously.

In modern large-scale business the annual budget, which is normally broken down into monthly and weekly periods, is a complex document that may take several months to prepare. The starting point will be an estimate of sales and income for the period, balanced by budgets for purchasing and administration, production, distribution and research costs. There will also made for periods of further than one year ahead, so that borrowing requirements and capacity requirements can be assessed. A flexible budget is on different assumed levels of plant activity.

Capital Adequacy: A requirement on financial intermediaries to maintain a minimum proportion of liquid assets. Various bodies impose minimum capital requirements upon banks, investment banks and investment trusts. For banks these requirements may be used to control monetary aggregates but increasingly they are aimed at preventing failure and instability in the financial system (prudential norms).

Capital Formation: Net investments in fixed assets, i.e., additions to the stock of real capital. Gross fixed capital formation includes depreciation where as net capital formation excludes it.

Current Account: Current account is that portion of balance of payments, which portrays the market value of a country's visible (e.g. commodity trade) and invisible (e.g. shopping services) exports and imports with the rest of the world.

Current Account Balance: Current Account Balance is the difference between (a) exports of goods and services plus inflows of unrequired official and private transfers, and (b) imports of goods and services plus unrequired transfers to the rest of the world included in this figure and all interest payment on external public and publicly guaranteed debt.

Capital Gains: A realized increase in the value of a capital asset, as when a share is sold for more than the price at which it was purchased. Strictly speaking, the term refers to capital appreciation outside the normal courses of business. In India capital gains are subject to Capital Gains Tax (CGT). The tax does not cover gains arising from the sale of personal belongings, including cars or principal dwelling houses, but it does cover gains from the sale of stock exchange securities.

Capital Market: The market for long-term funds as distinct from the money market, which deals in short-term funds. There is no clear-cut distinction between the two markets, although in principle capital-market loans are used by industry and commerce mainly for fixed investment. The capital market is an increasingly international one and in any country is not one institution but all those institutions that match the supply and demand for long-term capital and claims on capital, e.g. the stock exchange, banks and insurance companies. The capital market is not concerned solely with the issue of new claims of capital (the primary or secondary market). The marketability of securities is an important element in the efficient working of the capital market, since investors would be much more reluctant to make loans to industry if their claims could not easily be disposed of.

Capitalism: A socio-economic system in which individuals are free to own the means of production and maximize profits and in which resource allocation is determined by the price system. Marx argued that capitalism would be overthrown because it inevitably led to the exploitation of labour.

Cartel: An association of producers to regulate prices by restricting output and competition. They tend to be unstable because a single member can profit by undercutting the other, while price-fixing stimulates the development of substitutes. The most prominent example of an international cartel (oligopoly) is the Organization of Petroleum Exporting Countries (OPEC). In India, cement manufacturing, steel and iron manufacturing can be cited as examples of cartels or oligopolies.

Central Bank: A banker's bank and lender of last resort e.g. RBI. All developed and most developing countries have a central bank responsible for exercising control on the credit system, sometimes under instruction from government and, increasingly often, under its own authority. Central banks typically execute policy through their lead role in setting short-term interest rates, which they control by establishing the rate at which loans of last resort will be made. Some central banks also use other devices to control money supply, such as special deposits. With monetary policy plays an important part in determining aggregate demand, the stability of the business cycle and the rate of inflation, central banks have found themselves in an increasingly central role in economic management.

Closed Economy: An economic system with little or no external trade, as opposed to an open one, in which a high proportion of output is absorbed by exports and similarly domestic expenditure by imports.

Closing Prices: Price of a commodity e.g. securities on the stock exchange, at the end of a day's trading in a market.

Commodity Exchange: A market in which commodities are bought and sold. It is not necessary for the commodities to be physically exchanged, only rights to ownership need to be exchanged. The old practice of auctioning commodities from warehouses in which samples could be inspected beforehand has become less important. An efficient system of grading and modern communication have enabled the practice of c.i.f. trading to develop. A buyer can buy a commodity in the country of origin for delivery c.i.f. to a specified port at which he can offload for direct delivery to his own premises. This method saves warehousing costs and auction charges. The market not only enables commodities to be sold 'spot' or for delivery at some specified time and place, but it also includes a market in 'futures'. This latter enables merchants to avoid the effect of price fluctuations by buying for forward delivery at an agreed price, which will not be affected by intervening changes in the 'spot' rate. Many such futures exchanges are operating in India in the area of tea, coffee, soyabean etc. London has a number of important commodities and future markets (e.g. the London Metal Exchange, the London Grain Future Market), as do other centers, notably Chicago, Amsterdam, New York, Sydney and Singapore.

Capital: The contribution to productive activity made by investment in physical capital (for example, factories, offices, machinery, tools) and in human capital (for example, general education, vocational training). Capital is one of the three main factors of production, the other two being labour and natural resources. Physical (and human) capital make a significant contribution towards economic growth.

Capital Account: The section of the National Income Accounts that records investment expenditure by government on infrastructure such as roads, hospitals and schools; and investment expenditure by the private sector on plant and machinery.

Also, the section of the Balance of Payments accounts that records movements of funds associated with the purchase or sale of long-term assets and borrowing or lending by the private sector.

Capital Goods: The long-lasting durable goods, such as machine tools and furnaces, that are used as factor inputs in the production of other products, as opposed to being sold directly to consumers.

Capital-Intensive Firm / Industry: A firm or industry that produces its output of goods or services using proportionately large inputs of capital equipment and relatively small amounts of labour. The proportions of capital and labour that a firm uses in production depend mainly on the relative prices of labour and capital inputs and their relative productivities. This in turn depends upon the degree of standardization of the product. Where standardized products are sold in large quantities, it is possible to employ large-scale capital-intensive production methods that the facilitate economies of scale. Aluminium smelting, oil refining and steel works are examples of capital-intensive industries.

Capital-Output Ratio: An index of how much additional capital is required to produce each extra unit of Output, or the extra output produced by each unit of added capital. The capital output ratio indicates how efficient new investment is in contributing to Economic Growth. Assuming, for example, a 4:1 capital-output ratio, each four units of extra investment enables national output to grow by one unit. If the capital-output ratio is 2:1, however, then each two units of extra investment expand national income by one unit. Consequently, the lesser the ratio, the better the economic efficiency.

Cash Reserve Ratio: The proportion of a commercial bank's total assets that it keeps in the form of highly liquid assets to meet day-to-day currency withdrawals by its customers and other financial commitments. Deposited with the RBI by every commercial bank, this ratio is subject to periodic changes as per conditions prevailing in the money market. Of late, the ratio is being continuously brought down so as to create more lendable funds with the commercial banks. The CRR is a method of general credit control in the economy, used to tighten or ease the conditions of money supply in the economy.

Cheap Money: A government policy whereby the Central Bank is authorized to purchase government bonds in the open market to facilitate an increase in the money supply.

The increase in money supply reduces interest rates, which encourages investment because previously unprofitable investments now become profitable as a result of the reduced cost of borrowing.

Cheque: A means of transferring or withdrawing money from a Bank's current or savings account. In this case, the drawer of a cheque gives a written instruction to his bank to transfer funds to some other person's or company's bank. In the latter case money may be withdrawn in cash by a person or company writing out a cheque payable to themselves. Cheques may be open, in which case they may be used to draw cash, or 'crossed' with two parallel lines, in which case they cannot be presented for cash but must be paid into an account.

Clearing House System: A centralized mechanism for settling indebtedness between financial institutions involved in money transmission and dealers in commodities and financial securities. For example, in the case of Indian commercial banking, when a customer of bank A draws a cheque in favour of a customer of bank B, and the second customer pays in the cheque to bank B, then bank A is indebted to bank B for the amount of that cheque. There will be many thousands of similar transactions going on day by day, creating indebtedness between all banks. The Clearing House brings together all these cheque, cross-cancels them and determines at the end of each day any net indebtedness between the banks which is then settled by transferring balances held by the Commercial Banks at the local clearing house.

Collateral Security: The assets pledged by a borrower as security for a loan, e.g., the title deed of a house. If the borrower defaults, the lender can claim these assets in lieu of the sum owed.

Communism: A political and economic doctrine which advocates that the state should own all property and organize all the functions of production and exchange, including labour. Karl Marx succinctly stated his idea of communism as 'from each according to his ability, to each according to his needs'. Communism involves a centrally planned economy where strategic decisions concerning production and distribution are taken by government as opposed to being determined by the price system, as in a market-based private enterprise economy. China still organizes its economy along communist lines, but in recent years Russia and other former Soviet Union countries and various East European countries have moved away from communism to more market-based economies.

Consumer Durables: Consumer Goods, such as houses, cars, televisions, that are 'consumed' over relatively long periods of time rather than immediately.

Convertibility: The extent to which one foreign currency can be exchanged for some other foreign currency.

International trade and investment opportunities are maximized when the currencies used to finance them are fully convertible, i.e. free of foreign exchange control restrictions. The Indian rupee, as of now, is a fully convertible currency in case of current account transactions, i.e. it can be converted fully into foreign currencies or vice-versa.

Core Business: The particular products supplied by a firm, which constitute the heart of its business. These are generally products in which the firm has a competitive advantage. Over time the firm may begin to supply other products, which may be associated with its core business but are more peripheral to the firm and its operations. For example, Nestle has been synonymous with dried milk and other milk products, which form the core of its business, but of late, it has branched out into chocolates, sauces and plans to enter the biscuits area also.

Core Competence: A key resource, processor system of a firm, which lets it gain a competitive advantage over rivals.

Corporate Tax: A direct tax by the government on the profits of businesses. The rate of corporate tax charged is important to a firm as it determines the amount of after-tax profit it has available to pay dividends or to reinvest.

Cost Benefit Analysis: A technique for enumerating and evaluating the total social costs and total social benefits associated with an economic project. Cost benefit analysis is generally used by public agencies when evaluating large-scale public Investment projects, such as major new motorways or rail lines, in order to assess the welfare or net social benefits that will accrue to the nation from these projects. This generally involves the sponsoring bodies taking a broader and longer-term view of a project than would a commercial organization concentrating on project profitability alone.

Cost of Capital: The payment made by a firm for using long-term capital used in business. The average cost of capital to a firm that uses several sources of long-term funds (loans, share capital) to finance its investments will depend upon the individual cost of each separate source (for example, interest on loans) weighted in accordance with the proportions of each source used.

Credit Card: A plastic card or token used to finance the purchase of products by gaining point-of-sale credit. Credit cards are issued by commercial banks, hotel chains and larger retailers. Generally, post-purchase, the first 50 days are interest-free, during which if you make the payment to your bank, no interest will be charged on the credit purchase. Only after this period interest is charged, which is called the credit rollover. In case of India, most credit card companies are unable to earn significant profits because there is insignificant credit rollover.

Cross-Subsidization: The practice of offering internal subsidies to certain products within the firm financed from the profits made by other products. Cross-subsidization is often used by diversified and vertically integrated firms to finance new product development; diversification into new areas; or to facilitate price cuts to match intense competition in certain markets.

Current Assets: Assets, such as stocks, money owed by debtors, and cash, that are held for short-term conversion within a firm as raw materials are bought, made up, sold as finished goods and eventually paid for.

Current Liabilities: All obligations to pay out cash at some date in the near future, including amounts that a firm owes to trade creditors and bank loans/overdrafts.

Customs Duty: A tax levied on imported products. Unlike tariffs, customs duties are used primarily as a means of raising revenue for the government rather than as a means of protecting domestic producers from foreign competition.

Complementary Goods: Pairs of goods for which consumption is interdependent, for example cars and petrol or cups and saucers, are known as complementary goods and changes in the demand for one will have a complementary effect upon the demand for the other. Complements have a negative cross-price elasticity of demand: if the price of one rises, the demand for both may fall.

Consumer Good: An economic good purchased by households for final consumption. Consumer goods include, e.g., chocolate or draught beer consumed immediately as well as durable goods which, yield services over a period of time, for example a washing machine. It is the use to which it is put which determines whether a good is a consumer good, not the characteristics of the good itself. Electricity or a computer, bought for the home is a consumer good, but the same thing bought for a factory is a producer good.

Cost-Push Inflation: Inflation induced by a rise in the production cost. Such cost increases may arise abroad and be transmitted through higher prices of imported raw material. The rapid escalation in oil prices in the 1970s accelerated price inflation in the period, although the rate of inflation had begun to rise before this. Cost increases may also arise within the domestic economy from firms attempting to increase profits and/or employees to increase their earnings. Success in achieving increases depends on their degree of market dominance and, therefore, bargaining power. Any money gains greater than productivity will tend to result in price increases.

Countervailing Duty: An additional import duty imposed on a commodity to offset a reduction of its price as a result of an export subsidy in the country of origin.

Cross Subsidy: Financing a loss-making line of business with profits made elsewhere. This may be motivated by private business concerns (to help establish new lines of business, for example), or by public policy concern (the provision of rural bus routes at the expense of urban ones). In India, traditionally diesel prices have been cross subsidized with profits made from petrol sales.

Deficit Expenditure: The amount by which Government expenditure exceeds the tax collections.

Devaluation: Devaluation is the lowering of the official exchange rate between one country's currency and those of the rest of the world.

Dividend: That part of a company's profit, which Directors decide to distribute to the shareholders. It is generally expressed as a percentage of the nominal value of the capital to which it relates.

Development Banks: Development Banks are specialised public and private financial intermediaries providing medium and long-term credit for development project e.g. IDBI, IFCI etc.

Development Plan: Development Plan is the documentation by a government planning agency of the current national economic conditions, proposed public expenditures, likely development in the private sector, a macroeconomic projection of the economy and a review of Government policies. Many governments publish five year development plans to announce their economic objectives to their citizens and others.

Debt Servicing Ratio: Debt Services Ratio of interest and principal payment due in a year to export receipts for the year.

Development: Development is the process of improving the quality of all human lives. Three equally important aspects of the development are

(1) raising their incomes and consumption levels of food, medical services, education, etc. through 'relevant' economic growth

(2) creating conditions suitable to the growth of people's self-esteem through the establishment of systems and institutions to promote human dignity and respect; and

(3) increasing people freedom to choose by enlarging the choices variable e.g. increasing varieties of consumer goods and services.

Deficit Financing: The use of borrowing to finance an excess of expenditure over income. Most often, it refers to governments, who often spend more than they can raise in taxation. The term is normally used in economics to refer to a planned budget deficit incurred in the interests of expanding aggregate demand by relaxing fiscal policy and thus injecting purchasing power into the economy, a policy advocated by Keynes to increase employment in the 1930s. In India, this has been a popular tool to plug the deficit so far, but in future, there are likely be some restrictions on the total amount of deficit financing each year the government can avail of.

Deflation I: A sustained reduction in the general price levels. Deflation is often accompanied by declines in output and employment and is distinct from 'disinflation', which refers to a reduction in the rate of inflation. Deflation can be brought about by either internal or external forces in an open economy.

II: A deliberate policy of reducing aggregate demand and output to reduce inflation rate and the quantity of imports and lower the exchange rates, thus improving export performance and the BoP. Aggregate demand may be reduced by fiscal policy (increasing taxes or reducing government expenditure) or money supply.

Demand: The desire and willingness to buy a particular good or service supported by the necessary money to buy it.

Demand-Pull Inflation: Inflation produced by a persisting excess of aggregate demand over aggregate supply. The excess demand probably persists because there is a growth in the quantity of money either through the creation of money by government to finance the budgetary gap between its expenditure and income or because the quantity of money is allowed to expand to accommodate the rise in prices.

Diminishing Marginal Utility: The psychological law that as extra units of a commodity are consumed by an individual, the satisfaction from each unit will fall. For example, although for every extra Cadbury's bar someone eats he derives extra pleasure, the more Cadbury's that are eaten, the less the pleasure gained from each incremental one. Eventually, as sickness strikes, subsequently consumed Cadbury's bars will yield disutility.

Diminishing Returns, Law of: As extra units of one factor of production are employed, with all others constant, the output from each additional unit will eventually fall. In effect, the marginal product of factors declines when they are employed in increasing quantities. For example, a farm owner with one field might find that one man could produce two tons of grain, two men five tons of grain-more than twice as much, but three men only seven tons of grain. The extra production gained from adding a worker started at two, rose to three, then fell back to two.

Direct Investment: Investment in the foreign operations of a company through acquisition of a foreign operation, or establishment of a new ('greenfield') site. It is often referred to as Foreign Direct Investment (FDI). Direct investment implies control of managerial and perhaps technical input and is generally preferred by the host country to portfolio investment. This investment has been a major source of finance for the developing countries at a time when foreign aid has fallen.

Disguised Unemployment: A situation in which more people are available for work than is shown in the unemployment statistics. Married women, some students or prematurely retired persons may register for work only if they believe opportunities are available to them. Also referred to as concealed unemployment and the '*discouraged worker effect*'. This kind of unemployment is quite common in rural areas and forms a significant part of the total unemployment statistics in India.

Disinvestment: Negative investment, which occurs where part of the capital stock is diluted by selling it off to the general public/ private companies. India has embarked upon a massive disinvestment exercise in its PSUs and of late, there appears to be a ring of sincerity to the government's efforts to get rid of unprofitable PSUs and focus more on economic facilitation functions. Several prominent PSUs including VSNL, ITDC, IPCL, ONGC, IOC, HPCL, MUL, Modern Breads have already been disinvested and more such exercises are in the offing.

Diversification: I. Extending the range of goods and services in a firm or geographic region. The motives will include declining profitability or growth in traditional markets, surplus capital or management resources and a desire to spread risks and reduce dependency upon cyclical activities. Diversification has accounted for a significant proportion of the growth of multinational corporations, though more recently competitive pressures have encouraged large corporations to return to core businesses. This process has been called downsizing or divestment. For example, HLL recently diversified into marketing of *atta* (flour) to augment its product mix portfolio.

II**.** The holding of stocks in a range of firms in a portfolio to spread the risk.

Dividend: The company profits distributed to ordinary shareholders. It is usually expressed either as a percentage of the normal value of the ordinary share, or as an absolute amount per share. A dividend is only the same as a yield if the shares stand at their nominal value. Some shareholders may not have bought their shares at par value and might have paid more for them.

Dividends are declared at general meetings of the shareholders. Interim dividends are part payments of the annual dividend made during the year. Dividends are paid out of profits for the current year or, if profits are inadequate but the directors consider that a dividend is justified, out of reserves from previous years' profits.

Debt Servicing: The cost of meeting interest payments and principal payments on a loan along with any administration charges.

Demographic Transition: A population cycle that is associated with the economic development of a country. In underdeveloped countries (i.e. subsistence agrarian economies), birth rates and death rates are both high, so there is very little change in the overall population. With economic development (i.e. Industrialization), Income Per Head begins to rise and there is a fall in the death rate (through better nutrition, sanitation, medical care, etc.), which brings about a period of rapid population growth. Termed as the Population Boom or Bomb, this stage is prevailing in most of the developing countries, including India. Most of the population increase has been brought about by a steep fall in death rate, while the birth rate still continues at a relatively higher level. In the later stages, provided economic growth is consistently greater than the increase in population, income per head continues to expand and eventually serves to reduce the birth rate (small families become the 'norm' in society as people seek to preserve their growing affluence). At this point, population growth slows down and may eventually level off.

Most advanced industrial countries have gone through a demographic transition of the kind described above and are today characterized by both low birth and death rates and slow growing populations.
Deposit Account or Savings Account: An individual's or company's account at a commercial bank into which the customer can deposit cash or cheques and from which he can draw out money. Deposit

accounts (unlike Current Accounts, which are for day-to-day transactions) are mainly used as personal and corporate saving and used to finance irregular payments.

Depression: A business phase with a severe decline in economic activity (Actual Gross National Product). Real output and Investment are at very low levels and there is a high rate caused mainly by a fall in aggregate demand and can be reversed provided the authorities apply expansionary fiscal policy and monetary policy.

Deregulation: The removal of controls over economic activity that have been imposed by the government. It may be initiated either because the controls are no longer seen as necessary or because they are overly restrictive, preventing companies from taking advantage of business opportunities.

Deregulation has assumed particular significance in the context of recent initiatives by the Indian government to stimulate greater competition by, for example, allowing private companies to compete for business in areas (such as power and telecom) hitherto confined to the central government.

Devaluation: An administrated reduction in the exchange rate of a currency against other currencies under a Fixed Exchange - Rate System, for example, the lowering of the Indian Rupee against the US dollar ($) from one fixed level to a lower level, say from 1$= 40/- to 1$ =50/-. Devaluations are used by governments to help in removing a Balance of Payment deficit. Devaluation makes imports (in the local currency) costlier, thereby reducing import demand, and exports (in the local currency) cheaper, thereby acting as a stimulus to export demand. Whether or not a devaluation works to achieve balance of payments equilibrium, however, depends on a number of factors.

Devaluation increases import prices, making imports less competitive against domestic products, encouraging domestic buyers to switch to local substitutes. Likewise, a fall in export prices is likely to cause overseas customers to increase their demand for the country's exported products in preference to locally produced items and the exports of other overseas producers. If the rupee, as in our example above, is devalued by one-third, then this would allow Indian exporters to reduce their prices by a similar amount, thus increasing the price competitiveness in the American market. Alternatively, they may choose not to reduce their prices by the full amount of the devaluation in order to increase unit profit margins and provide additional funds for advertising and sales promotion etc.

Developed Country: An economically advanced country whose economy is characterized by large industrial and service sectors, high levels of gross national product and Income Per Head.

Direct Tax: A tax levied by the government on the income and wealth received by individuals and business to raise revenue. Examples of direct taxes in India are Income Tax, Corporate Tax and Wealth Tax. Direct taxes are incurred on income received, unlike indirect taxes such as value-added taxes, which are incurred when income is spent. Direct taxes are progressive, insofar as the amount paid varies according to the income and wealth of the taxpayer. By contrast, Indirect Tax is regressive, insofar as the same amount is paid by each tax-paying consumer regardless of his income.

Dow-Jones Index: A US share price index that monitors and records the share price movements of all companies listed on the New York Stock Exchange, with the exception of high-tech companies listed separately on the NASDAQ stock exchange.

Dumping: The export of a good at a price below that in the domestic market. Dumping may occur as a short-term response to a domestic recession (i.e. surplus output is sold abroad at a cut-price simply to off-load it) or as a longer-term strategic means of penetrating export markets (once a foothold has been gained, prices would then be increased to generate profits). Either way, dumping is viewed as 'unfair' trade and is outlawed by the trade rules of the World Trade organization. Many countries, including our own, impose anti-dumping duties on such unfair exports to make them costlier, so as to protect their own domestic industry.

Downsizing: Large-scale shedding of employees by major corporations, sometimes also used to refer to the disposal of subsidiaries and other unwanted activities. Downsizing is generally a response to reduce costs and may in some cases be a delayed reaction to technological change which allows output to be maintained with fewer employees. In a dynamic and changing economy some firms will be reducing and other gaining employment, but redundancies by large firms attract more attention than widespread employment gains among smaller firms.

Duopoly: Two sellers only of a good or service in a market. A feature of this situation is that any decision by one seller, such as the raising or lowering of his price, will stimulate a response from the other which, in turn, will affect the market response to the first seller's initial responses, price equilibrium may exist at any point between that of a monopolist and that of perfect competition

Economies of Scale: Factors which cause the average cost of producing a commodity to fall as output of the commodity rises. For instance, a firm if it doubled its output, would enjoy economies of scale.

Emerging Markets: I. Markets in securities in newly industrialized countries and in countries in Central and Eastern Europe and elsewhere, in transition from planned economies to free-market economies and in developing countries with capital markets at an early stage of development. Examples are the stock exchanges in Mexico, Thailand and Malaysia.

Equity Shares: It is also known as ordinary shares. It is a part of the Share Capital of the Company. Shares having a claim to participate in the whole range of annual profits remaining with the Company after it has satisfied all charges and met any fixed preferential dividends and having a right to participate in surplus assets in winding up.

Engel's Law: A law that with given tastes or preferences, the proportion of income spent on food diminishes as incomes increases.

Employee Stock Option Plan (ESOP): A scheme whereby employees acquire shares in the company in which they are employed. Employees can, of course, purchase shares in their company from the open market or companies can simply choose to donate shares to them. However, in recent years many companies have set up employee stock option plans that formally transfer the company's shares to employees.

ESOPs are seen as a means of increasing employee loyalty and commitment to the firm, serving to reduce labour turnover and providing incentives to improve productivity. The ESOP shares must be locked-in the employee's name for a certain fixed period before they can be sold off. The ESOPs have become a standard part of the compensation packages in New Economy companies e. g. Infosys, Wipro etc.

Expenditure Tax: A form of indirect tax that is included into the selling price of a product and is paid by the consumer. In raising revenue and in applying Fiscal Policy, governments have two broad choices; the use of taxes on expenditure and those on income. Taxes on income, such as Income Tax, deduct tax at source, whereas taxes on expenditure are levied at the point of sale. Direct taxes tend to be Progressive Taxes in so far as the amount of tax paid is related to a person's income, whereas expenditure taxes are regressive taxes in so far as consumers pay tax in proportion to their spending regardless of income. In India, the surcharge on STD, Paging and Courier Services are examples of expenditure tax.

Export-Led Growth: An expansion of the economy with exports serving as a leading sector. Rising exports inject additional income into the domestic economy and increase total demand for domestic output. Equally importantly, the increase in exports enables a higher level of import absorption to be accommodated so that there is no balance of payments constraint on the achievement of sustained economic growth.

Entrepreneur: An economic agent who perceives market opportunities and assembles the factors of production to exploit them in a firm. The essence of the entrepreneur, therefore, is that he is alert to gaps in the market, and is able to raise resources to exploit the market. If successful he will make a super-normal profit that will later reduce to normal profits as new competitors are attracted into the market. In this conception, the pure function of the entrepreneur is as fourth factor of production.

Face Value: The price at which a share will be redeemed, which might for a silver or gold coin, be less than its market value.

Factor Cost: The value of goods and services produced, measured in terms of the cost of the inputs (materials, labour etc) used to produce them, but excluding any indirect taxes/ subsidies. For example, a product costing Rs.10 to produce and with a Rs.1 indirect tax levied on it would have a market price of Rs.11 and a factor cost of Rs.10.

Fiscal Drag: The effect of inflation upon effective tax rates, or sometimes, the effect of growth in income tax systems, increases in earnings may push taxpayers into high tax brackets. With the decline in inflation rates, the term fiscal drag has loosely been used to refer to the fact that even in an indexed tax system if earnings grow more quickly than prices (and indeed, they typically do), then the government again ends up with extra revenues without having to raise tax rates in explicit policy changes.

Floating Exchange-Rate System: A mechanism for coordinating Exchange Rates between countries' currencies that involves the value of each country's currency in terms of other currencies being determined by the forces of demand and supply. Over time, the exchange rate of a particular currency may rise or fall depending, respectively, on the strength or weakness of the country's underlying Balance of Payments position and exposure to speculative activity.

Foreign Direct Investment (FDI): Investment by a multinational company in establishing production, distribution or marketing facilities abroad. Sometimes foreign direct investment takes the form of greenfield investment, with new factories, warehouses or offices being constructed overseas and new staff recruited. Alternatively, foreign direct investment can take the form of takeovers and mergers with other companies located abroad. Foreign direct investment differs from overseas portfolio investment by financial institutions, which generally involves the purchase of small shareholding in a large number of foreign companies.

Free Trade: The international trade that takes place without barriers, such as tariffs, quotas and foreign exchange controls, being placed on the free movement of goods and services between countries. The aim of free trade is to secure the benefits of international specialization. Free trade as a policy objective of the international community has been fostered both generally by the World Trade Organization and on a more limited regional basis by the established of various Free Trade Areas, Custom Unions and Common Markets.

Futures Market or Forward Exchange Market: A market that provides for the buying and selling of commodities (rubber, tin, etc.) and foreign currencies for delivery at some future point in time, as opposed to a spot market, which provides for immediate delivery. Forward positions are taken by traders in a particular financial asset or commodity whose price can fluctuate greatly over time, in order to minimize the risk and uncertainty surrounding their business dealings in the immediate future (i.e. 'hedge' against adverse price movements), and by dealers and speculators hoping to earn windfall profits from correctly anticipating price movements.

Fiscal Policy: The budgetary stance of central government. Higher tax rates of reductions in public expenditure will tighten fiscal policy. There is considerable controversy about the appropriate weight of fiscal policy in economic management, relative to monetary policy. Most economists believe that the policy should primarily be directed towards maintaining a prudent level of borrowing, preferably according to certain rules.

Floating Capital: Capital which is not invested in fixed assets, such as machinery but in work in progress, wages paid etc. Synonymous with working capital.

Free-Market Economy: Strictly, an economic system in which the allocation of resources is determined solely by supply and demand in free markets, though there are some limitations on market freedom in all countries. Moreover, in some countries, governments intervene in free markets to promote competition that might otherwise disappear. Usually used synonymously with capitalism.

Free-Trade Zone: A customs-defined area in which goods or services may be processed or transacted without attracting taxes or duties or being subjected to certain government regulations. A special case is the freeport, into which goods are imported free of customs tariffs or taxes.

Frictional Unemployment: Frictional unemployment arises because of time lags in the functioning of labour markets which are inevitable in a free-market economy; there are search delays involved, for example in moving from one job to another. Frictional unemployment is conceptually distinct from structural unemployment, which results in heavy local concentration of unemployment, and of course, from unemployment arising from a deficiency of demand.

Futures: Contracts made in a 'future market' for the purchase or sale of commodities or financial assets, on a specified future date. Futures are negotiable instruments, that is they may be bought and sold. Many commodity exchanges e.g. wool, cotton and wheat, have established futures markets which permit manufacturers and traders to hedge against changes in price of the raw materials they use or deal in.

Gilt-Edged Securities: Fixed interest government securities traded on the stock exchange. They are called gilt-edged because it is certain that interest will be paid and that they will be redeemed (where appropriate) on the due date.

Gross Domestic Product (GDP): A measure of the total flow of goods and services produced by the economy over a specified time period, normally a year or a quarter. It is obtained by valuing outputs of goods and services at market prices, and then aggregating. Note that all intermediate goods are excluded, and only goods used for final consumption or investment goods or changes in stocks are included. The word 'gross' means that no deduction for the value of expenditure on capital goods for replacement purposes is made.

Gross National Product (GNP): Gross Domestic Product plus the income from investment abroad minus income earned in the domestic market going to foreigners abroad.

Giffen Goods: A good for which quantity demanded increases as its price increases, rather than falls, as predicted by the general theory of demand. It applies only in the highly exceptional case of a good that accounts for such a high proportion of household budgets that an increase in price produces a large negative income effect, which completely overcomes the normal substitution effect.

Globalization: The tendency for markets to become global, rather than national, as barriers to international trade (e.g. tariffs) are reduced and international transport and communications improve; and the tendency for large multinational companies to grow to service global markets.

Great Depression: The Depression that was experienced by many countries in the decade 1929-39. The Great Depression was associated with very high unemployment levels and low production and investment levels in the US and Europe, and with falling levels of international trade.

Greenfield Investment: The establishment of a new manufacturing plant, workshop, office, etc., by a firm.

Greenfield Location: A geographical area, usually unused or agricultural land (i.e. greenfield), developed to accommodate new industries.

Gresham's Law: The economic hypothesis that 'bad' money forces 'good' money out of circulation. The principle applies only to economies whose domestic money system is based upon metal coinage that embodies a proportion of intrinsically valuable metals such as silver and gold. Where governments issue new coins embodying a lower proportion of valuable metals, people are tempted to hoard the older coins for the commodity value of their metal content so that the 'good' money ceases to circulate as currency.

Hard Currency: A currency traded in a foreign-exchange market for which demand is persistently high relative to the supply e.g. the US dollar in the Indian context.

Hedge: Action taken by a buyer or seller to protect his business or assets against a change in prices. A flour miller who has a contract to supply flour at a fixed price in two months' time can hedge against the possibility of a rise in the price of wheat in two months' time by buying the necessary wheat now and selling a two months' future in wheat for the same quantity. If the price of wheat should fall, then the loss he will have sustained by buying it now will be offset by the gain he can make by buying in the wheat at the future price and supplying the futures contract at higher than this price, and vice versa.

Inflation: Persistent increase in the general level of prices. It can be seen as a devaluing of the worth of money.

Import Substitution: A strategy aimed at reducing imports to encourage domestic substitutes. Import substitution is pursued in particular by developing countries as a means of promoting domestic industrialization and conserving scarce foreign currency resources.

Indicative Planning: A method of controlling the economy that involves the setting of long-term objectives and the mapping out of programmes of action designed to fulfill these objectives. Unlike a centrally planned economy, indicative planning works through the market rather than replaces it. To this end, the planning process specifically brings together both sides of industry (the trade unions and management) and the government.

Indirect Tax: A tax levied by the government that forms part of the purchase price of goods and services. Examples of indirect taxes are Value Added Tax, Excise Duty, and Sales Tax.

Indirect taxes are referred to as 'expenditure' taxes since they are incurred when income is spent, unlike Direct Taxes, such as Income Tax, which are incurred when 'income' is received.

Unlike a direct tax, which varies according to the income of the taxpayer (Progressive Taxation), indirect taxes are regressive, insofar as the same amount is paid by each taxpaying consumer regardless of income.

Intangible Assets: Non-physical assets such as goodwill, patents and trade marks which have a money value.

Intellectual Property Rights: The legal ownership by a person or business of a Copyright, Design, Patent, and Trade Mark attached to a particular product or process which protects the owner against unauthorized copying or imitation.

International Monetary Fund (IMF): Multination institution set up in 1947 (following the Bretton Woods Conference, 1944) to supervise the operation of a new international monetary regime. The IMF is based in Washington DC and currently has a membership of 181 countries. The Fund seeks to maintain cooperative and orderly currency arrangements between member countries with the aim of promoting increased International Trade and Balance of Payments Equilibrium.

Infrastructure: That particular sector of the economy which is essential to, but does not contribute anything directly to the process of economic growth e.g. roads, airports, sewage and water systems, railways, the telephone and other public utilities. Also called social overhead capital, infrastructure is basic to economic development and improvements as it can be used to help attract industry to a disadvantaged area.

Inter-Bank Market: The money market in which banks borrow or lend among themselves for fixed periods either to accommodate short-term liquidity problems or for lending on. The interest rate at which funds on loan are offered to first-class banks is called the inter-bank offered rate (IBOR) or, in London, the London Inter-Bank Offered Rate (LIBOR).

Joint Venture: A business arrangement in which two companies invest in a project over which both have partial control. It is a common way for companies to collaborate - especially on risky high-technology ventures - without engaging in full-scale merger.

Joint Stock Company: A company in which a number of people contribute funds to finance a Firm in return for Shares in the company. Joint-stock companies are able to raise funds by issuing shares to large numbers of Shareholders and thus are able to raise more capital to finance their operations than could a sole proprietor or even a partnership. The directors must report to the shareholders at an Annual General Meeting where shareholders can, in principle, vote to remove existing directors if they are dissatisfied with their performance.

Laissez-Faire: The principle of the non-intervention of government in economic affairs. This idea was introduced by Adam Smith in his classic *Wealth of Nations*.

Labour Intensive Firm/Industry: A firm that produces its output of goods or services using proportionately large inputs of labour and relatively small amounts of capital. Clothing manufacture, plumbing and hairdressing are examples of labour-intensive industries.

Limited Liability: A liability that limits the maximum loss that a shareholder is liable for in the event of company failure to share capital that he or she originally subscribed.

Listed Securities: It means the shares of the Company listed with one or more Stock Exchange for trading after complying with the listing requirements.

Listed Company: A Public Limited Company, which satisfies certain listing conditions and signs a listing agreement with Stock Exchange for trading in its securities.

Merger or Amalgamation: The combining together of two or more firms. Unlike a takeover, which involves one firm mounting a 'hostile' takeover bid for the other firm without the agreement of the victim firm's management, a merger is usually concluded by mutual agreement.

Money Supply: The amount of money in circulation in an economy. Money supply can be specified in a variety of ways and the total value of money in circulation depends the definition of money supply. Narrow definitions of money supply include only assets withpossessing ready liquidity. 'Broad' definitions include other assets, which are less liquid but are important in underpinning spending. The size of the money supply is an important determinant of the level of spending in the economy and its control is a particular concern of monetary policy.

Moratorium: A temporary ban on repayment of debt or interest, for a specified time. For example, the freezing of debt repayment extended by advanced country governments and private banks to a developing country that is experiencing acute balance of payments difficulties.

Most-Favoured Nation: An underlying principle of the World Trade Organization (WTO) whereby each country undertakes to apply the same rate of Tariff to all its trade partners. This general principle of non-discrimination evolved out of earlier WTO endorsement of bilateral trade treaties, whereby if country A negotiated a tariff cut with country B, and subsequently country B negotiated an even more favourable tariff cut with country C, then the tariff rate applying in the second case would also be extended to A.

Multi-Fibre Arrangement (MFA): A trade pact between some 80 developed and developing countries, introduced in 1974, that regulates international trade in textiles and clothing through the use of quotas on imports. Its purpose is to give poor countries guaranteed and growing access to markets in Europe and North America but at the same time to ensure this growth does not disrupt the older established textile clothing industries of the developed countries.

MFA is a form of protectionism that discriminates against the interests of the less developed countries, many of which are highly dependent on textile industries. However, under an agreement reached in the 'Uruguay Round' of negotiations, the MFA is to be phased out by 2005.

Multilateral Trade: International trade among all countries engaged in the export and import of goods / services.

Merit Goods: A commodity the consumption of which is regarded as socially desirable irrespective of consumers' preference. Governments are readily prepared to suspend consumers' sovereignty by subsidizing the provision of certain goods and services, for example education.

NASDAQ (National Association of Security Dealers' Automated Quotation): The exchange in New York that specializes in high-tech companies such as Microsoft, Dell and Amazon. The NASDAQ share price index monitors and records the share price movements of the companies listed in the exchange.
In 1999 NASDAQ set up an exchange in London as a direct competitor to the London Stock Exchange's Techmark exchange.

No-Delivery Period: Whenever a book closure or a record date is announced by a Company, the Exchange sets up a No-Delivery period for that security. During this period trading is permitted in that security. However, the trades are settled only after the no-delivery period is over. This is done to ensure that investor's entitlement for the corporate benefit is clearly determined.

Opportunity Cost: The value of that which must be given up to acquire or achieve something. Economists attempt to take a comprehensive view of the cost of an activity.

Ordinary Shares or Equity: A stock issued to those individuals and institutions providing long-term finance for companies. Ordinary shareholders are entitled to any net profits made by their company after all expenses, in the form of dividends. In the event of the company being wound up, they are entitled to any remaining assets of the business after all debts and the claims of preference shareholders have been discharged. They can vote at company Annual General Meetings

Outsourcing: The buying of components, finished products and services from outside the firm rather than self-supply from within the firm. It may be cost-effective sometimes to use outside suppliers or because outside suppliers are more technically competent or can supply a greater range of items. On the debit side, however, reliance on outside suppliers may make the firm vulnerable to disruptions in supplies, particularly missed delivery dates, problems with the quality of bought-in components, and 'unreasonable' terms and conditions imposed by powerful suppliers.

Oversubscription: A situation in which the number of shares applied for in a new share issue exceeds the numbers to be issued. This requires the issuer to devise some formula for allocating the shares. By contrast, under subscription occurs when the number of shares applied for falls short of the number on offer, requiring the issuing house that has underwritten the shares to buy the surplus shares itself.

Overdraft: A loan facility on a customer's current account at a bank permitting him to overdraw up to certain agreed limit for an agreed period. Interest is payable on the amount of the loan facility actually taken up, and it may, therefore, be a relatively inexpensive way of financing a fluctuating requirement.
Paid-Up Capital: That part of the issued capital of a company that has been paid up by the shareholders.

Paper Profit: An unrealized money increase in the value of an asset. An individual, for example, will have made a paper profit on his house if it is worth more now that it was when he bought it.

Per Capita Income: Income per head, normally defined as the national income divided by the total population. International comparisons of per capita income at current exchange rates need to be interpreted with caution.

Parkinson's Law: An observation by Professor C. Northcote Parkinson suggesting that work expands according to the time available in which to do it.

Par Value: The initial face value or nominal price of an ordinary share (as opposed to its market price). For example, a company may issue ordinary shares with a par value of say, Rs. 10 though its market price on the stock exchange may be higher or lower than this par value, depending upon current demand and supply for it.

Patent: The grant of temporary monopoly rights and control over new products, processes and techniques to their inventors by the government. Patent protection is seen as a way to foster technological progress by providing an opportunity for inventors and innovators to recoup development expenses and secure a profit reward for risk-taking. To minimize the danger of monopolistic exploitation, patents are granted for limited time periods only.

Payback Period: The period it takes for an investment to generate returns to recover in full original capital outlay. For example, a machine that costs Rs.1, 000 and generates a net cash inflow of Rs. 250 per year would have a payback period of four years.

Preference Share: A stock issued to those individuals and institutions that provide long-term finance for companies. Preference shares pay a fixed rate of dividend and are generally given priority over ordinary shares in receiving dividend. In the event of the company being wound up, they also have first claim on any remaining Assets of the business after all debts have been discharged. Generally, preference shareholders have no voting rights at company Annual General Meetings.

Progressive Taxation: A system in which tax is levied at an increasing rate as taxation rises. This form of taxation takes a greater proportion of tax from the high-income taxpayer. In India, for instance, the income tax rate slabs are 10%, 20% and 30 % beyond respective income levels. The greater the individual's earnings, the greater the rate of tax that is levied.

Virtually all Western economies exhibit some form of progressive taxation structure as a means of redistributing income from the more affluent members of society to the poorer. This type of Ability-To-Pay Principle is regarded as the most equitable form of taxation.

Pump Priming: Spending by the government on public works etc. aimed at increasing demand to stimulate economic activity and raise national income. Increased government spending will, through multiplier effects, enlarge spending in other sectors of the economy, serving to reduce unemployment and increasing output.

Purchasing Power: The extent to which a given monetary unit can buy goods and services. The greater the amount of goods and service purchased with, say, Rs.10, the greater is its purchasing power. Purchasing power is directly linked to the Retail Price Index and can be used to compare the material wealth of an average individual from a previous time period to the present.

Planned Economy: An economy in which state authorities rather than market forces directly determine prices, output and production. Although planned economies can take a variety of forms, their most important features usually include:

(a) production targets for different sectors, of the economy, that determine the supply of different targets for different sectors of the economy, that determine the supply of different commodities;

(b) rationing of certain commodities to determine demand for them;

(c) price-and wage-fixing by state bodies;

Price-Earnings (P/E) Ratio: The quoted price of an ordinary share divided by the most recent year's earnings per share. The P/E ratio is thus the reciprocal of the earnings yield and a measure of the price that has to be paid for a given income from an equity share.

Real Exchange Rate: The exchange rate of a currency expressed in constant price terms to make allowance for the effects of inflation. For example, where a country experiences a higher rate of domestic inflation than its trade competitors, then its exports will become more expensive than those of competitors' exports and its imports cheaper than domestic products, unless its exchange rate depreciates to offset fully the inflation differential. In situations where exchange rates are fixed by international agreement or determined by market forces that do not reflect relative inflation rates, then nominal exchange rates can differ significantly from real exchange rate. A country's real exchange rate is the more important measure of that country's international competitiveness.

Recession: A phase of the business cycle characterized by a modest downturn in economic activity. Real output and investment fall, resulting in rising unemployment. A recession is usually caused by a fall in aggregate demand, and provided that the authorities evoke expansionary fiscal policy and monetary policy, it can be reversed.

Rediscounting: The purchase and sale of bills of exchange, treasury bills and bonds between their issues and redemption dates. For example, if a bond with a nominal value of Rs.1000 redeemable in one year's time is sold initially for Rs.900 (giving a Rs.100 discount on its formal redemption value), then it might be resold or rediscounted for Rs.950 after six months.

Reflation: An increase in the level of National Income and output. Reflation is often deliberately brought about by the authorities to secure full employment and to increase the rate of economic growth. Instruments of reflationary policy include fiscal measures (for example, tax cuts) and monetary measures (for example, lower interest rates).

Repo Rate of Interest: The Interest Rate charged by the Central Bank of a country on treasury bills to buyers (mainly the Discount Market Houses) when they repurchase new bills to replace maturating bills.

Recession: An imprecise term given to a sharp slowdown in the rate of economic growth or a modest decline in economic activity, as distinct from a slump or depression which is a more severe and prolonged downturn. Recessions are a feature of the business cycle. Two successive declines in seasonally adjusted, quarterly, real gross domestic product would constitute a recession.

Repo: Sale and repurchase agreement under which funds are borrowed through the sale of short-term securities on condition that the instruments are repurchased at a given date. Used between central banks and the money market as part of open-market operations. First developed in the United States, repos are also widely used as a borrowing method by large corporations, banks and non-banking institutions.

Share Buyback: The purchase by a company of its own shares, thereby reducing the amount of its issued capital share. Buybacks are undertaken to return 'surplus' cash reserves to shareholders; more particularly, they are undertaken to increase earnings per share and dividend per share and thus (hopefully) lead to rise in the company's share price.

Shell Company: A company that is not actively trading but that is still listed on the stock exchange. Such a company can be purchased in a reverse takeover by a company wishing to obtain a stock-exchange listing.

Statutory Liquidity Ratio: The proportion of total time and demand liabilities of a bank which are held in the form of cash and liquid assets. In India, the commercial banks are supposed to maintain an SLR of 25% as per the RBI guidelines, which is subject to change from time to time depending on money market conditions. A relaxation in SLR has the impact of broadening the money supply, thereby making more credit available, while a rise in it denotes that now lesser funds are available for credit.

Sinking Fund: A fund into which periodic payments are made that, with Compound Interest, will ultimately be sufficient to meet a known future capital commitment or discharge a Liability. Such a fund may be used to finance the replacement of Fixed Assets at the end of their useful life or to purchase back company loan stock or debentures upon maturity.

Social Responsibility: A business philosophy that stresses the need for firms to behave as good corporate citizens, not merely obeying the law but furthering the interests of the stakeholders – shareholders, employees, customers, suppliers and the community.

Soft Loan: A loan with an interest rate substantially below that on a loan for a similar purpose and risk status. They are often given as a form of economic aid to developing countries by developed countries and international institutions and are used as a form of export subsidy. In addition, soft loans may be used to influence industrial location under a country's regional policy.

Secondary Market: A market in which assets are resold and purchased, as distinct from a primary market in which assets are sold for the first time. The stock exchange is a secondary market in which financial securities are traded, although it is also a primary market where these securities are issued for the first time.

Trade Deficit: The amount by which merchandise imports exceed merchandise exports

Transaction: Any agreement between two or more parties that established a legal obligation. The act of carrying out such an obligation. All activities that affect a deposit account that are performed at the request of the account holder

Travelers Check:A type of check designed especially for business or vacation travelers. The traveler pays for the checks in advance. Thus, the check is an order from the issuing company to pay on demand.

Underwriter: An analyst who reviews the supportive documentation to determine the risk associated with the loan request. The person who gives final loan approval.

Withdrawal: A removal of funds from a savings or checking account by the accounts owner.

2. Important Concepts:

Monetary Policy:

What is monetary policy?

Monetary and credit policy is the policy statement, traditionally bi-annual, through which the RBI targets a key set of indicators to ensure price stability in the economy. These factors include:

a) Money supply, commonly referred to as M3 — which indicates the stock of legal currency in the economy
b) Interest rates
c) Inflation

Besides, the RBI gets a platform to announce norms for financial bodies such as banks, financial institutions, NBFCs, primary dealers in the money markets and foreign exchange market dealers. It also gets an opportunity to spell out its overview on the economy, and an occasion for it to indicate deposit and advance targets for banks in the half-year.

How frequently is the monetary policy announced?

Historically, the monetary policy has been announced twice a year — one for the slack season (April-September) and one for the busy season (October-March). However, with the share of credit to agriculture coming down, the share of non-food credit in total credit has gone up. Since non-food credit is not seasonal, the RBI, in 1998-99, experimented with one policy announcement in April followed by a review in October. Now, the RBI has decided that the policy will be an annual affair.

How does the monetary policy impact me as an individual?

Till recently, the policy included an announcement on interest rates. The interest costs of banks would immediately either increase or decrease. A reduction in interest rates would prompt banks to lower their lending and borrowing rates. So if you want to have a deposit with a bank or take a loan, it would offer you a lower interest rate. On the other hand, if there were to be an increase in interest rates, banks would immediately increase their lending and borrowing rates.

How does the monetary policy affect the domestic industry and exporters in particular?

Exporters keenly look forward to the monetary policy since the central bank always makes an announcement on export refinance, or the rate at which the RBI will lend to banks, which have advanced pre-shipment credit to exporters. A lowering of these rates would mean lower borrowing costs for the exporter. The most important issue that the monetary policy has addressed till now has been that of interest rates. And since the interest rates affect the borrowing costs of corporates and as a result, their bottom lines, the monetary policy is very important to them.

Monetary Policy Rates: The banks in India are free to decide interest rates on term deposits and loans. Yet the RBI needs to control interest rates as it is an important tool to check inflation, one of its prime concerns. So the RBI continues to referee and provide a direction to interest rates. The Bank Rate is one of the tools used by RBI for this purpose as it refinances banks at this rate. In other words, the Bank Rate is the rate at which the banks borrow from the RBI.

What are CRR and SLR?

CRR (Cash Reserve Ratio) is the part of deposits the banks have to maintain with RBI. This serves two purposes - it ensures that a part of bank deposits is totally risk-free and also, it enables RBI control liquidity, and thereby, inflation. Besides CRR, banks are required to invest a portion (25%) of their deposits in government securities as a part of their statutory liquidity ratio (SLR) requirements. The government securities (called gilt-edged securities/ gilts) are Central government bonds to meet its revenue requirements. Although long-term, they are liquid as they have a ready secondary market.

What impact does a cut in CRR have on interest rates?

The RBI prescribes a CRR, or the minimum amount of cash that the banks have to maintain with it. It is fixed as a percentage of total deposits. The deposits earn around 4 %, less than half of the average cost of funds for banks. As more money chases the same number of borrowers, interest rates come down.

Does a change in SLR impact interest rates?

SLR reduction is not so relevant in the present context for two reasons: One, the government has begun borrowing at market-related rates. Therefore, banks get relatively better interest for their statutory investments in government securities.

Second, banks are still the main source of funds for the government, which means despite a lower SLR requirement, banks' investment in government securities will go up as government borrowing rises.

Therefore, to determine the interest rates, what matters is not the SLR requirement but the size of the government borrowing programme. As government borrowing increases, interest rates, too, look up.

What is PLR? What does a cut in PLR mean?

Prime Lending Rate (PLR) is the rate at which banks lend working capital to their best customers. However, most of them receive funds at a mark-up to the PLR of up to 3.5 % (PLR+). A company not considered a good risk will, therefore, get working capital loans at 15.5 %per cent even when the PLR is 12 %

However, there are some loans to which PLR do not apply - like some priority sectors, which are at directed and sub-PLR rates. At the same time, banks can charge higher rates on consumer loans such as car loans which are governed by their PLR.

Besides working capital loans, banks provide term loans to companies for new projects, for which they announce a separate medium-term prime lending rate (MTPLR). A cut in PLR means money is available at cheaper rates, thereby giving a fillip to new projects, encouraging new investments and stimulating demand.

Non-Performing Assets:

What are NPAs?

NPAs (Non-Performing Assets) are the loans given by a bank/ financial institution where the borrower defaults or delays interest or principal payments. Banks are now required to recognise such loans faster and classify them as problem assets. Close to 16% of loans made by Indian banks are NPAs - very high compared to say 5 % in banks in advanced countries.

Banks are not allowed to book any income from NPAs. Also, they have to provision for the NPA i.e. keep money aside in case they can't collect from the borrower.

How are NPAs classified?

In line with RBI, the bank loans are classified as performing and non-performing for income recognition and provisioning. The criteria for classification are:

Performing / Standard Assets: Loans for which interest and principal are received regularly. It also includes loans where arrears of interest and /or of principal do not exceed 180 days at the end of a financial year. No provisioning is required for such loans.

Non-Performing Assets: As per RBI, any loan repayment which is delayed beyond 180 days has to be identified as an NPA. They are further sub-classified into:

Sub-Standard Assets: Non-performing assets for not more than two years. Also, in cases where the loan repayment is rescheduled, RBI has asked banks to recognize the loans as sub-standard at least for a year.

Doubtful Assets: Loans which have remained non-performing for a period exceeding two years and which are not considered as loss assets. A major portion of assets under this category are `sick' companies referred to the B.I.F.R. and awaiting finalization of rehabilitation packages.

Loss Assets: Are one where the loss has been identified but the amount has not been written off wholly or partly. In other words, such an asset is considered uncollectible.

How do banks provide for NPAs?

The RBI has provisioning rules for NPAs i.e. banks have to set aside a portion of their funds to safeguard against any losses due to impaired loans. The banks have to set aside 10 % of sub-standard assets as provisions. The provisioning for doubtful assets is 20 % and for loss assets it is 100 %.

What is evergreening or rescheduling of loans?

Sometimes, to avoid classifying problem assets as NPAs, banks give another loan to the co. to help it pay the due interest on the original loan. While this allows the bank to project a healthy image, it actually worsens the problems and creates more NPAs in the long run.

How to solve the NPA problem? What steps have been taken so far?

Banks need better credit appraisal systems so as to prevent NPAs from happening. However, once NPAs happen, the problem can be solved only if there is enabling legal structure, since NPA recovery requires court orders. With judicial delays, debt recovery takes a very long time.
Banks are now working on Debt Recovery Tribunals to solve this problem. An Asset Reconstruction Company, has also been mooted for rehabilitating revivable NPAs and recovering funds out of unrevivable NPAs (gone cases).

Experts have also suggested the concept of narrow banking, where only strong and efficient banks will be allowed to give commercial loans, while the weak banks will take positions in less risky assets such as government securities and inter-bank lending.

Exchange Rates:

How are exchange rates determined?

The exchange rate is the value of one currency in terms of another. Today, currencies aren't weighed against each other and valued according to the amount of gold or silver contained in them, though done long ago to price different currencies. Now, a subtler method values currencies. Nations which attract more foreign exchange than they lose, see their currencies appreciate; those that lose more forex than they earn, see their currencies drop in value. The valuation is done by the marketplace — through the relentless buying and selling of different currencies.

Today, the volume of foreign exchange worldwide tops $1 trillion a day. Nations that run persistent trade surpluses or have huge capital inflows by way of foreign direct investment or stock market investment see their currencies appreciate since these inflows raise the stock of foreign currencies against the local one.

On the other hand, trade deficits and capital flight trigger depreciation. In currency markets, the relative strengths of economies, policies and expectations determine exchange rates.

Why do fundamentals and policies matter in exchange rate determination?

Fundamentals like employee productivity, transportation costs, input prices like energy, communications costs, taxation levels, quality of government and the fiscal state determine an economy's efficiency. These affect export performance and the ability of a country to absorb imports and investments. These influence the supply of local vs. overseas currencies, and determine exchange rates.

Policy matters a lot. Greater openness exposes nations to overseas trade and investment flows. This can cut both ways. Countries with good fundamentals do well; however, open economy policies also expose fundamental weaknesses rapidly. Perhaps the most important job for policymakers in economies trying to open up is to align domestic policies to global standards. Countries like India, having rickety economic foundations, are cautious and retain controls on overseas trade and investment.

Why do expectations matter for exchange rates?

Many countries, including India, follow a policy of dirty floats, where the exchange rate fluctuates but is controlled by the central bank. It often tries to hold currencies to targets or bands, which fundamentals can't support. Given these uncertainties, it is profitable to bet on future values of exchange rates, either for speculative gains or to insure against sudden movements. It's better for each player to act earlier than later: hence forex markets move on expectations, and often fully discount the effects of changes in fundamentals before they actually happen.

A phenomenon known as Sunspots syndromes — when expectations become self fulfilling and trigger actual changes — is common in forex markets. Eventually fundamentals, which depend on polices, influence interest rates, prices and eventually exchange rates. But forex markets move much faster than the government policies. Often movements are caused by simple rumours about policy changes.

Are exchange rate movements bad for the economy?

No. Movements in exchange rates do two important things. One, they tend to correct trade or capital flow imbalances which would cause tremendous damage if allowed to persist. For example, a sudden depreciation makes imports more expensive and tends to bring trade deficits down. On the other hand, an appreciation caused by capital inflows due to high interest rates will choke back exports and some forex earnings, and eventually arrest the appreciation.
However, large sea-saws in relatively short time are not desirable. One, they make it tough for people to reckon what a reasonable rate is.

Securitisation:

What is securitisation?

Securitisation is a process by which the forecast future income of an entity is transformed and sold as debt instruments such as bonds. This allows the company to get cash upfront, which can be productively used. It is done by suitably "repackaging" the cash flows or the free cash generated by the firm issuing these bonds.
A finance company with car loans can raise funds by selling these loans to another entity. But this sale can also be done by "securitising" its car loans portfolio into instruments with a fixed return based on the maturity profile. If the company has Re. 100 crore worth of car loans and is due to earn 17% income on them, it can securitise them into instruments with 16% return with safeguards against defaults. These could be sold by the co. to another if it needs funds before these repayments are due. The principal and interest repayment on the securitised instruments are met from the securitized assets.
Selling these securities will not only provide the co with cash before maturity, but also the assets (loans) will go out of the books of the finance co once they are securitised, a good thing as all risk is gone.

What can be securitised?

Any asset that generates funds over time can be securitized, including repayments under car loans, money credit card dues, airline ticket sales, road toll collections, and sales of petro products. In fact, artists have even raised funds by securitising the royalty they will get out of future sales of their records.
It works well if the securitised asset is homogenous w.r.t credit risk and maturity. Ideally, there should be historical data on the portfolio performance and the issuing company on credit quality and repayment speed.

How does it differ from financing through a straight bond or debenture issue?

Unlike a traditional bond issue, the repayment of funds raised through securitisation is not an obligation of the originator, or the finance company issuing the securitised instrument. In a straight bond or debenture issue, if the company goes bust, the investors would have a tough time getting their funds back. However, if one invests in a securitised instrument, investors are assured of interest payments even if the finance company goes bust, as the securitised loans are separated from the finance company's books through a special purpose vehicle which holds these assets. At the same time, as securitised instruments can be traded, the investor has liquidity as the securitised bond can be sold in the market.

How does it benefit the issuer?
The issuer can raise longer maturity funds than he would be able to do, otherwise. For instance, in case of toll roads, the costs can normally be recovered only over a very long period. A long-term repayment loan may not be easily available. Here, securitisation can provide a solution. For instance, conventional loans are generally backed by the borrower's existing assets. In many cases, the borrower may be unable to offer the required collateral. The process helps the borrower raise funds against future cash flows rather than existing assets.

What makes up a securitisation transaction?
The entities involved in the securitisation transaction are the seller , the issuer (special purpose vehicle which issues the securities), the servicer (which manages the portfolio), the trustee and the credit rating agency. Other entities involved are credit enhancement providers and the investors.

What kinds of roles are performed by each of these players?
The originator is the party which has a pool of assets, which it can offer for securitisation and is in need of immediate cash. The Special Purpose Vehicle (SPV) is the entity that will own the assets once they are securitised. Usually, this is in the form of a trust. It is necessary that the assets should be held by the SPV as this would ensure that the investors' interest is secure even if the originator goes bankrupt.
The servicer is an entity that will manage the asset portfolio and ensure that timely payments are made. The credit enhancer can be any party, which provides a reassurance to the investors that it will pay in the event of a default. This could take the form of a bank guarantee also.

Credit Rating:

What is credit rating?
A rating is an opinion of the credit rating agency (CRA), on the future ability of the company under question to make timely payments of principal and interest on the obligation. Expressed as a symbol, it measures the probability that the issuer will default on the security over the life of the instrument.

What are the different kinds of ratings in India?
Ratings can be of debt instruments whether fixed deposits, bonds, loans, future receivables, mutual funds, insurance companies and real estate developers etc.

What are the ratings based on?
A rating is based on a quantitative study of the company financials and qualitative factors such as management quality and integrity, the strength of its brands etc. The CRA attempts to measure the relative ability of the issuer of the instrument to service the obligations due Industry risk often determines the cap for most ratings. For instance, most non-banking financial services and agro-plantation cos are unable to get high ratings because of the high sectoral risk attached to these sectors. Stable businesses with stable or increasing market-shares usually get favourable long-term ratings and vice versa.

What does a rating not constitute?
A rating is neither a general evaluation of the issuer nor an assessment of the credit risk to be involved in all the debts contracted by concerned entity. Thus ratings on different instruments for the same co may differ on the tenure and the in-built protection for that instrument.

The rating is also not a recommendation to buy, hold or sell an instrument. This means that before deciding to purchase an instrument, you have to ensure the suitability of the investment to your risk profile.
Besides, since ratings change, it is always better to ask for the latest rating outstanding on the instrument, available on web-sites of CRISIL, CARE and ICRA.

What does the suffix '+' or ' - ' with the rating mean?
The financial flexibility of the co. determines the relative strength of the instrument within a rating category indicated by the suffixes '+' and '-'. The '+' suffix denotes a relatively higher standing within the category while the '-' rating indicates a relatively lower standing. Thus any instrument from the highest to the lowest grade can have a '+' or a '-' suffix.

What is the procedure for obtaining a rating?
While in the US, where rating began, it is issued both on the request of the co intending to issue the instrument and the CRA on its own initiative, in India ratings are only undertaken at the issuer's request. Also, in the USA all ratings whether accepted or not for use by the issuer are made public, while in India the rating is first communicated to the issuer and on its acceptance, it is made public.

However, a rating once accepted can be downgraded or upgraded by the CRA with prior notice to the issuer. In this case the issuer does not have the right to request that the downgrade or upgrade not be made public.

National Income:

What Are National Income Accounts?

Quite literally, they measure the value of production in an economy, and how that produce is disposed of in that economy. Though there are several components and categories in which this output is measured, the two most commonly reported measures are the Gross Domestic Product (GDP) at market prices, and GDP at factor cost.

These are the broadest measures of the output in the economy. A clarification here: what the GDP measures is “value-added”. This simply means that when we want to measure how much the economy produces, we should guard against overestimating the output through repeatedly accounting the same item.

For instance, if we were to measure the value of all tyres produced and then of all cars including the value of the tyres in the cars, we would have ended up counting the tyres twice. By looking only at value-added, GDP measurements prevent this from happening. There are two ways in which GDP can be measured. One way is to do so by measuring it at the production stage, and the other is to measure as the sum total of consumption. Of course both should yield the same result.

In India, Central Statistical Organisation (CSO) measures output from the production side, broadly dividing it into three sectors: agriculture, industry, and services. From consumption side, GDP is equal to sum of private consumption, government consumption, investment, and net exports (exports minus imports).

What’s The Difference Between GDP At Market Prices And GDP At Factor Cost?

GDP at market prices is inclusive of net indirect taxes levied by government on producers. Since producers pass 4these taxes onto consumers, value of these taxes is added on to price of output, and therefore value of aggregate output goes up by the aggregate net indirect tax (taxes minus subsidies). GDP at factor cost measures the value of output without the additional price imposed by taxes. Thus, GDP at factor cost is equal to the value of all factor costs, including wages (cost of labour), interest (cost of capital), rent, and profit (which is the cost of entrepreneurship). As a result, GDP at market prices is invariably higher than GDP at factor cost.

What Is GNP?

So far, we have not taken into account the additional consumption enjoyed by domestic economy due to repatriated income, profits and royalties form abroad. When these are added to GDP, we get the GNP, which stands for Gross National Product, since it includes not just value of what is produced domestically, but also what is gained from abroad. Since it is possible that the income from abroad is less than what the domestic payouts to the rest of the world, the net income from abroad can be negative (as it indeed is for India). Therefore, GNP can actually be less than GDP.

What Does The Term PPP In Relation To GDP Refer To?

If we measure the GDP per capita of all countries in the same currency, say the US Dollar, we might present a misleading picture of how well off people in different countries are. This is because exchange rates do not correctly reflect the purchasing power of currencies within their own economies. For example, although one US dollar is worth almost Rs. 50, a dollar in the US would not be able to by as much as Rs. 50 does in India.

To correct for this and make international comparisons more meaningful, we use the notion of purchasing power parity (PPP). In effect, what we are doing here is to make the conversation based on a notional exchange rate (one that tells you how many rupees you would need to by the same things as you could with a dollar in the US). In India’s case for example, if the GDP is expressed in US dollars using the PPP principle, it increases almost five-fold from the level suggested using nominal exchange rates.

Inflation:

What is inflation all about?

Inflation is the rate at which prices rise. Basically prices go up due to two factors: cost push and demand pull. The former occurs due00 to an increase in production cost, which gets translated into higher price for that item. The latter takes place when there is too much money with customers relative to the amount of goods available in the market. In such a situation we have too much money chasing too few goods and prices rise because people are willing to pay more for the same item. When the item being chased is in short supply, we have demand pull inflation.

As against inflation, we have deflation, a situation when prices take a tumble. This is a theoretical concept and something that rarely occurs in developing countries.

What's the nature of inflation in India?
In India we have a combination of both cost push and demand pull. For instance, the high growth in onion prices during the BJP regime was demand pull inflation, when the shortage of onions in the market took the prices to new heights.

Also, prices go up whenever there is a hike in petro prices. Inflation here is due to cost push factors. This is because petroleum is a vital input in many items and as an essential fuel for road transport, it adds to the transportation costs and so prices in general tend to rise.

Why do we feel the pinch of rising prices despite low inflation?
While the inflation figures that are published every week refer to wholesale price index (WPI) representing rate of increase in wholesale prices, what matters to us as individual buyers is the consumer price. Though prices in the wholesale market have grown at a slow pace (at about 2-3 per cent), comparatively consumer prices (measured in terms of consumer price index - CPI) have grown at a much faster pace (about 8-9 per cent). Hence the pinch.

Why is there such a difference between wholesale prices and consumer prices?
This is due to several factors. A substantial part of the differential is accounted for by the retailers' margin, which is built into the consumer's price. Besides, the way the two indices are calculated differs both in terms of weightage assigned to products and the kind of items included in the basket.

Why doesn't the government publish the trend in consumer prices?
While wholesale prices are almost the same throughout the country, retail prices vary across regions (rural and urban) and also across cities as per the consumer preferences for certain products, supplies and purchasing power. Besides, taxes levied by states comprise an important component of the variation in prices of many products.

Therefore, it is felt that it is important to give a more representative picture true for the entire nation. Therefore, the government sticks to trends in wholesale prices when it talks of inflation.

Price Indices:

What Is A Price Index?
It 's easy to measure changes in the prices of individual commodities, but how does one work out what the overall price increase in a whole basket of commodities? This is what a price index does. There are broadly two kinds of indices, a Wholesale Price Index (WPI) and a Consumer Price Index (CPI). Since the former measures change in wholesale prices, it reflects producer inflation as it affects the consumer.

How Many Kinds of CPI Are There?
In India, there are three kinds of CPI. These are the CPIs for agricultural labour (AL), Industrial workers (IW) and urban non-manual employees (UNME). The rationale behind these three groups is that the basket of goods consumed by each of them will differ significantly from that consumed by the others. For example, the CPI for AL will typically attach a higher weight to food groups, especially cereals, as it is as assumed that AL will spend a higher proportion of their wages on food than on, say, commuting. Conversely, the weight attached to transport costs would typically be higher in CPI-UNME than it would be in the CPI-AL. Also, certain items consumed by one class may simply not be available to, or part of the consumption basket of, another class of consumers.

How Is A CPI Constructed?
Preliminary to constructing a CPI for any class of consumers would be the need to identify what items form a major part of the consumption basket of the class as whole. This can only be achieved by means of a household survey. Next, each item would be assigned a weight in the overall index in proportion to its share in total expenditure. The index reflects nothing but the weighted average of each commodity's price. An appropriate base year is selected, in which the price of each commodity, and hence the overall index, is equated to 100. This base in then used as a benchmark for future prices. Thus, if potatoes cost, says Rs. 10 per kg in the base year and Rs. 20 in a subsequent year, the potato index for the later year would be 200. What the weights do is to assign degrees of importance to differential commodities.

Thus, if house rent has a 25% weight in the CPI-UNME, and rents increases by 20% per cent, this will lead to a 5% per cent increase in the overall CPI-UNME, other things remaining the same. On the other hand, if watches have a weight of only 1%, even if their prices were to double, this would affect the overall index by only1%.

What If People Stop Consuming Some Item or Start Consuming A New One Which Was Not A Part of The CPI Basket Thus Far?
It is indeed true that consumption patterns change over time. If the CPI for a particular class is to remain relevant, therefore, it must constantly be updated. This means a fresh survey leading to a new set of commodities and weights and hence an all-new base.

This apart, you could have situations where the commodity used in the basket has been replaced by a somewhat superior version, the original one no longer being available. For instance, mechanical watches may disappear altogether in favour of quartz watches. It would clearly be misleading to disregard this change. This is taken into account by what is called “splicing”. The new prices are adjusted for the fact that the item in question is superior to the original one.

Do We Need A CPI For All Consumers?
The CSO is now considering constructing a general CPI, not taking into account different consumer groups. So far, macro economic analysis typically uses the WPI, which may not be an accurate indicator of inflation faced by end-consumers, as wholesale and retail prices can be substantially different. A general CPI would be more relevant in this regard.

B. Indian Economy: The economy of India is the eleventh largest in the world by nominal GDP and the third largest by purchasing power parity (PPP). The country is one of the G-20 major economies and a member of BRICS. On a per capita income basis, India ranked 140th by nominal GDP and 129th by GDP (PPP) in 2011, according to the IMF.

After the independence-era Indian economy (before and a little after 1947) was inspired by the Soviet model of economic development, with a large public sector, high import duties combined with interventionist policies, leading to massive inefficiencies and widespread corruption. However, later on India adopted free market principles and liberalized its economy to international trade under the guidance of Manmohan Singh, who then was the Finance Minister of India under the leadership of P.V. Narasimha Rao the then Prime Minister who eliminated License Raj a pre- and post-British Era mechanism of strict government control on setting up new industry. Following these strong economic reforms, and a strong focus on developing national infrastructure such as the Golden Quadrilateral project by Atal Bihari Vajpayee the then Prime Minister the country's economic growth progressed at a rapid pace with very high rates of growth and large increases in the incomes of people.

India recorded the highest growth rates in the mid-2000s, and is one of the fastest-growing economies in the world. India has recorded a growth of over 200 times in per capita income in a period from 1947 (₹ 249.6) to 2011. The growth was led primarily due to a huge increase in the size of the middle class consumer, a large labour force, growth in the manufacturing sector due to rising education levels and engineering skills and considerable foreign investments. India is the nineteenth largest exporter and tenth largest importer in the world. Economic growth rate stood at around 6.5% for the 2011–12 fiscal year, as against 8.4% achieved in each of two preceding years. The sharp decline in India's GDP growth rates is mainly due to the Central bank's high-interest regime & it is widely believed reduction in key interest rates would immediately boost India's growth to over 8%, easily making it world's fastest economy. But the Central bank is keen in curbing inflation to less than 5% as against present levels of ~7.5% (out-pacing growth) and hence it has refrained from slashing down interest rates which would cause the inflation to spiral out of control ultimately neutralizing growth rates.

During the eleventh five-year plan (2007-12), India's GDP (at factor cost) grew by 47% from Rs.35.64 trillion in 2007 to Rs.52.22 trillion in 2012 averaging 7.94% per annum. During the same period India's GDP at market price grew by 208% from Rs.42.95 trillion in 2007 to Rs.89.12 trillion in 2012. If the same trend is to continue, the market price GDP will cross Rs.200 trillion by 2017.

1. **Overview:** A combination of protectionist, import-substitution, and Fabian socialist-inspired policies governed India for sometime after the end of British occupation. The economy was then characterised by extensive regulation, protectionism, public ownership, pervasive corruption and slow growth. Since 1991, continuing economic liberalisation has moved the country towards a market-based economy. By 2008, India had established itself as one of the world's fastest growing economies. Growth significantly slowed to 6.8% in 2008–09, but subsequently recovered to 7.4% in 2009–10, while the fiscal deficit rose from 5.9% to a high 6.5% during the same period. India’s current account deficit surged to 4.1% of GDP during Q2 FY11 against 3.2% the previous quarter. The unemployment rate for 2010–11, according to the state Labour Bureau, was 9.8% nationwide. As of 2011, India's public debt stood at 68.05% of GDP which is highest among the emerging economies.

India's large service industry accounts for 57.2% of the country's GDP while the industrial and agricultural sectors contribute 28.6% and 14.6% respectively. Agriculture is the predominant occupation in Rural India, accounting for about 52% of employment. The service sector makes up a further 34%, and industrial sector around 14%. However, statistics from a 2009–10 government survey, which used a smaller sample size than earlier surveys, suggested that the share of agriculture in employment had dropped to 45.5%.

Major industries include telecommunications, textiles, chemicals, food processing, steel, transportation equipment, cement, mining, petroleum, machinery, software and pharmaceuticals. The labour force totals 500 million workers. Major agricultural products include rice, wheat, oilseed, cotton, jute, tea, sugarcane, potatoes, cattle, water buffalo, sheep, goats, poultry and fish. In 2010–2011, India's top five trading partners are United Arab Emirates, China, United States, Saudi Arabia and Germany.

Previously a closed economy, India's trade and business sector has grown fast. India currently accounts for 1.5% of world trade as of 2007 according to the World Trade Statistics of the WTO in 2006, which valued India's total merchandise trade (counting exports and imports) at $294 billion and India's services trade at $143 billion. Thus, India's global economic engagement in 2006 covering both merchandise and services trade was of the order of $437 billion, up by a record 72% from a level of $253 billion in 2004. India's total trade in goods and services has reached a share of 43% of GDP in 2005–06, up from 16% in 1990–91. In the year 2010–11 India's total merchandisee trade (counting exports and imports) stands at $ 606.7 billion and is currently the 9th largest in the world. During 2011–12, India's foreign trade grew by an impressive 30.6% to reach $ 792.3 billion (Exports-38.33% & Imports-61.67%).

2. History:

Pre-liberalisation period (1947–1991): Indian economic policy after independence was influenced by the colonial experience, which was seen by Indian leaders as exploitative, and by those leaders' exposure to British social democracy as well as the progress achieved by the planned economy of the Soviet Union. Domestic policy tended towards protectionism, with a strong emphasis on import substitution industrialisation, economic interventionism, a large public sector, business regulation, and central planning, while trade and foreign investment policies were relatively liberal. Five-Year Plans of India resembled central planning in the Soviet Union. Steel, mining, machine tools, telecommunications, insurance, and power plants, among other industries, were effectively nationalised in the mid-1950s.

Jawaharlal Nehru, the first prime minister of India, along with the statistician Prasanta Chandra Mahalanobis, formulated and oversaw economic policy during the initial years of the country's existence. They expected favorable outcomes from their strategy, involving the rapid development of heavy industry by both public and private sectors, and based on direct and indirect state intervention, rather than the more extreme Soviet-style central command system. The policy of concentrating simultaneously on capital- and technology-intensive heavy industry and subsidising manual, low-skill cottage industries was criticised by economist Milton Friedman, who thought it would waste capital and labour, and retard the development of small manufacturers. The rate of growth of the Indian economy in the first three decades after independence was derisively referred to as the Hindu rate of growth by economists, because of the unfavourable comparison with growth rates in other Asian countries.

Since 1965, the use of high-yielding varieties of seeds, increased fertilisers and improved irrigation facilities collectively contributed to the Green Revolution in India, which improved the condition of agriculture by increasing crop productivity, improving crop patterns and strengthening forward and backward linkages between agriculture and industry. However, it has also been criticised as an unsustainable effort, resulting in the growth of capitalistic farming, ignoring institutional reforms and widening income disparities.

Subsequently the Emergency and Garibi Hatao concept by which the income tax levels at one point raised to a maximum of 97.5%, a record in the world for non-communist economies, started diluting the earlier efforts.

Post-liberalisation period (since 1991): In the late 1970s, the government led by Morarji Desai eased restrictions on capacity expansion for incumbent companies, removed price controls, reduced corporate taxes and promoted the creation of small scale industries in large numbers. However, the subsequent government policy of Fabian socialism hampered the benefits of the economy, leading to high fiscal deficits and a worsening current account. The collapse of the Soviet Union, which was India's major trading partner, and the Gulf War, which caused a spike in oil prices, resulted in a major balance-of-payments crisis for India, which found itself facing the prospect of defaulting on its loans. India asked for a $1.8 billion bailout loan from the International Monetary Fund (IMF), which in return demanded reforms.

In response, Prime Minister Narasimha Rao, along with his finance minister Manmohan Singh, initiated the economic liberalisation of 1991. The reforms did away with the Licence Raj, reduced tariffs and interest rates and ended many public monopolies, allowing automatic approval of foreign direct investment in many sectors. Since then, the overall thrust of liberalisation has remained the same, although no government has tried to take on powerful lobbies such as trade unions and farmers, on contentious issues such as reforming labour laws and reducing agricultural subsidies. By the turn of the 20th century, India had progressed towards a free-market economy, with a substantial reduction in state control of the economy and increased financial liberalisation. This has been accompanied by increases in life expectancy, literacy rates and food security, although urban residents have benefited more than agricultural residents.

While the credit rating of India was hit by its nuclear weapons tests in 1998, it has since been raised to investment level in 2003 by S&P and Moody's. In 2003, Goldman Sachs predicted that India's GDP in current prices would overtake France and Italy by 2020, Germany, UK and Russia by 2025 and Japan by

2035, making it the third largest economy of the world, behind the US and China. India is often seen by most economists as a rising economic superpower and is believed to play a major role in the global economy in the 21st century.

3. Sectors:

Industry and services: Industry accounts for 28% of the GDP and employ 14% of the total workforce. In absolute terms, India is 12th in the world in terms of nominal factory output. The Indian industrial sector underwent significant changes as a result of the economic reforms of 1991, which removed import restrictions, brought in foreign competition, led to privatisation of certain public sector industries, liberalised the FDI regime, improved infrastructure and led to an expansion in the production of fast moving consumer goods. Post-liberalisation, the Indian private sector was faced with increasing domestic as well as foreign competition, including the threat of cheaper Chinese imports. It has since handled the change by squeezing costs, revamping management, and relying on cheap labour and new technology. However, this has also reduced employment generation even by smaller manufacturers who earlier relied on relatively labour-intensive processes.

Textile: Textile manufacturing is the second largest source of employment after agriculture and accounts for 20% of manufacturing output, providing employment to over 20 million people. As stated in late January, by the then Minister of Textiles, India, Shri Shankersinh Vaghela, the transformation of the textile industry from a degrading to rapidly developing industry, has become the biggest achievement of the central government. After freeing the industry in 2004–2005 from a number of limitations, primarily financial, the government gave the green light to the flow of massive investment – both domestic and foreign. During the period from 2004 to 2008, total investment amounted to 27 billion dollars. By 2012, still convinced of the government, this figure will reach 38 billion as expected; these investments in 2012 will create an additional sector of more than 17 million jobs. But demand for Indian textiles in world markets continues to fall. Ludhiana produces 90% of woollens in India and is known as the Manchester of India. Tirupur has gained universal recognition as the leading source of hosiery, knitted garments, casual wear and sportswear. Considering the 15,000 Cr sale of the textile products and nominal 20% net profit and 257,572 Population of the city, per capita income of Ichalkaranji is 1,16,472, amongst the cities having highest per capita income in the country. Textile Development Cluster : To enhance and improve the infrastructure facilities of the city, Municipal Council along with Ichalkaranji Co-operative Industrial Estate, Laxmi Co-operative Industrial Estate, Parvati Industrial Estate and DKTE Textile and Engineering Institute have jointly come together and formed a Special Purpose Vehicle (SPV) company viz. "Ichalkaranji Textile Development Cluster Limited (ITDC).The individual members will contribute to the extent of about 50% of the project cost and the balance amount would come in from the grant in aid from Department of Industrial Promotion and Policy, Government of India,under the Industrial Infrastructure up-gradation Scheme (IIUS).

Services: India is 13th in services output. The services sector provides employment to 23% of the work force and is growing quickly, with a growth rate of 7.5% in 1991–2000, up from 4.5% in 1951–80. It has the largest share in the GDP, accounting for 55% in 2007, up from 15% in 1950. Information technology and business process outsourcing are among the fastest growing sectors, having a cumulative growth rate of revenue 33.6% between 1997–98 and 2002–03 and contributing to 25% of the country's total exports in 2007–08. The growth in the IT sector is attributed to increased specialisation, and an availability of a large pool of low cost, highly skilled, educated and fluent English-speaking workers, on the supply side, matched on the demand side by increased demand from foreign consumers interested in India's service exports, or those looking to outsource their operations. The share of the Indian IT industry in the country's GDP increased from 4.8 % in 2005–06 to 7% in 2008. In 2009, seven Indian firms were listed among the top 15 technology outsourcing companies in the world.

Retail: Retailing in India is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP. The Indian retail market is estimated to be US$ 450 billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail market in the world, with 1.2 billion people.India's retailing industry is essentially owner manned small shops. In 2010, larger format convenience stores and supermarkets accounted for about 4 percent of the industry, and these were present only in large urban centers. India's retail and logistics industry employs about 40 million Indians (3.3% of Indian population).

Until 2011, Indian central government denied foreign direct investment (FDI) in multi-brand retail, forbidding foreign groups from any ownership in supermarkets, convenience stores or any retail outlets. Even single-brand retail was limited to 51% ownership and a bureaucratic process.

In November 2011, India's central government announced retail reforms for both multi-brand stores and single-brand stores. These market reforms paved the way for retail innovation and competition with multi-brand retailers such as Walmart, Carrefour and Tesco, as well single brand majors such as IKEA, Nike, and Apple. The announcement sparked intense activism, both in opposition and in support of the reforms. In December 2011, under pressure from the opposition, Indian government placed the retail reforms on hold till it reaches a consensus. In January 2012, India approved reforms for single-brand stores welcoming anyone in the world to innovate in Indian retail market with 100% ownership, but imposed the requirement that the single brand retailer source 30 percent of its goods from India. Indian government continues the hold on retail reforms for multi-brand stores. In June 2012, IKEA announced it has applied for permission to invest $1.9 billion in India and set up 25 retail stores. Fitch believes that the 30 percent requirement is likely to significantly delay if not prevent most single brand majors from Europe, USA and Japan from opening stores and creating associated jobs in India.On 14 September 2012, the government of India announced the opening of FDI in multi brand retail, subject to approvals by individual states. This decision has been welcomed by economists and the markets, however has caused protests and an upheaval in India's central government's political coalition structure. On 20 September 2012, the Government of India formally notified the FDI reforms for single and multi brand retail, thereby making it effective under Indian law.

Tourism: Tourism in India is the largest service industry, with a contribution of 6.23% to the national GDP and 8.78% of the total employment in India. In 2010, total Foreign Tourist Arrivals (FTA) in India were 5.78 million and India generated about 200 billion US dollars in 2008 and that is expected to increase to US$375.5 billion by 2018 at a 9.4% annual growth rate. The majority of foreign tourists come from USA and UK. Kerala, Tamil Nadu, Delhi, Uttar Pradesh and Rajasthan are the top five states to receive inbound tourists. Domestic tourism in the same year was 740 million. Andhra Pradesh, Uttar Pradesh, Tamil Nadu and Maharashtra received the big share of these visitors. Ministry of Tourism is the nodal agency to formulate national policies and programmes for the development and promotion of tourism. In the process, the Ministry consults and collaborates with other stakeholders in the sector including various Central Ministries/agencies, the state governments and union territories and the representatives of the private sector. Concerted efforts are being made to promote new forms of tourism such as rural, cruise, medical and eco-tourism. The Ministry of Tourism also maintains the Incredible India campaign.

In 2011, total Foreign Tourist Arrivals (FTA) in India were 6.18 million and Foreign Exchange Earnings stood at US$ 16.691 billion (Global rank-17) up 17.6% from previous year figure of US$ 14.193 billion (5.58 million FTAs in 2010). India's Foreign Exchange earnings grew by an astonishing 14.1% (CAGR) during 2001-10 out-pacing global average 7.7%. Owing to steady decade-long growth India's share in world Foreign exchange earnings has gone up from 0.64% in 2002 to about 1.72% in 2011.

According to World Travel and Tourism Council, India will be a tourism hot-spot from 2009 to 2018, having the highest 10-year growth potential. The *Travel & Tourism Competitiveness Report 2007* ranked tourism in India sixth in terms of price competitiveness and 39th in terms of safety and security. Despite short- and medium-term setbacks, such as shortage of hotel rooms, tourism revenues are expected to surge by 42% from 2007 to 2017. India's rich history and its cultural and geographical diversity make its international tourism appeal large and diverse. It presents heritage and cultural tourism along with medical, business and sports tourism. India has one of the largest and fastest growing medical tourism sectors.

Mining: Mining forms an important segment of the Indian economy, with the country producing 79 different minerals (excluding fuel and atomic resources) in 2009–10, including iron ore, manganese, mica, bauxite, chromite, limestone, asbestos, fluorite, gypsum, ochre, phosphorite and silica sand. The GDP contribution of the mining industry varies from 2.2% to 2.5% only but going by the GDP of the total industrial sector it contributes around 10% to 11%. Even mining done on small scale contributes 6% to the entire cost of mineral production. Indian mining industry provides job opportunities to around 700,000 individuals.

India is the largest producer of sheet mica, the third largest producer of iron ore and the fifth largest producer of bauxite in the world. India's metal and mining industry was estimated to be $106.4bn (£68.5bn) in 2010.

However, the mining in India is also infamous for human right violations and environmental pollution. The industry has been hit by several high profile mining scandals in recent times.

Agriculture: India ranks second worldwide in farm output. Agriculture and allied sectors like forestry, logging and fishing accounted for 15.7% of the GDP in 2009–10, employed 52.1% of the total workforce, and despite a steady decline of its share in the GDP, is still the largest economic sector and a significant piece of the overall socio-economic development of India. Yields per unit area of all crops have grown since 1950, due to the special emphasis placed on agriculture in the five-year plans and steady improvements in irrigation, technology, application of modern agricultural practices and provision of agricultural credit and subsidies since the Green Revolution in India. However, international comparisons reveal the average yield in India is generally 30% to 50% of the highest average yield in the world. Indian states Uttar Pradesh, Punjab, Haryana, Madhya Pradesh, Andhra Pradesh, Bihar, West Bengal, Gujarat and Maharashtra are key agricultural contributing states of India.

India receives an average annual rainfall of 1,208 millimetres (47.6 in) and a total annual precipitation of 4000 billion cubic metres, with the total utilisable water resources, including surface and groundwater, amounting to 1123 billion cubic metres. 546,820 square kilometres (211,130 sq mi) of the land area, or about 39% of the total cultivated area, is irrigated. India's inland water resources including rivers, canals, ponds and lakes and marine resources comprising the east and west coasts of the Indian ocean and other gulfs and bays provide employment to nearly six million people in the fisheries sector. In 2008, India had the world's third largest fishing industry.

(i) Accomplishments: As of 2011, India had a large and diverse agricultural sector, accounting, on average, for about 16 percent of GDP and 10 percent of export earnings. India's arable land area of 159.7 million hectares (394.6 million acres) is the second largest in the world, after the United States. Its gross irrigated crop area of 82.6 million hectares (215.6 million acres) is the largest in the world. India has grown to become among the top three global producers of a broad range of crops, including wheat, rice, pulses, cotton, peanuts, fruits, and vegetables. It is the second largest producer of rice, wheat, sugarcane, cotton and groundnuts, as well as the second largest fruit and vegetable producer, accounting for 10.9% and 8.6% of the world fruit and vegetable production respectively. India is also the second largest producer and the largest consumer of silk in the world. Worldwide, as of 2011, India had the largest herds of buffalo and cattle, is the largest producer of milk, and has one of the largest and fastest growing poultry industries.

The following table presents the twenty most important agricultural products in India, by economic value, in 2009. Included in the table is the average productivity of India's farms for each produce. For context and comparison, included is the average of the most productive farms in the world and name of country where the most productive farms existed in 2010. The table suggests India has large potential for further accomplishments from productivity increases, in increased agricultural output and agricultural incomes.

Agriculture in India, largest crops by economic value

		Economic value	Unit price	Average yield, India (2010)	World's most productive farms (2010)	
Rank	Produce	(2009 prices, US$)	(US$ / kilogram)	(tons per hectare)	(tons per hectare)	Country
1	Rice	$35.74 billion	0.27	3.3	10.8	Australia
2	Buffalo milk	$25.07 billion	0.4	1.7	1.9	Pakistan
3	Cow milk	$14.09 billion	0.31	1.2	10.3	Israel
4	Wheat	$12.13 billion	0.15	2.8	8.9	Netherlands
5	Sugar cane	$8.61 billion	0.03	66	125	Peru
6	Mangoes	$8.12 billion	0.6	6.3	40.6	Cape Verde
7	Bananas	$7.60 billion	0.28	37.8	59.3	Indonesia
8	Cotton	$5.81 billion	1.43	1.6	4.6	Israel
9	Potatoes	$5.31 billion	0.15	19.9	44.3	USA
10	Fresh Vegetables	$5.28 billion	0.19	13.4	76.8	USA
11	Tomatoes	$4.12 billion	0.37	19.3	524.9	Belgium
12	Buffalo meat	$3.84 billion	2.69	0.138	0.424	Thailand
13	Onions	$2.92 billion	0.21	16.6	67.3	Ireland
14	Okra	$2.90 billion	0.64	10.6	20.2	Cyprus
15	Chick peas	$2.83 billion	0.4	0.9	2.8	China
16	Fresh fruits	$2.79 billion	0.35	7.6	23.9	Israel
17	Eggs	$2.65 billion	0.83	13.8	24.7	Jordan
18	Soyabean	$2.61 billion	0.26	1.1	3.7	Turkey
19	Cattle meat	$2.39 billion	2.7	0.1	0.42	Japan
20	Groundnuts	$2.33 billion	0.42	1.1	5.5	Nicaragua

The Statistics Office of the Food and Agriculture Organization reported that, per final numbers for 2009, India had grown to become the world's largest producer of the following agricultural produce:

➢ Fresh Fruit ➢ Lemons and limes ➢ Buffalo milk, whole, fresh ➢ Castor oil seeds ➢ Sunflower seeds ➢ Sorghum ➢ Millet ➢ Spices ➢ Okra ➢ Jute ➢ Beeswax ➢ Bananas ➢ Mangoes, mangosteens, guavas	➢ Pulses ➢ Indigenous Buffalo Meat ➢ Fruit, tropical ➢ Ginger ➢ Chick peas ➢ Areca nuts ➢ Other Bastfibres ➢ Pigeon peas ➢ Papayas ➢ Chillies and peppers, dry ➢ Anise, badian, fennel, coriander ➢ Goat milk, whole, fresh

Per final numbers for 2009, India is the world's second largest producer of the following agricultural produce:

➢ Wheat ➢ Rice ➢ Vegetables, fresh ➢ Sugar cane ➢ Groundnuts, with shell ➢ Lentils ➢ Garlic ➢ Cauliflowers and broccoli ➢ Peas, green ➢ Sesame seed ➢ Cashew nuts, with shell ➢ Silk-worm cocoons, reelable	➢ Cow milk, whole, fresh ➢ Tea ➢ Potatoes ➢ Onions ➢ Cotton lint ➢ Cottonseed ➢ Eggplants (aubergines) ➢ Nutmeg, mace and cardamoms ➢ Indigenous Goat Meat ➢ Cabbages and other brassicas ➢ Pumpkins, squash and gourds

In 2009, India was the world's third largest producer of eggs, oranges, coconuts, tomatoes, peas and beans.

In addition to growth in total output, agriculture in India has shown an increase in average agricultural output per hectare in last 60 years. The table below presents average farm productivity in India over three farming years for some crops. Improving road and power generation infrastructure, knowledge gains and reforms has allowed India to increase farm productivity between 40% to 500% over 40 years. India's recent accomplishments in crop yields while being impressive, are still just 30% to 60% of the best crop yields achievable in the farms of developed as well as other developing countries. Additionally, despite these gains in farm productivity, losses after harvest due to poor infrastructure and unorganized retail cause India to experience some of the highest food losses in the world.

Agriculture productivity in India, growth in average yields from 1970 to 2010

Crop	Average YIELD, 1970-1971	Average YIELD, 1990-1991	Average YIELD, 2010–2011
	kilogram per hectare	kilogram per hectare	kilogram per hectare
Rice	1123	1740	2240
Wheat	1307	2281	2938
Pulses	524	578	689
Oilseeds	579	771	1325
Sugarcane	48322	65395	68596
Tea	1182	1652	1669
Cotton	106	225	510

India and China are competing to establish the world record on rice yields. Yuan Longping of China National Hybrid Rice Research and Development Center, China, set a world record for rice yield in 2010 at 19 tonnes per hectare in a demonstration plot. In 2011, this record was surpassed by an Indian farmer, Sumant Kumar, with 22.4 tonnes per hectare in Bihar, also in a demonstration plot. Both these farmers claim to have employed newly developed rice breeds and System of Rice Intensification (SRI), a recent innovation in rice farming. The claimed Chinese and Indian yields have yet to be demonstrated on 7 hectare farm lots and that these are reproducible over two consecutive years on the same farm.

(ii) Problems: Indian agriculture includes a mix of traditional to modern farming techniques. In some parts of India, traditional use of cattle to plough farms remains in use. Traditional farms have some of the lowest per capita productivities and farmer incomes.

"With a population of just over 1.2 billion, India is the world's largest democracy. In the past decade, the country has witnessed accelerated economic growth, emerged as a global player with the world's fourth largest economy in purchasing power parity terms, and made progress towards achieving most of the Millennium Development Goals. India's integration into the global economy has been accompanied by impressive economic growth that has brought significant economic and social benefits to the country. Nevertheless, disparities in income and human development are on the rise. Preliminary estimates suggest that in 2009-10 the combined all India poverty rate was 32% compared to 37% in 2004-05. Going forward, it will be essential for India to build a productive, competitive, and diversified agricultural sector and facilitate rural, non-farm entrepreneurship and employment. Encouraging policies that promote competition in agricultural marketing will ensure that farmers receive better prices."

—World Bank: "India Country Overview 2011"

A 2003 analysis of India's agricultural growth from 1970 to 2001, by Food and Agriculture Organization of the United Nations, identified systemic problems in Indian agriculture. For food staples, the annual growth rate in production during the six-year segments 1970-76, 1976–82, 1982–88, 1988–1994, 1994-2000 were found to be respectively 2.5, 2.5, 3.0, 2.6, and 1.8 percent per annum. Corresponding analyses for the index of total agricultural production show a similar pattern, with the growth rate for 1994-2000 attaining only 1.5 percent per annum. The low growth rates may constitute in part a response to inadequate returns to Indian farmers. India has very poor rural roads affecting timely supply of inputs and timely transfer of outputs from Indian farms, inadequate irrigation systems, crop failures in some parts of the country because of lack of water while in other parts because of regional floods, poor seed quality and inefficient farming practices in certain parts of India, lack of cold storage and harvest spoilage causing over 30% of farmer's produce going to waste, lack of organized retail and competing buyers thereby limiting Indian farmer's ability to sell the surplus and commercial crops. The Indian farmer receives just 10 to 23 percent of the price the Indian consumer pays for exactly the same produce, the difference going to losses, inefficiencies and middlemen traders. Farmers in developed economies of Europe and the United States, in contrast, receive 64 to 81 percent of the price the local consumer pays for exactly the same produce in their supermarkets.

Even though, India has shown remarkable progress in recent years and has attained self sufficiency in food staples, the productivity of Indian farms for the same crop is very low compared to farms in Brazil, the United States, France and other nations. Indian wheat farms, for example, produce about a third of wheat per hectare per year in contrast with wheat farms in France. Similarly, at 44 million hectares, India had the largest farm area under rice production in 2009; yet, the rice farm productivity in India was less than half the rice farm productivity in China. Other food staples productivity in India is similarly low, suggesting a major opportunity for growth and future agricultural prosperity potential in India. Indian total factor productivity growth remains below 2 percent per annum; in contrast, China has shown total factor productivity growths of about 6 percent per annum, even though China too has smallholding farmers. If India could adopt technologies and improve its infrastructure, several studies suggest India could eradicate hunger and malnutrition within India, and be a major source of food for the world.

Within India, average yields for various crops vary significantly between Indian states. Some Indian states produce two to three times more grains per acre of land than the grain produced in same acre of land in other Indian states. Crop yields for some farms within India are within 90% of the best achieved yields by farms in developed countries such as the United States and in European Union. No single state of India is best in every crop. Indian states such as Tamil Nadu achieve highest yields in rice and sugarcane, Haryana enjoys the highest yields in wheat and coarse grains, Karnataka does well in cotton, Bihar does well in pulses, while other states do well in horticulture, aquaculture, flower and fruit plantations. These differences in agricultural productivity within India is a function of local infrastructure, soil quality, micro-climates, local resources, farmer knowledge and innovations. However, one of the serious problems in India is the lack of rural road network, storage, logistics network, and efficient retail to allow free flow of farm produce from most productive but distant Indian farms to Indian consumers. Indian retail system is highly inefficient. Movement of agricultural produce within India is heavily and overly regulated, with inter-state and even inter-district restrictions on marketing and movement of agricultural goods. The talented and efficient farms are currently unable to focus on the crops they can produce with high yields and at lowest costs.

One study suggests Indian agricultural policy should best focus on improving rural infrastructure primarily in form of irrigation and flood control infrastructure, knowledge transfer in forms of better yielding and more disease resistant seeds with the goal of sustainably producing as many kilograms of food staples per hectare as already produced sustainably in other nations. Additionally, cold storage, hygienic food packaging and efficient modern retail to reduce waste can also dramatically improve India's agricultural output availability and rural incomes.

The low productivity in India is a result of the following factors:

- The average size of land holdings is very small (less than 2 hectares) and is subject to fragmentation due to land ceiling acts, and in some cases, family disputes. Such small holdings are often over-manned, resulting in disguised unemployment and low productivity of labour. Some reports claim smallholder farming may not because of poor productivity, since the productivity is higher in China and many developing economies even though China smallholder farmers constitute over 97 percent of its farming population. Chinese smallholder farmer is able to rent his land to larger farmers, China's organized retail and extensive Chinese highways are able to provide the incentive and infrastructure necessary to its farmers for sharp increases in farm productivity.
- Adoption of modern agricultural practices and use of technology is inadequate, hampered by ignorance of such practices, high costs and impracticality in the case of small land holdings.
- According to the World Bank, Indian Branch: Priorities for Agriculture and Rural Development", India's large agricultural subsidies are hampering productivity-enhancing investment. Overregulation of agriculture has increased costs, price risks and uncertainty. Government intervenes in labour, land, and credit markets. India has inadequate infrastructure and services. World Bank also says that the allocation of water is inefficient, unsustainable and inequitable. The irrigation infrastructure is deteriorating. The overuse of water is currently being covered by over pumping aquifers, but as these are falling by foot of groundwater each year, this is a limited resource.
- Illiteracy, general socio-economic backwardness, slow progress in implementing land reforms and inadequate or inefficient finance and marketing services for farm produce.
- Inconsistent government policy. Agricultural subsidies and taxes often changed without notice for short term political ends.
- Irrigation facilities are inadequate, as revealed by the fact that only 52.6% of the land was irrigated in 2003–04, which result in farmers still being dependent on rainfall, specifically the Monsoon season. A good monsoon results in a robust growth for the economy as a whole, while a poor monsoon leads to a sluggish growth. Farm credit is regulated by NABARD, which is the statutory apex agent for rural development in the subcontinent. At the same time overpumping made possible by subsidized electric power is leading to an alarming drop in aquifer levels.
- A third of all food that is produced rots due to inefficient supply chains and the use of the "Walmart model" to improve efficiency is blocked by laws against foreign investment in the retail sector.[1]

Banking and finance: The Indian money market is classified into the organised sector, comprising private, public and foreign owned commercial banks and cooperative banks, together known as *scheduled banks*, and the unorganised sector, which includes individual or family owned indigenous bankers or money lenders and non-banking financial companies. The unorganised sector and microcredit are still preferred over traditional banks in rural and sub-urban areas, especially for non-productive purposes, like ceremonies and short duration loans.

Prime Minister Indira Gandhi nationalised 14 banks in 1969, followed by six others in 1980, and made it mandatory for banks to provide 40% of their net credit to priority sectors like agriculture, small-scale industry, retail trade, small businesses, etc. to ensure that the banks fulfill their social and developmental goals. Since then, the number of bank branches has increased from 8,260 in 1969 to 72,170 in 2007 and the population covered by a branch decreased from 63,800 to 15,000 during the same period. The total bank deposits increased from ₹5,910 crore (US$1.07 billion) in 1970–71 to ₹3,830,922 crore (US$693.4 billion) in 2008–09. Despite an increase of rural branches, from 1,860 or 22% of the total number of branches in 1969 to 30,590 or 42% in 2007, only 32,270 out of 500,000 villages are covered by a scheduled bank.

India's gross domestic saving in 2006–07 as a percentage of GDP stood at a high 32.7%. More than half of personal savings are invested in physical assets such as land, houses, cattle, and gold. The public sector banks hold over 75% of total assets of the banking industry, with the private and foreign banks holding 18.2% and 6.5% respectively. Since liberalisation, the government has approved significant banking reforms. While some of these relate to nationalised banks, like encouraging mergers, reducing government interference and increasing profitability and competitiveness, other reforms have opened up the banking and insurance sectors to private and foreign players.

Energy and power: As of 2009, India is the fourth largest producer of electricity and oil products and the fourth largest importer of coal and crude-oil in the world. Coal and oil together account for 66 % of the energy consumption of India.

India's oil reserves meet 25% of the country's domestic oil demand. As of 2009, India's total proven oil reserves stood at 775 million metric tonnes while gas reserves stood at 1074 billion cubic metres. Oil and natural gas fields are located offshore at Mumbai High, Krishna Godavari Basin and the Cauvery Delta, and onshore mainly in the states of Assam, Gujarat and Rajasthan. India is the fourth largest consumer of oil in the world and imported $82.1 billion worth of oil in the first three quarters of 2010, which had an adverse effect on its current account deficit. The petroleum industry in India mostly consists of public sector companies such as Oil and Natural Gas Corporation (ONGC), Hindustan Petroleum Corporation Limited (HPCL) and Indian Oil Corporation Limited (IOCL). There are some major private Indian companies in the oil sector such as Reliance Industries Limited (RIL) which operates the world's largest oil refining complex.

As of December 2011, India had an installed power generation capacity of 185.5 Giga Watts(GW), of which thermal power contributed 65.87%, hydroelectricity 20.75%, other sources of renewable energy 10.80%, and nuclear power 2.56%. India meets most of its domestic energy demand through its 106 billion tonnes of coal reserves.] India is also rich in certain alternative sources of energy with significant future potential such as solar, wind and biofuels (jatropha, sugarcane). India's huge thorium reserves – about 25% of world's reserves – are expected to fuel the country's ambitious nuclear energy program in the long-run. India's dwindling uranium reserves stagnated the growth of nuclear energy in the country for many years. However, the Indo-US nuclear deal has paved the way for India to import uranium from other countries.

Infrastructure: India has the world's third largest road network, covering more than 4.3 million kilometers and carrying 60% of freight and 87% of passenger traffic. Indian Railways is the fourth largest rail network in the world, with a track length of 114,500 kilometers.India has 13 major ports, handling a cargo volume of 850 million tonnes in 2010. India has a national teledensity rate of 74.15% with 926.53 million telephone subscribers, two-thirds of them in urban areas, but Internet use is rare, with around 13.3 million broadband lines in India in December 2011. However, this is growing and is expected to boom following the expansion of 3G and WiMAX services.

4. **External trade and investment:** Until the liberalisation of 1991, India was largely and intentionally isolated from the world markets, to protect its economy and to achieve self-reliance. Foreign trade was subject to import tariffs, export taxes and quantitative restrictions, while foreign direct investment (FDI) was restricted by upper-limit equity participation, restrictions on technology transfer, export obligations and government approvals; these approvals were needed for nearly 60% of new FDI in the industrial sector. The restrictions ensured that FDI averaged only around $200 million annually between 1985 and 1991; a large percentage of the capital flows consisted of foreign aid, commercial borrowing and deposits of non-resident Indians. India's exports were stagnant for the first 15 years after independence, due to general neglect of trade policy by the government of that period. Imports in the same period, due to industrialisation being nascent, consisted predominantly of machinery, raw materials and consumer goods.

Since liberalisation, the value of India's international trade has increased sharply, with the contribution of total trade in goods and services to the GDP rising from 16% in 1990–91 to 47% in 2008–10. India accounts for 1.44% of exports and 2.12% of imports for merchandise trade and 3.34% of exports and 3.31% of imports for commercial services trade worldwide. India's major trading partners are the European Union, China, the United States of America and the United Arab Emirates. In 2006–07, major export commodities included engineering goods, petroleum products, chemicals and pharmaceuticals, gems and jewellery, textiles and garments, agricultural products, iron ore and other minerals. Major import commodities included crude oil and related products, machinery, electronic goods, gold and silver. In November 2010, exports increased 22.3% year-on-year to ₹85,063 crore (US$15.4 billion), while imports were up 7.5% at ₹125,133 crore (US$22.65 billion). Trade deficit for the same month dropped from ₹46,865 crore (US$8.48 billion) in 2009 to ₹40,070 crore (US$7.25 billion) in 2010.

India is a founding-member of General Agreement on Tariffs and Trade (GATT) since 1947 and its successor, the WTO. While participating actively in its general council meetings, India has been crucial in voicing the concerns of the developing world. For instance, India has continued its opposition to the inclusion of such matters as labour and environment issues and other non-tariff barriers to trade into the WTO policies.

Balance of payments: Since independence, India's balance of payments on its current account has been negative. Since economic liberalisation in the 1990s, precipitated by a balance of payment crisis, India's exports rose consistently, covering 80.3% of its imports in 2002–03, up from 66.2% in 1990–91. However, the global economic slump followed by a general deceleration in world trade saw the exports as a percentage of imports drop to 61.4% in 2008–09. India's growing oil import bill is seen as the main driver behind the large current account deficit, which rose to $118.7 billion, or 9.7% of GDP, in 2008–09. Between January and October 2010, India imported $82.1 billion worth of crude oil.

Due to the global late-2000s recession, both Indian exports and imports declined by 29.2% and 39.2% respectively in June 2009. The steep decline was because countries hit hardest by the global recession, such as United States and members of the European Union, account for more than 60% of Indian exports. However, since the decline in imports was much sharper compared to the decline in exports, India's trade deficit reduced to ₹25,250 crore (US$4.57 billion). As of June 2011, exports and imports have both registered impressive growth with monthly exports reaching $25.9 billion for the month of May 2011 and monthly imports reaching $40.9 billion for the same month. This represents a year on year growth of 56.9% for exports and 54.1% for imports.

India's reliance on external assistance and concessional debt has decreased since liberalisation of the economy, and the debt service ratio decreased from 35.3% in 1990–91 to 4.4% in 2008–09. In India, External Commercial Borrowings (ECBs), or commercial loans from non-resident lenders, are being permitted by the Government for providing an additional source of funds to Indian corporates. The Ministry of Finance monitors and regulates them through ECB policy guidelines issued by the Reserve Bank of India under the Foreign Exchange Management Act of 1999. India's foreign exchange reserves have steadily risen from $5.8 billion in March 1991 to $283.5 billion in December 2009.

Foreign direct investment:

Share of top five investing countries in FDI inflows. (2000–2010)			
Rank	**Country**	**Inflows (million USD)**	**Inflows (%)**
1	Mauritius	50,164	42.00
2	Singapore	11,275	9.00
3	USA	8,914	7.00
4	UK	6,158	5.00
5	Netherlands	4,968	4.00

As the third-largest economy in the world in PPP terms, India is a preferred destination for FDI; During the year 2011, FDI inflow into India stood at $ 36.5 billion, 51.1% higher than 2010 figure of $ 24.15 billion. India has strengths in telecommunication, information technology and other significant areas such as auto components, chemicals, apparels, pharmaceuticals, and jewellery. Despite a surge in foreign investments, rigid FDI policies were a significant hindrance. However, due to positive economic reforms aimed at deregulating the economy and stimulating foreign investment, India has positioned itself as one of the front-runners of the rapidly growing Asia-Pacific region. India has a large pool of skilled managerial and technical expertise. The size of the middle-class population stands at 300 million and represents a growing consumer market.

During 2000–10, the country attracted $178 billion as FDI. The inordinately high investment from Mauritius is due to routing of international funds through the country given significant tax advantages; double taxation is avoided due to a tax treaty between India and Mauritius, and Mauritius is a capital gains tax haven, effectively creating a zero-taxation FDI channel.

India's recently liberalised FDI policy (2005) allows up to a 100% FDI stake in ventures. Industrial policy reforms have substantially reduced industrial licensing requirements, removed restrictions on expansion and facilitated easy access to foreign technology and foreign direct investment FDI. The upward moving growth curve of the real-estate sector owes some credit to a booming economy and liberalised FDI regime. In March 2005, the government amended the rules to allow 100% FDI in the construction sector, including built-up infrastructure and construction development projects comprising housing, commercial premises, hospitals, educational institutions, recreational facilities, and city- and regional-level infrastructure. Despite a number of changes in the FDI policy to remove caps in most sectors, there still remains an unfinished agenda of permitting greater FDI in politically sensitive areas such as insurance and retailing. The total FDI equity inflow into India in 2008–09 stood at ₹122,919 crore (US$22.25 billion), a growth of 25% in rupee terms over the previous period. India's trade and business sector has grown fast. India currently accounts for 1.5% of world trade as of 2007 according to the World Trade Statistics of the WTO in 2006

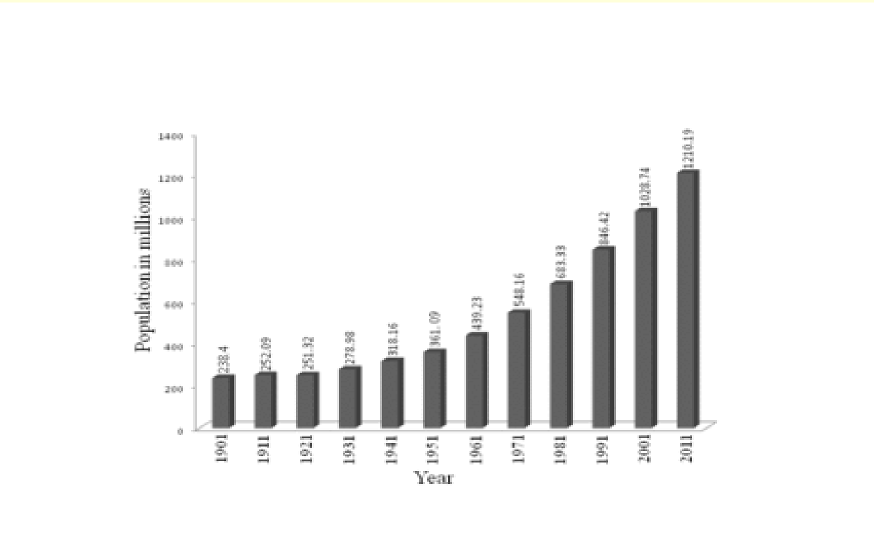
5. **Population:** The 15th Indian National census was conducted in two phases, house listing and population enumeration. House listing phase began on 1 April 2010 and involved collection of information about all buildings. Information for National Population Register was also collected in the first phase, which will be used to issue a 12-digit unique identification number to all registered Indians by Unique Identification Authority of India. The second population enumeration phase was conducted between 9 to 28 February 2011. Census has been conducted in India since 1872 and 2011 marks the first time biometric information was collected. According to the provisional reports released on 31 March 2011, the Indian population increased to 1.21 billion with a decadel growth of 17.64%. Adult literacy rate increased to 74.04% with a decadal growth of 9.21%. Spread across 35 states and union territories, the Census covered 640 districts, 5767 tehsils, 7742 towns and more than 6 lac villages. 2.7 million officials visited households in 7,935 towns and 6,40,867 villages, classifying the population according to gender, religion, education and occupation. The cost of the exercise was approximately ₹2,200 crore (US$438.9 million) – this comes to less than $ 0.5 per person, well below the estimated world average of $4.6 per person. Conducted every 10 years, this census faced big challenges considering India's vast area and diversity of cultures and opposition from the manpower involved.

Snippets of Census 2011

- Census 2011 covered 35 States/Union Territories, 640 districts, 5,924 sub-districts, 7,935 Towns and 6,40,867 Villages.
- In Census 2001, the corresponding figures were 593 Districts, 5,463 sub-Districts, 5,161 Towns and 6,38,588 Villages.
- There is an increase of 47Districts, 461 Sub Districts, 2774 Towns (242 Statutory and 2532 Census Towns) and 2279 Villages in Census 2011 as compared to Census 2001.
- As per the Provisional Population Totals of Census 2011, the total population of India was 1210.2 million.
- Of this, the rural population stands at 833.1 million and the urban population 377.1 million.
- In absolute numbers, the rural population has increased by 90.47 million and the urban population by 91.00 million in the last decade.
- Uttar Pradesh has the largest rural population of 155.11 million (18.62% of the country's rural population) whereas Maharashtra has the highest urban population of 50.83 million (13.48% of country's urban population) in the country.
- The growth rate of population for India in the last decade was 17.64%.
- The growth rate of population in rural and urban areas was 12.18% and 31.80% respectively.
- Bihar (23.90%) exhibited the highest decadal growth rate in rural population.
- In percentage terms, the rural population formed 68.84% of the total population with the urban population constituting 31.16% (increase of 3.35%).
- Himachal Pradesh (89.96%) has the largest proportion of rural population, while Delhi (97.50%) has the highest proportion of urban population.
- The EAG States have a lower percentage of urban population (21.13%) in comparison to non EAG States (39.66%).
- The Sex Ratio in the country which was 933 in 2001 has risen by 7 points to 940 in 2011.
- The increase in rural areas has been 1 point from 946 to 947. The same in urban areas has been 26 points from 900 to 926.
- Kerala has the highest sex ratio in total (1084), rural (1077) and urban (1091). In rural, Chandigarh (691) and in urban, Daman & Diu (550) show the lowest sex ratio in the country respectively.
- Eight states namely Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Bihar, Jharkhand, Chhattisgarh, Maharashtra, Karnataka and 1 UT Lakshadweep show fall in the sex ratio in rural area and 2 UTs Daman & Diu and Dadra & Nagar Haveli in urban areas.
- Out of the child population of 158.8 million in the age group of 0-6 in the country the rural child population stands at 117.6 million and urban at 41.2 million in 2011.
- The Child population has declined by 5.0 million in the country – decline of 8.9 million in rural areas and increase of 3.9 million in urban areas.
- The Country has observed a decline in the percentage of child population in the age group 0-6 years by about 3 percentage points over the decade - rural areas show a decline of about 3 % and urban a decline of 2%. The growth rate of Child population has been -3.08% in the last decade (Rural- (-)7.04%; Urban- (+)10.32%).
- Census 2011 marks a considerable fall in child sex ratio in the age group of 0-6 years and has reached an all time low of 914 since 1961.
- The fall has been 13 points (927-914) for the country during 2001-2011.
- In rural areas, the fall is significant - 15 points (934-919) and in urban areas it has been 4 points (906-902) over the decade 2001-2011.
- Delhi (809) has recorded the lowest and Andaman & Nicobar Islands (975) the highest child sex ratio in rural areas.
- Haryana (829) has recorded the lowest and Nagaland (979) the highest child sex ratio in urban areas.
- As per the Provisional Population Totals of Census 2011, the number of literates in India was 778.5 million.
- Of this, 493.0 million literates were in rural areas and 285.4 million literates in urban areas.
- Out of an increase of 217.8 million literates over the decade 2001-2011, rural areas accounted for 131.1 million and urban areas 86.6 million.

- The highest number of rural literates has been recorded in Uttar Pradesh (88.4 million). Maharashtra (40.8
- million) has recorded the highest number of literates in urban areas.
- The Literacy Rate of India as per the Provisional Population Totals of Census 2011 is 74.04.
- In rural areas the Literacy Rate is 68.91 and in urban areas it is 84.98.
- The decadal change works out to 9.21 points - 10.17 points in rural areas and 5.06 points in urban areas respectively.
- The male Literacy Rate which is 82.14 (Rural- 78.57; Urban-89.67) is higher than the female Literacy Rate of 65.46 (Rural- 58.75; Urban-79.92).
- The increase in female literacy rate is significantly higher in all areas i.e. total (11.79 points), rural (12.62 points) and urban (7.06 points) in comparison to corresponding male literacy rates - total (6.88 points), rural (7.87) and urban (3.40 points) over the decade.
- It is significant to note that the gap in literacy rate among males and females has reduced to 16.68 in the country.
- The gap is 19.82 points in rural areas and 9.75 points in urban areas. Kerala (92.92) ranks first in rural areas whereas Mizoram (98.1) ranks first in urban areas.
- As far as Male literacy rate is concerned, Kerala (95.29) ranks first in rural areas whereas Mizoram (98.67) ranks first in urban areas.
- Rajasthan (46.25) has recorded lowest female literacy rate in rural areas, whereas, Jammu & Kashmir (70.19) has the lowest female literacy rate in urban areas.
- Lowest male literacy rate in rural areas has been recorded in Arunachal Pradesh (68.79) and in urban areas in Uttar Pradesh (81.75).

CENSUS REPORT
DECADAL GROWTH OF INDIAN POPULATION (1901–2011).



Provisional data from the census was released on 31 March 2011.

Population	Total	1,210,193,422
	Males	623,724,248
	Females	586,469,174
Literacy	Total	74.04%
	Males	82.14%
	Females	65.46%
Density of population	per km^2	382
Sex ratio	per 1000 males	940 females
Child Sex ratio (0–6 age group)	per 1000 males	914 females

SN	Union Territory / State Name	Type	Total Population	Percent (%) of Total Population	Males	Females
1	Andaman and Nicobar Islands	Union Territory	3,79,944	0.03	2,02,330	1,77,614
2	Andhra Pradesh	State	8,46,65,533	7.00	4,25,09,881	4,21,55,652
3	Arunachal Pradesh	State	13,82,611	0.11	7,20,232	6,62,379
4	Assam	State	3,11,69,272	2.58	1,59,54,927	1,52,14,345
5	Bihar	State	10,38,04,637	8.58	5,41,85,347	4,96,19,290
6	Chandigarh	Union Territory	10,54,686	0.09	5,80,282	4,74,404
7	Chhattisgarh	State	2,55,40,196	2.11	1,28,27,915	1,27,12,281
8	Dadra and Nagar Haveli	Union Territory	3,42,853	0.03	1,93,178	1,49,675
9	Daman and Diu	Union Territory	2,42,911	0.02	1,50,100	92,811
10	Delhi	Union Territory	1,67,53,235	1.38	89,76,410	77,76,825
11	Goa	State	14,57,723	0.12	7,40,711	7,17,012
12	Gujarat	State	6,03,83,628	4.99	3,14,82,282	2,89,01,346
13	Haryana	State	2,53,53,081	2.09	1,35,05,130	1,18,47,951
14	Himachal Pradesh	State	68,56,509	0.57	34,73,892	34,73,892
15	Jammu and Kashmir	State	1,25,48,926	1.04	66,65,561	58,83,365
16	Jharkhand	State	3,11,69,272	2.72	1,59,54,927	1,52,14,345
17	Karnataka	State	6,11,30,704	5.05	3,10,57,742	3,00,72,962
18	Kerala	State	3,33,87,677	2.76	1,60,21,290	1,73,66,387
19	Lakshadweep	Union Territory	64,429	0.01	33,106	31,323
20	Madhya Pradesh	State	7,25,97,565	6.00	3,76,12,920	3,49,84,645
21	Maharashtra	State	11,23,72,972	9.29	5,83,61,397	5,40,11,575
22	Manipur	State	27,21,756	0.22	13,69,764	13,51,992
23	Meghalaya	State	29,64,007	0.24	14,92,668	14,71,339
24	Mizoram	State	10,91,014	0.09	5,52,339	5,38,675
25	Nagaland	State	19,80,602	0.16	10,25,707	9,54,895
26	Orissa	State	4,19,47,358	3.47	2,12,01,678	2,07,45,680
27	Pondicherry	Union Territory	12,44,464	0.10	6,10,485	6,33,979
28	Punjab	State	2,77,04,236	2.29	1,46,34,819	1,30,69,417
29	Rajasthan	State	6,86,21,012	5.67	3,56,20,086	3,30,00,926
30	Sikkim	State	6,07,688	0.05	3,21,661	2,86,027
31	Tamil Nadu	State	7,21,38,958	5.96	3,61,58,871	3,59,80,087
32	Tripura	State	36,71,032	0.30	18,71,867	17,99,165
33	Uttarakhand	State	1,01,16,752	0.84	51,54,178	49,62,574
34	Uttar Pradesh	State	19,95,81,477	16.49	10,45,96,415	9,49,85,062
35	West Bengal	State	9,13,47,736	7.55	4,69,27,389	4,44,20,347
	TOTAL		1,21,01,93,422	100	62,37,24,248	58,64,69,17

Literacy: Any one above age 7 who can read and write in any language with an ability to understand was considered a literate. In censuses before 1991, children below the age 5 were treated as illiterates. The literacy rate taking the entire population into account is termed as "crude literacy rate", and taking the population from age 7 and above into account is termed as "effective literacy rate". Effective literacy rate increased to a total of 74.04% with 82.14% of the males and 65.46% of the females being literate.

Census year	Total (%)	Male (%)	Female (%)
1901	5.35	9.83	0.60
1911	5.92	10.56	1.05
1921	7.16	12.21	1.81
1931	9.5	15.59	2.93
1941	16.1	24.9	7.3
1951	16.67	24.95	9.45
1961	24.02	34.44	12.95
1971	29.45	39.45	18.69
1981	36.23	46.89	24.82
1991	42.84	52.74	32.17
2001	64.83	75.26	53.67
2011	74.04	82.14	65.46

6. **Currency:** The Indian rupee is the only legal tender in India, and is also accepted as legal tender in the neighbouring Nepal and Bhutan, both of which peg their currency to that of the Indian rupee. The highest-denomination banknote is the ₹1,000 note; the lowest-denomination coin in circulation is the 50 paise coin[]; with effect from 30 June 2011 all denominations below 50 paise have ceased to be legal currency. India's monetary system is managed by the Reserve Bank of India (RBI), the country's central bank. Established on 1 April 1935 and nationalised in 1949, the RBI serves as the nation's monetary authority, regulator and supervisor of the monetary system, banker to the government, custodian of foreign exchange reserves, and as an issuer of currency. It is governed by a central board of directors, headed by a governor who is appointed by the Government of India.

The rupee was linked to the British pound from 1927–1946 and then the U.S. dollar till 1975 through a fixed exchange rate. It was devalued in September 1975 and the system of fixed par rate was replaced with a basket of four major international currencies – the British pound, the U.S. dollar, the Japanese yen and the Deutsche mark. From 2003 to 2008, the rupee appreciated against the U.S. dollar; thereafter, it has sharply depreciated. Between 2010 and 2012, the rupee value had depreciated by about 30% of its value to the U.S. dollar in 2010.

7. **Income and consumption:** India's gross national income per capita had experienced high growth rates since 2002. India's Per Capita Income has tripled from Rs.19,040 in 2002–03 to Rs.53,331 in 2010–11, averaging 13.7% growth over these eight years. As of 2010, according to World Bank statistics, about 400 million people in India, as compared to 1.29 billion people worldwide, live on less than $1.25 (PPP) per day. These consumption levels are on an individual basis, not household.

Per 2011 census, India has about 330 million houses and 247 million households. The household size in India has dropped in recent years, with 2011 census reporting 50% of households have 4 or less members. Some households have 6 or more members, including the grandparents. These households produced a GDP of about $1.7 Trillion. The household consumption patterns per 2011 census: about 67 percent of households use firewood, crop residue or cow dung cakes for cooking purposes; 53 percent do not have sanitation or drainage facilities on premises; 83 percent have water supply within their premises or 100 meters from their house in urban areas and 500 meters from the house in rural areas; 67 percent of the households have access to electricity; 63 percent of households have landline or mobile telephone connection; 43 percent have a television; 26 percent have either a two wheel (motorcycle) or four wheel (car) vehicle. Compared to 2001, these income and consumption trends represent moderate to significant improvements. One report in 2010 claimed that the number of high income households has crossed lower income households.

India has about 61 million children under the age of 5 who are chronically malnourished, compared to 150 million children worldwide. Majority of malnourished children of India live in rural areas. Girls tend to be more malnourished than boys. Malnourishment, claims this report, is not a matter of income, rather it is education as in other parts of the world. A third of children from the wealthiest fifth of India's population are malnourished. This is because of poor feeding practices — foremost among them a failure exclusively to breastfeed in the first six months — play as big a role in India's malnutrition rates as food shortages. India's government has launched several major programs with mandated social spending programs to address child malnourishment problem. However, Indian government has largely failed. A public distribution system that targets subsidised food to the poor and a vast midday-meal scheme, to which 120 million children subscribe —are hampered by inefficiency and corruption. Another government-paid program named Integrated Childhood Development Service (ICDS) has been operating since 1975 and it too has been ineffective and a wasteful program. A 2011 UNICEF report claims recent encouraging signs. Between 1990 to 2010, India has achieved a 45 percent reduction in under age 5 mortality rates, and now ranks 46 in 188 countries on this metric.

According to World Bank international poverty line methodology, India's poverty dropped from 42% of its total population in 2005 to about 33% in 2010. In rural India, about 34 percent of the population lives on less than $1.25 a day, down from 44 percent in 2005; while in urban India, 29 percent of the population lived below that absolute poverty line in 2010, down from 36 percent in 2005, according to the World Bank report.

Since the early 1950s, successive governments have implemented various schemes to alleviate poverty, under central planning, that have met with partial success. All these programmes have relied upon the strategies of the *Food for work* programme and *National Rural Employment Programme* of the 1980s, which attempted to use the unemployed to generate productive assets and build rural infrastructure. In 2005, Indian government enacted the Mahatma Gandhi National Rural Employment Guarantee Act, guaranteeing 100 days of minimum wage employment to every rural household in all the districts of India. The question of whether these government spending programs or whether economic reforms reduce poverty, by improving income of the poorest, remains in controversy. In 2011, the Mahatma Gandhi National Rural Employment Guarantee programme was widely criticised as no more effective than other poverty reduction programs in India. Despite its best intentions, MGNREGA is beset with controversy about corrupt officials, deficit financing as the source of funds, poor quality of infrastructure built under this program, and unintended destructive effect on poverty.

8. **Employment:** Agricultural and allied sectors accounted for about 52.1% of the total workforce in 2009–10. While agriculture has faced stagnation in growth, services have seen a steady growth. Of the total workforce, 7% is in the organised sector, two-thirds of which are in the public sector. The NSSO survey estimated that in 2004–05, 8.3% of the population was unemployed, an increase of 2.2% over 1993 levels, with unemployment uniformly higher in urban areas and among women. Growth of labour stagnated at around 2% for the decade between 1994–2005, about the same as that for the preceding decade. Avenues for employment generation have been identified in the IT and travel and tourism sectors, which have been experiencing high annual growth rates of above 9%.

Unemployment in India is characterised by chronic (disguised) unemployment. Government schemes that target eradication of both poverty and unemployment (which in recent decades has sent millions of poor and unskilled people into urban areas in search of livelihoods) attempt to solve the problem, by providing financial assistance for setting up businesses, skill honing, setting up public sector enterprises, reservations in governments, etc. The decline in organised employment due to the decreased role of the public sector after liberalisation has further underlined the need for focusing on better education and has also put political pressure on further reforms. India's labour regulations are heavy even by developing country standards and analysts have urged the government to abolish or modify them in order to make the environment more conducive for employment generation. The 11th five-year plan has also identified the need for a congenial environment to be created for employment generation, by reducing the number of permissions and other bureaucratic clearances required. Further, inequalities and inadequacies in the education system have been identified as an obstacle preventing the benefits of increased employment opportunities from reaching all sectors of society.

Child labour in India is a complex problem that is basically rooted in poverty, coupled with a failure of governmental policy, which has focused on subsidising higher rather than elementary education, as a result benefiting the privileged rather than the poorer sections of society. The Indian government is implementing the world's largest child labour elimination program, with primary education targeted for ~250 million. Numerous non-governmental and voluntary organisations are also involved. Special investigation cells have been set up in states to enforce existing laws banning the employment of children under 14 in hazardous industries. The allocation of the Government of India for the eradication of child labour was $21 million in 2007. Public campaigns, provision of meals in school and other incentives have proven successful in increasing attendance rates in schools in some states.

In 2009–10, remittances from Indian migrants overseas stood at ₹250,000 crore (US$45.25 billion), the highest in the world, but their share in FDI remained low at around 1%.India ranked 133rd on the Ease of Doing Business Index 2010, behind countries such as China (89th), Pakistan (85th), and Nigeria (125th).

Women in India are mainly employed in agriculture and caring for livestock with only about 20% of the employed women engaging in activities outside agriculture. When employed, women earn substantially less than men, only about 66% of the male incomes in agriculture and 57% of the male incomes outside agriculture.

9. **Economic trends and issues:** In the revised 2007 figures, based on increased and sustaining growth, more inflows into foreign direct investment, Goldman Sachs predicts that "from 2007 to 2020, India's GDP per capita in US$ terms will quadruple", and that the Indian economy will surpass the United States (in US$) by 2043. In spite of the high growth rate, the report stated that India would continue to remain a low-income country for decades to come but could be a "motor for the world economy" if it fulfills its growth potential.

According to the official estimates, Indian economy is expected to grow at 7.6% (+/- 0.25%) in the fiscal year 2012–2013. However, leading financial organisations and economic think-tanks expect Indian economy to grow slower than official projections.

Indian economic growth outlook April, 2012 – March, 2013		
Organisation	**Estimated GDP growth rate**	**Month of projection**
International Monetary Fund	6.1%	July 2012
World Bank	6.9%	June 2012
Asian Development Bank	6.5%	July 2012
Nomura	5.8%	June 2012
Morgan Stanley	5.8%	June 2012
JP Morgan	6-6.5%	June 2012
Goldman Sachs]	6.6%	May 2012
Bank of America- Merrill Lynch	6.5%	May 2012
HSBC	6.2%	June 2012
Standard Chartered	6.2%	June 2012
Centre for Monitoring Indian Economy	7.2%	July 2012

Corruption: Corruption has been one of the pervasive problems affecting India. A 2005 study by Transparency International (TI) found that more than half of those surveyed had firsthand experience of paying bribe or peddling influence to get a job done in a public office in the previous year. A follow-on 2008 TI study found this rate to be 40 percent. In 2011, Transparency International ranked India at 95th place amongst 183 countries in perceived levels of public sector corruption.

In 1996, red tape, bureaucracy and the Licence Raj were suggested as a cause for the institutionalised corruption and inefficiency. More recent reports suggest the causes of corruption in India include excessive regulations and approval requirements, mandated spending programs, monopoly of certain goods and service providers by government controlled institutions, bureaucracy with discretionary powers, and lack of transparent laws and processes.

The Right to Information Act (2005) which requires government officials to furnish information requested by citizens or face punitive action, computerisation of services, and various central and state government acts that established vigilance commissions, have considerably reduced corruption and opened up avenues to redress grievances.

The current government has concluded that most spending fails to reach its intended recipients. A large, cumbersome and tumor-like bureaucracy sponges up or siphons off spending budgets. India's absence rates are one of the worst in the world; one study found that 25% of public sector teachers and 40% of public sector medical workers could not be found at the workplace.

The Indian economy has an underground economy, with an alleged 2006 report by the Swiss Bankers Association suggesting India topped the worldwide list for black money with almost $1,456 billion stashed in Swiss banks. This amounts to 13 times the country's total external debt. These allegations have been denied by Swiss Banking Association. James Nason, the Head of International Communications for Swiss Banking Association, suggests "The (black money) figures were rapidly picked up in the Indian media and in Indian opposition circles, and circulated as gospel truth. However, this story was a complete fabrication. The Swiss Bankers Association never published such a report. Anyone claiming to have such figures (for India) should be forced to identify their source and explain the methodology used to produce them."

Education: India has made huge progress in terms of increasing primary education attendance rate and expanding literacy to approximately three-fourth of the population. India's literacy rate had grown from 52.2% in 1991 to 74.04% in 2011. The right to education at elementary level has been made one of the fundamental rights under the eighty-sixth Amendment of 2002, and legislation has been enacted to further the objective of providing free education to all children. However, the literacy rate of 74% is still lower than the worldwide average and the country suffers from a high dropout rate. Further, there exists a severe disparity in literacy rates and educational opportunities between males and females, urban and rural areas, and among different social groups.

Infrastructure: In the past, development of infrastructure was completely in the hands of the public sector and was plagued by slow progress, poor quality and inefficiency.] India's low spending on power, construction, transportation, telecommunications and real estate, at $31 billion or 6% of GDP in 2002 had prevented India from sustaining higher growth rates. This has prompted the government to partially open up infrastructure to the private sector allowing foreign investment, and most public infrastructure, barring

railways, is today constructed and maintained by private contractors, in exchange for tax and other concessions from the government.
While 80% of Indian villages have at least an electricity line, just 44% of rural households have access to electricity. Some half of the electricity is stolen, compared with 3% in China. The stolen electricity amounts to 1.5% of GDP. Transmission and distribution losses amount to around 20%, as a result of an inefficient distribution system, handled mostly by cash-strapped state-run enterprises. Almost all of the electricity in India is produced by the public sector. Power outages are common, and many buy their own power generators to ensure electricity supply. As of December 2011,the monthly electricity production was at 73,000 GWH, with an installed capacity of 1.86 GW. In 2007, electricity demand exceeded supply by 15%.However, reforms brought about by the Electricity Act of 2003 caused far-reaching policy changes, including mandating the separation of generation, transmission and distribution aspects of electricity, abolishing licencing requirements in generation and opening up the sector to private players, thereby paving the way for creating a competitive market-based electricity sector. Substantial improvements in water supply infrastructure, both in urban and rural areas, have taken place over the past decade, with the proportion of the population having access to safe drinking water rising from 66% in 1991 to 92% in 2001 in rural areas, and from 82% to 98% in urban areas. However, quality and availability of water supply remains a major problem even in urban India, with most cities getting water for only a few hours during the day.

Economic disparities: India continues to grow at a rapid pace, although the government recently reduced its annual GDP growth projection from 9% to 8% for the current fiscal year ending March 2012. The slowdown is marked by a sharp drop in investment growth resulting from political uncertainties, a tightening of macroeconomic policies aimed at addressing a high fiscal deficit and high inflation (going well beyond food and fuel prices), and from renewed concerns about the European and US economies. Although the Government was quite successful in cushioning the impact of the global financial crisis on India, it is now clear that a number of MDG targets will only be met under the Twelfth Five Year Plan (2012–17).

— World Bank: India Country Overview 2011

A critical problem facing India's economy is the sharp and growing regional variations among India's different states and territories in terms of poverty, availability of infrastructure and socio-economic development. Six low-income states – Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa and Uttar Pradesh – are home to more than one third of India's population. Severe disparities exist among states in terms of income, literacy rates, life expectancy and living conditions.

The five-year plans, especially in the pre-liberalisation era, attempted to reduce regional disparities by encouraging industrial development in the interior regions and distributing industries across states, but the results have not been very encouraging since these measures in fact increased inefficiency and hampered effective industrial growth. After liberalisation, the more advanced states have been better placed to benefit from them, with well-developed infrastructure and an educated and skilled workforce, which attract the manufacturing and service sectors. The governments of backward regions are trying to reduce disparities by offering tax holidays and cheap land, and focusing more on sectors like tourism which, although being geographically and historically determined, can become a source of growth and develops faster than other sectors. In fact, the economists fail to realize that ultimately the problem of equitable growth or inclusive growth is intricately related to the problems of good governance and transparency.

10. Economic Planning:

- Germany was the first country in the world which started economic planning. But planning as a system was adopted first by the erstwhile USSR in the year 1929.

- With reference to the need for planning in India, a book entitled 'Planned Economy for India' was published in 1934. The author of this book was Sir M. Vishweshwarya.

- Pt. Jawaharlal Nehru, the architect of planning in India, set up the National Planning Committee in 1938 for ten years with himself as its Chairman with a view to raise the standard of living of people.

- In 1944, a plan called 'Bombay Plan' was presented by eight industrialists of Bombay. Thereafter, in the same year, 'Gandhian Plan' by Mr. Mannaragan, in 1945 the 'People's Plan' by labour leader M.N. Rai and in 1950 the 'Sarvodaya Plan' by Mr. Jai Prakash Narayan were presented.

- Planning Commission, an extra-constitutional and non-statutory body was set up in 1950 by a resolution of the Union Cabinet by the then Prime Minister Pt. Jawaharlal Nehru with himself as its Chairman, to formulate an integrated Five Year Plan for economic and social development of the country and to act as an advisory body to the Union Government, in his behalf. The function of Planning Commission is to prepare plan for the most effective and balanced utilisation of the country's resources.
  The Prime Minister of India is the ex-officio Chairman of the Planning Commission.

➢ National Development Council, another extra-constitutional and extra-legal body, the NDC was set up in 1952, as an adjunct to the Planning Commission to associate the States in the formulation of the Plans.
The Planning Commission formulates the Five Year Plan and the NDC finally puts its seal of approval on it.

FIVE YEAR PLANS

Planning in India derives its objectives and social promises from Directive Principles of State Policy enshrined in the Constitution.

First Plan 1951-56: The first plan with a total outlay of Rs. 2378 crore was a rather haphazard venture, as the Planning Commission had no reliable statistics to work upon. *It laid emphasis on agriculture*.

The plan turned out to be more than a success, mainly because it was supported by two good harvests in the two years.

Second Plan 1956-61: The second plan was a big leap forward. *It laid special stress on heavy industries*. But the great quantity of imports that the Plan envisaged in both public and private sectors, practically denuded India's accumulated sterling balances by as much as Rs. 500 crore in two years and compelled the country to seek extensive foreign aid. Agriculture and small scale industries remained sluggish, without adding any momentum to development.

Third Plan 1961-66: The Third Plan rode on a wave of high expectations following overall growth of the Indian economy in the first two plan periods. *The Third Plan aimed at establishing a self-sustaining economy*. Internal resources having been strained to the utmost, the Plan had to rely on heavy foreign aid.

During the Third Plan, national income revised at 1960-61 prices rose by 20 per cent in the first four years but registered decline of 5.6 per cent in the last year. Per capita real income in 1965-66 was about same as it was in 1960-61.

Interim Planning: The economy so had far degenerated that the Fourth Plan could not be started on time, that is to say, in 1966. Instead, as a stop gap arrangement planning was made annual. *The Annual plans* continued from 1966-1969 -1966 -1967,1967-68 and 1968-69.

Fourth Plan 1969-74: The Fourth Plan officially commenced on April 1969. India had to reform and restructure its expenditure agenda, following the attack on India in the year 1962 and for the second time in the year 1965. India had hardly recuperated when it was struck by drought. India also had a stint of recession. Due to recession, famine and drought, India did not pay much heed to long term goals. Instead, it responded to the need of the hour. It started taking measures to overcome the crisis.

Food grains production increased to bring about self sufficiency in production. With this attempt, gradually a gap was created between the people of the rural areas and those of the urban areas.

The need for foreign reserves was felt. This facilitated growth in exports. Import substitution drew considerable attention. All these activities widened the industrial platform.

Following the 4th Five Year Plan an alteration in the socio economic structure of the society was observed.

Fifth Plan 1974-79: The Fifth Plan draft originally drawn up was part of a long term perspective plan covering a period of 10 years from 1974-75 to 1985-86.

The Janata Government reconstituted the Planning Commission and announced a new strategy in planning. The strategy involved a change in objective and pattern, the objective was laid down as Growth for Social Justice instead of Growth with Social Justice, a distinction without a difference. The new pattern was the Rolling Plan which merely meant that every year the performance of the Plan will be assessed and a new plan based on such assessment will be made for the next year a continuous planning, in fact.

The Rolling Plan started with an annual plan for 1978-79 and as a continuation of the terminated Fifth Plan.

Sixth Plan (April 1, 1980 March 31, 1985): The sixth plan launched by the Janata Government was disbanded by the Congress Government which assumed office in the year 1980 aimed at a direct attack on the problem of poverty by creating conditions of an expanding economy.

Its objectives were

1. raising the rate of growth
2. checking population growth

3. rapid development of indigenous sources of energy and
4. economic and technological self-reliance.
It had an outlay of Rs. 158.710 cores. Of this the public sector outlay was to the tune of Rs. 97,500 crores while the share of private sector was Rs. 61,120 crores
Against the 5.2 per cent economic growth target the actual achievement was 4.98 per cent. The foodgrain production was 148 million tonnes against 154 million tonnes.

Seventh Plan (April 1, 1985 to March 31, 1990): The Seventh Plan sought to emphasise on "*Food, Work and Productivity*" and shelter and also providing health for all by 2000 A.D.

The mid-term appraisal report revealed that the Plan progressed sluggishly in the first three years. The overall growth rate targeted at 5% averaged only 3.4%. The manufacturing sector made a good headway transcending the projected annual growth rate of 8%. Agricultural growth was proved to be very poor due to unprecedented drought during 1986-87.

Eighth Plan (April 1992 to March 31, 1997): The political instability and frequent changes of guards at Centre prior to the installation of Mr. P. V. Narsimaha Rao as the Prime Minister delayed the Eighth Plan for two years. The Eighth Plan was launched in backdrop of widespread changes which had altered the face of international social and economic order. This plan was unique in the sense that it sought to manage the transition from centrally planned economy to market oriented one without diluting our socio-imbalance while ensuring economic growth and was performance oriented.

The Eighth Plan aimed at achieving a growth rate of 5.6% per annum in GDP over the five-year period. Human development was the ultimate goal of the Eighth Plan. It was towards this ultimate goal that employment generation, population control, literacy, education, health and provisions of adequate food and basic infrastructure were listed as the priorities of the Eighth Plan.

Ninth Plan (1997-2002): Main features of this plan were greater emphasis on economic reform in agriculture, employment generation, rural development and poverty alleviation, removal of trade bottlenecks and liberalisation of cooperative sector. It had an outlay of Rs. 875,000 crores

A distinctive feature of Ninth Plan was the inclusion of social objectives such as empowerment of women, population control and environmental protection in the overall plan objectives.

Tenth Plan (2002-2007): The Tenth Five-Year Plan (2002-07) was approved by the National Development Council on 21 December 2002. The Plan was further developed the NDC mandated objectives, of doubling per capita income in ten years and achieving a growth rate of eight percent of GDP per annum.
Since economic growth is not the only objective, the Plan aimed at harnessing the benefits of growth to achieve other social targets like –
Decadal Population Growth to reduce from 21.3 per cent in 1991 -2001 to 16.2 per cent in 2001 -11; Growth in gainful five years of schooling by 2007; Reducing gender gaps in literacy and wage rates by 50 per cent; Literacy Rate to increase from 65, Tree Cover from 19 percent in 1999-2000 to 25 percent in 2007; and cleaning of major polluted river stretches.

Eleventh Plan (2007 – 12): Major Targets are as follows:-

Income and Poverty

- GDP growth target of 9% p.a.
- Increase agricultural GDP growth rate to 4% per year.
- To enhance domestic investment from 35.9% of GDP in 2006-07 to an average of 36.7% of GDP in plan period.
- To raise industrial growth rate from 9.2% in the 10th plan to between 10% and 11%
- Manufacturing sector is targeted to grow at 12% p.a.
- Create 58 million new work opportunities.
- Reduce educated unemployment to below 5%
- Raise real wage rate of unskilled workers by 20 per cent.
- Reduce the head count ratio of consumption poverty by 10 percentage points.

Education

- Reduce dropout rates of children of children from elementary school from 52.2% in 2003-04 to 20% by 2011-12.
- Develop minimum standards to educational attainment in elementary school, and by regular testing monitor effectiveness of education to ensure quality.
- Increase literacy rate for persons of age 7 years or more to 85%
- Lower gender gap in literacy to 10 percentage points.
- Increase the percentage of each cohort going to higher education from the present 10% to 15% by the end of the 11th plan.

Health

- To raise public health spending to 2% of GDP during plan period.
- Reduce infant mortality rate (IMR) to 28 and maternal mortality ratio (MMR) to 1 per 1000 live births.
- Provide clean drinking water for all by 2009 and ensure that there are no slip-backs by the end of the 11th plan.
- Reduce malnutrition among children of age group 0-3 to half its present level.
- Reduce anemia among women and girls by 50% by the end of the 11th plan.

Women and Children

- Raise the sex ratio for age group 0-6 to 935 by 2011-12 and to 950 by 2016-17.
- Ensure that at least 33 percent of the direct and indirect beneficiaries of all government schemes are women and girl children.
- Ensure that all children enjoy a safe childhood, without any compulsion to work.

Infrastructure

- To achieve telecom subscriber base of 600 million and a rural teledensity of 25%.
- Ensure electricity connection to all villages and BPL households by 2009 and round-the-clock power by the end of the plan.
- Ensure all weather road connection to all habitation with population 1000 and above) 500 in hilly and tribal areas) by 2009, and ensure coverage of all significant habitation by 2015.
- Connect every village by telephone by November, 2007 and provide broadband connectivity to all village by 2012.
- Provide homestead sites to all by 2012 and step up the pace of house construction for rural poor to cover all the poor to by 2016-17.

Environment

- Increase forest and tree cover by 5 percentage points.
- Attain WHO standards of air quality in all major cities by 2011-12.
- Treat all urban waste water by 2011-12 to clean river waters.
- Increase energy efficiency by 20 percentage points by 2016-17.

INDIA VISION-2020 (A document made by Planning Commission)

IMPORTANT TARGETS (PROJECTIONS)	
Indicator	**Projection for 2020**
1. Populations below Poverty Line (%)	13.0
2. Unemployment Rate	6.8
3. Adult Male Literacy	96%
4. Expenditure on Education (% in GDP)	4.9%
5. Life Expectancy (Years)	69
6. Infant Mortality Rate (Per 1000 live births)	22.5
7. Expenditure en Health (% in GDP)	3.4%
8. Telephone Availability (Per 1000 people)	2032
9. Computer Availability (Per 1000 people)	3.3
10. Agriculture Share in GDP	6%
11. Industry Share in GDP	34%
12. Service Sector Share in GDP	60%
13. Foreign Capital Investment Share in Gross Capital Formation	24.5%

11. Various Development, Employment And Poverty Alleviation Programmes In India- At A Glance:

S. No.	Programme/Plan/Institution	Year of beginning	Objective/Description
1.	Community Development Programme (CDP)	1952	Overall development of rural areas with people's participation.
2.	Intensive Agriculture Development Programme (IADP)	1960-61	To provide loan, seeds, fertilizer tools to the farmers
3.	Intensive Agriculture Area Programme (IAAP)	1964-65	To develop the special harvests.
4.	Credit Authorisation Scheme (CAS)	November 1965	A Scheme of Qualitative Credit Control of Reserve Bank
5.	High Yielding Variety Programme (HYVP)	1966-67	To increase productivity of foodgrains by adopting latest varieties of inputs for crops
6.	Indian Tourism Development Corporation (ITDC)	October 1966	To arrange for the construction of Hotels and Quest houses at various places of the country
7.	Green Revolution	1966-67	To increase the foodgrains, specially wheat production
8.	Nationalisation of 14 Banks	July 1969	To provide loans for agriculture, rural development and other priority sectors.
9.	Rural Electrification Corporation	July 1969	Electrification in rural areas
10.	Housing and Urban Development Corporation	April 1970	Loans for the development of housing and provision of resources for technical assistance
11.	Scheme of Discriminatory Interest Rate	April 1972	To provide loan to the weaker sections of the society at a concessional interest rate of 4%
12.	Employment Guarantee Scheme of Maharashtra	1972-73	To assist the economically weaker sections of the rural society
13.	Accelerated Rural Water Supply Programme (ARWSP)	1972-73	For providing drinking water in the villages
14.	Drought-Prone Area Programme (DPAP)	1973	To try an expedient for protection from drought by achieving environmental balance and by developing the ground water
15.	Crash Scheme for Rural Employment	1972-73	For rural employment
16.	Marginal Farmer and Agriculture Labour Agency (MFALA)	1973-74	For technical and financial assistance to marginal and small farmers and agricultural labour
17.	Small Farmer Development Agency (SFDA)	1974-75	For technical and financial assistance to small farmers
18.	Command Area Development Programme (CADP)	1974-75	To ensure better and rapid utilisation of irrigation capacities of medium and large projects
19.	Twenty Point Programme (TPP)	1975	Poverty eradication and raising the standard of living
20.	National Institution of Rural Development	1977	Training, investigation and advisory organisation for rural development
21.	Desert Development Programme (DDP)	1977-78	For controlling the desert expansion and maintaining environ mental balance
22.	Food for Work Programme	1977-78	Providing foodgrains to labour for the works of development
23.	Antyodaya Yojana	1977-78	To make the poorest families of the village economically independent (only in Rajasthan State)
24.	Training Rural Youth for Self-Employment (TRYSEM)	August 15, 1979	Programme of training rural youth for self-employment
25.	Integrated Rural Development Programee (IRDP)	October 2, 1980	All round development of the rural poor through a programme of asset endowment for self-employment
26.	National Rural Employment Programme (NREP)	1980	To provide profitable employment opportunities to the rural poor
27.	Development of Women and Children in Rural Areas (DWCRA)	September 1982	To provide suitable opportunities of self-employment to the women belonging to the rural families who are living below the poverty line

S. No.	Programme / Plan / Institution	Year of beginning	Objective / Description
28.	Rural Landless Employment Guarantee Programme (RLEGP)	August 15, 1983	For providing employment to landless farmers and labourers
29.	Self-Employment to the Educated Unemployed Youth (SEEUY)	1983-84	To provide financial and technical assistance for self-employment
30.	Farmer Agriculture Service Centre's (FASC's)	1983-84	To popularise the use of improved agricultural instruments and tool kits
31.	National Fund for Rural Development (NFRD)	February 1984	To grant 100% tax rebate to donors and also to provide financial assistance for rural development projects
32.	Industrial Reconstruction Bank of India	March 1985	To provide financial assistance to sick and closed industrial; units for their reconstruction
33.	Comprehensive Crop Insurance Scheme	April 1, 1985	For insurance of agricultural crops
34.	Council for Advancement of People's Action and Rural Technology (CAP ART)	September 1, 1986	To provide assistance for rural prosperity
35.	Self-Employment Programme for the Urban Poor (SEPUP)	September 1986	To provide self-employment to urban poor through provision of subsidy and bank credit
36.	Service Area Account (SAA)	February 1988	A new credit policy for rural areas
37.	Formation of Securities and Exchange Board of India (SEBI)	April 1988	To safeguard the interest of investors in capital market and to regulate share market
38.	Tourism Finance Corporation of India (TFCI)	1989	To arrange the finance for the schemes related to tourism
39.	Jawahar Rozgar Yojana	April 1989	For providing employment to rural unemployed
40.	Nehru Rozgar Yojana	October 1989	For providing employment to urban unemployed
41.	Agriculture and Rural Debt Relief Scheme (ARDRS)	1990	To exempt bank loans upto Rs. 10,000 of rural artisans and weavers
42.	Scheme of Urban Micro Enterprises (SUME)	1990	To assist the urban poor people for small enterprise
43.	Scheme of Urban Wage Employment (SUWE)	1990	To provide wages employment after arranging the basic facilities for poor people in the urban areas where population is less than one lakh
44.	Scheme of Housing and Shelter Upgradation (SHASU)	1990	To provide employment by the means of shelter upgradation in the urban areas where population is between 1 to 20 lakhs
45.	National Housing Bank Voluntary Deposit Scheme	1991	To utilise black money for constructing low cost housing for the poor
46.	National Renewal Fund (NRF)	February 1992	To protect the interest of the employees of Public Sector
47.	Supply of Improved Toolkits to Rural Artisans	July 1992	To supply modern toolkits to the rural craftsmen except the weavers, tailors, embroiders and tobacco labourers who are living below the poverty line
48.	Employment Assurance Scheme (EAS)	October 2, 1993	To provide employment of at least 100 days in a year in villages
49.	Members of Parliament Local Area I Development Scheme (MPLADS)	December 23, 1993	To sanction Rs. 1 crore per year to every Member of Parliament for various development works in their respective areas through DM of the district
50.	Scheme of Infrastructural Development in Mega Cities (SIDMC)	1993-94	To provide capital through special institutions for water supply, seewage, drainage, urban transportation, land development and improvement of slum projects undertaken in Mumbai, Kolkata, Bangalore, Chennai and Hyderabad
51.	Scheme of Integrated Development of Small and Medium Towns	Sixth Five Year Plan	To provide resources and create employment in small and medium towns for prohibiting the migration of population from rural areas to big cities
52.	District Rural Development Agency (DRDA)	1993	To provide financial assistance for rural development

S. No.	Programme/Plan/Institution	Year of beginning	Objective/Description
53.	Mahila Samridhi Yojana	2 October, 1993	To encourage the rural women to deposit in Post Office Saving Account
54.	Child Labour Eradication Scheme	August 15, 1994	To shift child labour from hazardous industries to schools
55.	Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP)	November 18, 1995	To attack urban poverty in an integrated manner in 345 town having population between 50,000 to 1 lakh
56.	Group Life Insurance Scheme in Rural Areas	1995-96	To provide insurance facilities to rural people on low premium
57.	National Social Assistance Programme Ganga Kalyan Yojana	1995	To assist people living below the poverty line
58.	Ganga Kalyan Yojana	1997-98	To provide financial assistance to farmers for exploring and developing ground and surface water resources
59.	Kasturba Gandhi Education Scheme	August 15, 1997	To establish girls schools in districts having low female literacy rate
60.	Swarna Jayanti Shahari Rozgar Yojana (SJSRY)	December, 1997	To provide gainful employment to urban unemployed and under employed poor through self-employment or wage employment
61.	Bhagya Shree Bal Kalyan Policy	Oct. 19, 1998	To uplift the girls conditions
62.	Rajrajeshwari Mahila Kalyan Yojana	Oct. 19, 1998	To provide insurance protection to women
63.	Annapurna Yojana	March 1999	To provide 10 kg. foodgrains to senior citizens (who did not get pension)
64.	Swarna Jayanti Gram Swarozgar Yojana	April 1999	For eliminating Rural poverty and unemployment and promoting self-employment
65.	Samagra Awas Yojana	1999-2000	For providing shelter sanitation and drinking water
66.	Jawahar Gram Samridhi Yojana (JGSY)	April 1999	Creation of demand driven community village infrastructure
67.	Jan Shree Buna Yojana	Aug. 10, 2000	Providing Insurance Security to people living poverty line
68.	Pradhan Mantri Gramodaya Yojana	2000	To fulfil basic requirements in rural areas
69.	Antyodaya Anna Yojana	Dec. 25, 2000	To provide food security to poor
70.	Ashraya Bima Yojana	June 2001	To provide compensation to labourers who have lost their employment
71.	Pradhan Mantri Gram Sadak Yojana (PMGSY)	Dec. 25, 2000	To line all villages with Pacca Road
72.	Khetihar Mazdoor Bima Yojana	2001-2002	Insurance of Landless Agricultural workers
73.	Shiksha Sahyog Yojana	2001-2002	Education of Children Below Poverty Line
74.	Sampurna Gramin Rojgar Yojana	Sept. 25, 2001	Providing employment and food security
75.	Jai Prakash Narain Rojgar Guarantee Yojana	Proposed in 2002-03 Budget	Employment Guarantee in most poor distts.
76.	Valmiki Ambedkar Awas Yojana (VAMBAY)	Dec. 2, 2001	Constructing Slum houses in urban areas.
77.	National Slum Development Programme	Aug. 1996	Development of Urban Slums.
78.	Social Security Pilot Scheme	Jan. 23, 2004	Scheme for labours of unorganised sector for providing family j pension, insurance and medical.
79.	Vande Matram Scheme	Feb. 9, 2004	Major initiative in public-private partnership during pregnancy check-up.
80.	National Food for Work Programme	Nov. 14, 2004	Programme to intensify the generation of supplementary wage employment.
81.	Janani Suraksha Yojana	April 12, 2005	Providing care to expectant mothers.
82.	Bharat Nirman Programme	Dec. 16, 2005	Development of Rural Infrastructure including six components : Irrigation, Water Supply, Housing, Road, Telephone and Electricity.
83.	National Rural Employment Guarantee Scheme	Feb. 2, 2006	To provide atleast 100 days wage employment in rural areas.

C. Business Gk

1. CEOs and Business Leaders of various companies:

Company	Executive	Title	Since
Accenture	Pierre Nanterme	CEO	2011
ACE Limited	Evan G. Greenberg	CEO and President	2004
Aditya Birla Group	Kumar Birla	Chairman	1995
Adobe Systems	Shantanu Narayen	President and CEO	2007
Agenus	Garo H. Armen	Founder, Chairman, CEO	1994
American International Group	Bob Benmosche	CEO	2009
Alcatel-Lucent	Ben Verwaayen	CEO	2008
Alcoa	Klaus Kleinfeld	Chairman and CEO	2008
Altria Group	Michael Szymanczyk	Chairman and CEO	2008
Amazon.com	Jeff Bezos	Founder, President, CEO, and Chairman	1994
AMD	Rory Read	CEO and President	2011
American Express	Kenneth Chenault	Chairman and CEO	2001
Amgen	Kevin W. Sharer	President and CEO	2000
AMR Corporation	Thomas W. Horton	CEO	2011
Analog Devices	Jerald G Fishman	CEO and President	1996
Anheuser-Busch	Dave Peacock	CEO	2008
Anil Dhirubhai Ambani Group	Anil Ambani	Chairman	1983
AOL Inc.	Tim Armstrong	CEO and Chairman	2009
Apple Inc.	Tim Cook	CEO	2011
Arcelor Mittal	Lakshmi Niwas Mittal	Chairman and CEO	2006
Archer Daniels Midland	Patricia Woertz	President and CEO, chairman of the board[10]	2006
AT&T	Randall L. Stephenson	Chairman, CEO and President[11]	2007
BAE Systems Plc	Ian King	CEO[12]	2008
Banco Bilbao Vizcaya Argentaria	Francisco González	Chairman and CEO	2000
Bank of America	Brian Moynihan	President and CEO	2009
Barclays	Marcus Agius	Chairman	2012
Berkshire Hathaway	Warren Buffett	Chairman and CEO	1970
Best Buy	Brian J. Dunn	CEO	2009
Bharti Enterprises	Sunil Bharti Mittal	Founder, Chairman and Managing Director	1985
Blackstone Group	Stephen A. Schwarzman	Chairman, CEO and Co-Founder[14]	1985
BHP Billiton	Marius Kloppers	CEO	2007
BMW	Norbert Reithofer	Chairman of the Board of Management	2006
Boeing	W. James McNerney, Jr.	Chairman, President and CEO	2005
Boston Consulting Group	Hans-Paul Bürkner	President and CEO	2003
BP	Bob Dudley	CEO	2010
Burger King	John Chidsey	Executive Chairman and CEO	
Campbell Soup Company	Douglas R. Conant	President and CEO	2011
Canonical Ltd.	Mark Shuttleworth		
Capital One Financial	Richard Fairbank	Chairman and CEO	1988
Cargill	Gregory R. Page	President and CEO	2007
Caterpillar Inc.	Douglas R. Oberhelman	Chairman and CEO	2010
Cavium Networks	Syed B. Ali		
CBS Corporation	Leslie Moonves		
Chesapeake Energy	Aubrey McClendon	Chairman, CEO and Co-founder	
Chrysler	Sergio Marchionne		
Cisco Systems	John Chambers		
Citigroup	Vikram Pandit	CEO[15]	2007
Coca-Cola	Muhtar Kent	Chairman and CEO	2008
Cognizant Technology Solutions	Francisco D'Souza		
Comcast Corporation	Brian L. Roberts		
Computer Sciences Corporation	John Michael Lawrie	CEO	2012
Compuware Corporation	Peter Karmanos, Jr.		
ConAgra	Gary Rodkin		
Continental Airlines	Jeff Smisek		
Cameron	Sheldon Erikson		

Company	Executive	Title	Since
Crown Worldwide Group	James E. Thompson		
CVS Caremark	Thomas Ryan		
Cypress Semiconductor	TJ Rodgers		
Daimler AG	Dieter Zetsche		
Dell Inc	Michael Dell		
Delta Air Lines	Richard Anderson		
Deutsche Bank	Josef Ackermann		
Deutsche Post World Net	Frank Appel		
Devon Energy	J. Larry Nichols	Chairman and CEO	1980
DineEquity	Julia Stewart	Chairman and CEO	2007
Dish Network Corporation	Charlie Ergen		
DLF Universal	Kushal Pal Singh		
Domino's Pizza	David Brandon		
DuPont	Ellen J. Kullman		
Dubai Holdings	Mohammed Al Gergawi		
Dunkin' Donuts	Jon L. Luther		
Eastman Kodak	Antonio M. Perez		
EADS	Louis Gallois		
eBay	John Donahoe		
Electronic Arts	John Riccitiello		
Environment Agency	Barbara Young		
Ericsson	Hans Vestberg	President and CEO	2010
Escada	Dr. Bruno Sälzer	CEO	2008
Eurasia Group	Ian Bremmer		
Exxon Mobil	Rex Tillerson		
Facebook	Mark Zuckerberg		
FedEx	Frederick W. Smith		
Free Software Foundation	Richard Stallman		
Fiat S.p.A.	Sergio Marchionne		
Fidelity Investments	Abigail Johnson		
Ford Motor Company	Alan Mulally		
Fox Learning Systems	Debra Fox		
Foxconn Electronics Inc	Terry Gou		
Fisher Investments	Kenneth L. Fisher		
FUBU	Daymond John		
Formula One Management	Bernie Ecclestone		
Gas Powered Games	Chris Taylor		
General Dynamics	Nicholas Chabraja		
General Electric	Jeffrey R. Immelt		
General Motors	Daniel Akerson	CEO	2010
GfK AG	Klaus L. Wübbenhorst		
GlaxoSmithKline	Andrew Witty		
Goldman Sachs	Lloyd Blankfein		
Google	Larry Page		
GMA Network	Felipe Gozon		
Haas Outdoors	Toxey Haas	Founder and CEO	1986
Halliburton	David J. Lesar		
Harley Davidson	James Ziemer		
Harvard Pilgrim Health Care	Charlie Baker		
HCL Technologies	Vineet Nayar		
Henderson Land Development Co. Ltd.	Lee Shau Kee		
Hindalco	Kumar Mangalam Birla		
Home Depot	Frank Blake		
Honeywell	David M. Cote		
HP Hood LLC	John A. Kaneb		
HSBC	Stuart Gulliver		
IBM	Virginia M. Rometty		
IKEA	Mikael Ohlsson		
Inchcape plc	André Lacroix		
Infosys Technologies Limited	S.D. Shibulal		

Company	Executive	Title	Since
Intel	Paul Otellini	CEO	2005
ITC Limited	Y C Deveshwar	CEO and Chairman of the Board[18]	1996
J.Crew	Millard Drexler	CEO	2003
Jefferies & Company	Richard B. Handler	Chairman, CEO, and President	2001
JP Morgan Chase	James Dimon	CEO and Chairman	2004
Juniper Networks	Kevin Johnson	CEO	2008
Kaplan, Inc.	Andrew Rosen		
Kingdom Holding Company	Al-Waleed bin Talal		
Koch Industries Inc.	Charles G. Koch		
Las Vegas Sands	Sheldon Adelson		
Lehman Brothers	Richard S. (Dick) Fuld, Jr.		
L.L. Bean	Christopher McCormick		
Larsen & Toubro Limited	A M Naik		
Lockheed Martin	Robert Stevens		
LPK	Jerry Kathman		
Macy's, Inc.	Terry J. Lundgren		
Manchester United	David Gill		
Marks and Spencer	Stuart Rose		
McDonald's	Jack Greenberg		
McKinsey	Ian Davis		
Mercedes-Benz	Dieter Zetsche		
Merrill Lynch	John Thain		
Mesa Air Group	Jonathan Ornstein		
MetLife	C. Robert Henrikson		
MGA Entertainment	Isaac Larian		
Microsoft	Steven Anthony Ballmer		
Mile High Comics	Chuck Rozanski		
Morgan Stanley	James P. Gorman		
Motorola	Greg Brown		
Mozilla	Mitchell Baker		
MySQL AB	Marten Mickos		
MySpace	Chris DeWolfe		
Nation Media Group	Wilfred Kiboro	CEO	1993
National Amusements	Sumner Redstone		
NBC Universal, Inc.	Jeff Zucker		
Newlog	Yochanan Vollach		
News Corporation	Keith Rupert Murdoch		
New York Times Company	Janet L. Robinson		
NIIT	Vijay K. Thadani		
Nike	Mark Parker		
Nissan	Carlos Ghosn		
Nokia	Stephen Elop		2010
Nortel	Mike S. Zafirovski		
Novartis	Daniel Vasella		
Nintendo	Satoru Iwata		
Office Depot	Steve Odland		
Oxford Sustainable Group	Hadley Barrett		
Oracle Corporation	Larry Ellison		
Orascom Telecom Holding	Naguib Sawiris		
Outback Steakhouse	Chris T. Sullivan		
iGATE Patni	Phaneesh Murthy		
PepsiCo	Indra Nooyi		
Pfizer	Henry McKinnell		
Pizza Hut	David C. Novak		
Playboy Enterprises	Christie Hefner		
Polo Ralph Lauren	Ralph Lauren		
Popular, Inc.	Richard Carrión		
Procter & Gamble	Robert A. McDonald	Chairman, President and CEO[19]	2009
Prudential Financial, Inc.	John Strangfeld		
Qantas Airways Limited	Alan Joyce		
Qwest Communications International	Richard Notebaert		
Reliance Industries Ltd.	Mukesh Ambani		

Company	Executive	Title	Since
Renault	Carlos Ghosn		
Rite Aid Corporation	Mary Sammons		
Rocawear	Jay-Z		
Royal Ahold N.V.	John Rishton		
Royal Bank of Canada	Gordon Nixon		
Royal Bank of Scotland	Stephen Hester		
Royal Dutch Shell	Peter Voser		
Ryanair	Michael O'Leary		
S. C. Johnson & Son	Herbert Fisk Johnson III		
SAAB Automobile AB	Jan-Åke Jonsson		
SandRidge Energy	Tom L. Ward	Chairman and CEO	2006
Samsung	Kun-Hee Lee		
SAP AG	Bill McDermott	CEO	2010
SAS Institute	James Goodnight		
Sbarro	James J. Greco	CEO and President	2012
Scottrade	Rodger O. Riney		
Seagate Technology	Steve Luczo		
Siemens A.G.	Peter Löscher	President and CEO	2007
Simon Property Group	David Simon		
SingTel	Chua Sock Koong		
Sirius Satellite Radio	Mel Karmazin		
Sleep Country Canada	Steven Gunn		
SoftBank	Masayoshi Son		
Southwest Airlines	Gary C. Kelly		
Sonic Corporation	J. Clifford Hudson	Chairman and CEO	
Sony Corporation	Kazuo Hirai	President and CEO	2012
Sony Computer Entertainment	Andrew House	President and CEO	2011
Starbucks Coffee Company	Howard Schultz		
Statoil	Helge Lund		
Sun Hung Kai Properties Ltd.	Walter Kwok		
Sun Microsystems	Jonathan I. Schwartz		
SunTrust Banks Inc.	James M. Wells, III		
Supervalu Inc.	Jeff Noddle		
Sulekha	Satya Prabhakar		
Swedbank	Jan Lidén		
Syntel Inc.	Bharat Desai		
Target Corporation	Gregg Steinhafel	Chairman, President, and CEO	2008
Tata Consultancy Services	N Chandrasekaran		
Tata Steel	B Muthuraman		
Telefónica	César Alierta	CEO and Chairman	2000
Telmex	Carlos Slim Helú		
Telstra	David Thodey		
Temasek Holdings	Ho Ching		
Tesco	Philip Clarke		
Thomson Reuters	Tom Glocer		
Tim Hortons	Paul D. House		
Time Warner	Jeffrey L. Bewkes		
Tod's	Diego Della Valle	Managing Director	1970
TJX Companies, Inc.	Carol Meyrowitz		
Tracinda Corporation	Kerkor "Kirk" Kerkorian		
The Siegel Group Nevada, Inc	Stephen Siegel		
The Travelers Companies	Jay S. Fishman		
Trump Organization	Donald Trump		
Toyota	Hiroshi Okuda		
Toys for Bob	Paul Reiche III		
Toys "R" Us	Gerald L. Storch		
Tradeking	Donato A. Montanaro		
Turner Broadcasting System, Inc.	Philip I. Kent		
Twitter	Jack Dorsey		
UAL Corporation	Glenn F. Tilton		
UBS AG	Oswald Grübel		

Company	Executive	Title	Since
U.S. Century Bank	Octavio Hernández		
US Airways	Doug Parker		
United Parcel Service	D. Scott Davis		
UGI Corp.	Lon R. Greenberg		
United States Steel Corp.	John P. Surma		
United Technologies	Louis R. Chênevert		
Valero Energy Corporation	William R. Klesse		
Verizon Communications	Lowell McAdam	Chairman and CEO	2011
Viacom	Philippe P. Dauman		
Viking Range	Fred Carl, Jr.		
Vodafone	Vittorio Colao		
Volkswagen	Martin Winterkorn		
Vulcan Inc.	Paul Allen		
The Walt Disney Company	Robert Iger	Chairman and CEO	
Walgreen Company	Gregory Wasson		
Wal-Mart	Mike Duke		
Warner Bros.	Barry Meyer		
Washington Mutual	Kerry Killinger		
The Washington Post Company	Donald Graham		
Wells Fargo	John Stumpf	Chairman, President, and CEO	
Whole Foods Market	John Mackey		
Wikia, Inc.	Craig Palmer		
Williams-Sonoma	Laura J. Alber	Director, President, and CEO[21]	2010
Windstream Corporation	Jeffery Gardner		
Winn-Dixie	Peter Lynch		
Wipro Technologies Limited	T K Kurien		
World Wrestling Entertainment	Vincent K. McMahon	Founder, Chairman and CEO[22]	1980 Chairman 2009 CEO
Yahoo!	Marissa Mayer	CEO	2012
YG Entertainment	Yang Hyun Suk		
Yum! Brands, Inc.	David C. Novak		
Yves Saint Laurent	Paul Deneve	President	2012

2. **Companies & Logos:** Due to the design, the color, the shape, and eventually additional elements of the logotype, each one can easily be differentiated from other logotypes. For example, a box of Kellogg's cereals will be easily recognized in a supermarket's shelf from a certain distance, due to its unique typography and distinctive red coloring. The same will be true when one is at the airport looking for the booth of the Hertz Rent-A-Car company.

Some well-known logos include Apple Inc.'s apple with a bite taken out, which started out as a rainbow of color, and has been reduced to a single color without any loss of recognition. Coca-Cola's script is known worldwide, but is best associated with the color red; its main competitor, Pepsi has taken the color blue, although they have abandoned their script logo. IBM, also known as "Big Blue" has simplified their logo over the years, and their name. What started as International Business Machines is now just "IBM" and the color blue has been a signature in their unifying campaign as they have moved to become an IT services company.

There are some other logos that must be mentioned when evaluating what the mark means to the consumer. Automotive brands can be summed up simply with their corporate logo—from the Chevrolet "Bow Tie" mark to the roundel marks of Volkswagen, Mercedes-Benz and BMW, to the interlocking "RR" of Rolls-Royce—each has stood for a brand and clearly differentiated the product line.

Other logos that are recognized globally: the Nike "Swoosh" and the Adidas "Three stripes" are two well-known brands that are defined by their corporate logo. When Phil Knight started Nike, he was hoping to find a mark as recognizable as the Adidas stripes, which also provided reinforcement to the shoe. He hired a young student (Carolyn Davidson) to design his logo, paying her $35 for what has become one of the best known marks in the world (she was later compensated again by the company).

Another logo of global renown is that of Playboy Enterprises. Playboy magazine claims it once received a letter at its Chicago, Illinois offices with its distinctive "bunny" logo as the only identifying mark, appearing where the mailing address normally appears.

Corporate identities are often developed by large firms who specialize in this type of work. However, Paul Rand is considered the father of corporate identity and his work has been seminal in launching this field. Some examples of his work were the UPS package with a string (replaced in March 2003 with the "shield"), IBM and NeXT Computer.

An interesting case is the refinement of the FedEx logo, where the brand consultants convinced the company to shorten their corporate name and logo from "Federal Express" to the popular abbreviation "Fed Ex". Besides creating a shorter brand name, they reduced the amount of color used on vehicles (planes, trucks) and saved hundreds of thousands of dollars in paint costs. Also, the right-pointing arrow in the new logo hints at motion.

(i) The Logos of major Companies: The top companies in the world possess some of the most recognizable and distinctive logos around. These companies have built some of the foundations around which we live our lives: retail, automotive, financial services, telecommunications and energy, the staples of our daily lives. Gathered here are the logos of the top 100 largest companies and corporations in the world (using Fortune Magazine's annual 500 ranking as a guideline). From the plain and simple logos like Berkshire Hathaway, Panasonic, and Sony, to the more colorful and playful logos of ArcelorMittal and Suez, they represent billions of dollars in annual revenues. You will notice the dominant use of reds, blues and oranges throughout their designs, aimed at reinforcing trust, excitement and energy in the minds of consumers

Walmart	**ExxonMobil**
Royal Dutch Shell	**BP**
Toyota	**Chevron**
ING Group	Total

General Motors	ConocoPhillips
Daimler	General Electric
Ford	Sinopec
Citigroup	Volkswagen
Dexia Group	HSBC Holdings
BNP Paribas	Allianz

Credit Agricole	State Grid
China National Petroleum	Duetsche Bank
ENI	Bank of America
AT&T	Berkshire
UBS	JP Morgan Chase
Carrefour	AIG

Siemens	Samsung
Honda	HP
Pemex	Societe Generale
McKesson	HBOS
IBM	Gazprom
Hitachi	Valero Energy

Nissan	Tesco
E.On	Verizon
Deutsche Post	Metro Group
Nestle	Satander
Statoil Hydro	Cardinal Health
Goldman Sachs	Morgan Stanley

Petrobras	Deutsche Telekom
Home Depot	Peugeot
Peugeot	Eletricite de France
Aviva	Fiat
Panasonic	BASF
Credit Suisse	Sony

Telefonica	UniCredit
BMW	Procter & Gamble
CVS Caremark	Hyundai
US Postal Service	France Telecom
Vodafone	SK Group
Kroger	Nokia

ThyssenKrupp	Lukoil
Toshiba	Repsol YPF
Boeing	Prudential
Prudential	Petronas
AmerisourceBergen	Suez
Suez	Munich Re Group

Costco	Robert Bosch
Target	Assicurazioni Generali
Royal Bank of Scotland	UnitedHealth Group
Nippon Telegraph & Telephone	

(ii) Company Logos and their Meanings:

You might think the arrow does nothing here. But it says that amazon.com has everything from a to z and it also represents the smile brought to the customer's face.

The three stripes on the Adidas Logo represent a mountain, pointing out towards the challenges than are seen ahead and goals that can be achieved.

Body Wisdom- This is a logo design for a high end spa. The closely placed “owl eyes” convey wisdom while the hands effectively give across a relaxing message.

ED logo: Gianni Bortolotti- This ingenious logo has been designed by Josiah Jost. ED stands for “Elettro Domestici” which means Home Appliances in English. Jost added a whole new dimension to logo designing through this logo. He has used the negative space to demonstrate the letter “E” and “D” making the logo look like an electric plug. Just focus on the white part of the logos to see the E in ED!

The apple in this logo is taken from the Bible story of Adam and Eve, where the apple represents the fruit of Tree of Knowledge, with a pun on “byte/bite”.

The star in the three corners on their logo represents the Mercedes-Benz dominance on land, sea and air.

Being an Online Food Delivery service, its logo shows a fork formed into an @ symbol!

The 'arrow' between the E and the x in this logo was introduced to underscore speed and precision, which are part of the positioning of the company.

The old logo of Baskin Robbins had the number 31 with an arc above it. The new logo took this idea to the next level. The pink parts of the BR still form the number 31, a reference to the 31 flavours.

Carrefour is one of the biggest European retailers, and its also French for crossroads. The logo symbolizes this word via two opposite arrows. They also added the first letter of the name, because if you look closely youll see the letter C in the negative space between the two arrows.

At first, this logo might not make much sense. But if you look closely, youll see the number 1 in the negative space between the F and the red stripes. This logo communicates a feeling of speed.

The NBC (National Broadcasting Company) is one of the biggest American television networks. The peacock in the logo has 6 different tail feathers, referring to the six divisions at the time that this logo was created. The peacocks head is flipped to the right to suggest it was looking forward, not back.

Sony Vaio is a well known brand of laptops - the name Vaio logo also had a hidden meaning! The first two letters represent the basic analogue signal. The last two letters look like a 1 and 0, representing the digital signal.

Toblerone is a chocolate-company from Bern, Switzerland . Bern is sometimes called The City Of Bears. They have incorporated this idea in the Toblerone logo, because if you look closely, youll see the silhouette of a bear.

Unilever is one of the biggest producers of food, beverages, cleaning agents and personal care products. They produce a huge number of diverse products and they wanted to reflect this in their logo. Each part of the logo has a meaning. For example: the heart represents love, care and health - feeling good, a bird is a symbol of freedom.

The SUN Microsystems logo is a wonderful example of symmetry and order -the letters “u” and “n” while arranged adjacent to each other look a lot like the letter S in a perpendicular direction.

This was a logo created for a puzzle game called Cluenatic. This game involves unravelling four clues. The logo has the letters C, L, U and E arranged as a maze. and from a distance, the logo looks like a key

Eighty-20 is a small consulting company which does sophisticated financial modeling, as well as some solid database work. All their work is highly quantitative and relies on some serious computational power, and the logo is meant to convey it.

People first guess that 20% of the squares are darkened, but that turns out to be false after counting them. The trick is to view the dark squares as 1's and the light squares as 0's. Then the top line reads 1010000 and the bottom line reads 0010100, which represent 80 and 20 in binary.

On 23rd August 2012, Microsoft unveiled a new Logo. Year 1987 was the last time when Microsoft had modified its logo and this one has come after nearly 25 years which is a significant time for any organization. Its believed that the change in the logo comes in the anticipation of one of the biggest launches for Microsoft in recent times - The Launch of Windows 8 in October 2012. The primary aim of this logo is to provide a common theme across the new launches which the company is planning. The new logo is shown below:

Segoe is the font using which the word "Microsoft" is written in the logo. The four colored square boxes represent the portfolio of products which are supported by Microsoft.

3. Companies and their Punchlines:

(i) Punchlines of various companies:

Companies	Punchline
BPL	Believe in the best
Aiwa	Pure passion
Philips	Let's make things better
Nokia	Connecting people
Blue Star	Breathe easy
Xerox	The document company
Sybase	Information anywhere
IBM	Solutions for a small planet
Oracle	Software powers the internet
Alcatel	Architect of an internet world
Wipro	Applying thought
TCS	Beyond the obvious
Infosys Technologies	Powered by Intellect, driven by values
NOW	Experience convergence
Novell	The power to change
Acer	We hear you
Acer	Empowering people
Sify	Making the Internet work for you
Cisco	Empowering the Internet generation
HP	Invent
Sun Microsystems	We make the Net work
Sun Microsystems	Take it to the nth
Sun Microsystems	Throughout computing
Polaris Software	The power of precision
Apple	The power to be your best
Apple	Think different
Hyundai Sonata	Redisover luxury
Opel	The flight of German engineering
Baleno Altura	Sleek silent spirited
Mercedes Benz	The future of the automobile
Hyundai Accent	Affordable luxury
Tata	Improving the quality of life
Fiat	Driven by passion
Maruti Esteem	Move ahead in luxury
Honda City	Gem of an engine, Jewel of a car
Honda City	Makes perfect sense
Mitsubishi Lancer	Own the road
BMW	The ultimate driving machine
Santro	India's favourite family car
Hero Honda	Desh ki dhadkan
Maruti Versa	Two luxury cars in one
Ford Mondeo	Refined aggression
Fiat Palio	Technology. To the max

Companies	Punchline
Opel Astra	The science of comfort
Fiat Siena	Get noticed
Wagon R	Feeling at home
Mahindra Scorpio	Nothing else will do
TVS Victor	More smiles per hour
Accent Viva	Rev your imagination
Honda Accord	End of discussion
Bajaj pulsar	Fear the black
Tata Safari	Make your own road
Tata Indigo	Spoil yourself
Sansui	Born in Japan. Entertaining the world
Epson	Exceed your vision
General Electric	Imagination at work
Voltas	The global cooling expert
Videocon	The Indian multinational
Crompton Greaves	Everyday solutions
Panasonic	Ideas for life
LG	Life's good (tag-line)
LG	Inventive thinking
Electrolux	Nourishing lives. Nourishing hopes
Mitsubishi Electric	Change for the better
MTNL	Lifeline of Delhi and Mumbai
Canon	Delighting you always
Onida	Nothing but the truth
Olympus	Your vision. Our future
Daikin	Complete silence
Akai	Truly Japanese. Truly Advanced
Microsoft	Your potential. Our passion
HP	Invent
Sun Microsystems	We are the dot in the s.com
Polaris	Power of precision
Cisco System	This is the power of the network. now'
HP	Everything is possible (catchphrase)
Accenture	High performance. Delivered
IBM	On demand business
Acer	Empowering people
AT&T	Your world. Delivered
Dell Computers	Consider the possibilities (tag-line)
Lenovo	First you pay for it then it pays you back with interest
Microsoft	Are you people ready?
IBM	What makes you special?
Tata Indicom	Do more. Live more
Emirates	Keep discovering
Austrian Airlines	The most friendly airlines
Cathay Pacific	The heart of Asia
Lufthansa	There is no better way to fly

Companies	Punchline
Jet Airways	The joy of flying
Air Sahara	Emotionally yours
Thai Airways	Smooth as silk
Sri Lankan Airlines	You are our world
Qatar Airlines	Taking you more personally
Air Mauritius	Non-stop caring
Malaysia Airlines	Going beyond expectations
China Airlines	We blossom everyday
Austrian Airlines	Fly with friends
Spice jet	Flying for everyone
BMI BMI	Those who know fly
British Airways	The world is waiting
Air India	Fly Well (tag-line)
Gulf Air	Colour your sky
KLM	The reliable airline
Turkish Airlines	Your magical gateway to the world
Indian Airlines Ltd.	New horizons. Enduring values
Qantas Airlines	Spirit of Australia (tag-line)
Skoda Octavia	The most well built luxury car
Chevy SRV	Be a sport
Ford Fusion	Anything Karega
Honda Unicorn	Be a wing rider
Bajaj Eliminator	Designed to lead
Skoda Auto	Obsessed with quality since 1885
Centra	Fill it-once a month
Toyota Innova	All you desire
Hyundai Accent	Sheer pleasure
Land Cruiser Prado	Absolute power. Period
Mercedes-Benz	Brace Yourself
Cedia	Totally responsive. Totally alive
Sonata Embera	Undoubtedly distinguished
Alto	Let's go
Maruti 800	Change your life
Chevrolet	For a special journey called life
State Bank of India	With you - All the way
Punjab National Bank	___, the name you can bank upon
ICICI Prudential Life Insurance	We cover you. At every step of life
LIC	We know India better (tag-line)
Royal Sundaram	Beyond expectations
New India Insurance Company Ltd	Assurance of the leaders
Union Bank of India	Good people to bank with
HDFC Standard Life	Respect yourself
SBI Life Insurance	With us you are sure
HSBC	The world's local bank
The Vysya Bank Ltd	Experience relationship banking
Canara Bank	Lifelong Banking

Companies	Punchline
Aviva Life Insurance Co.	Kal par control
Iffco-Tokio General Insurance	The life you deserve
SBI	For your better tomorrow
Oriental Bank of Commerce	Where every individual is committed
IL & FS	More than a fund. A friend
Ernst & Young	Quality in everything we do
DSP Merrill Lynch	Bullish on Life
Syndicate Bank	Reliable Responsive
IndusInd Bank	We care … Dil Se
Allahabad Bank	A tradition of trust
Allianz Bajaj Life Insurance	Haske Jeeyo Yaar (tag-line)
Bank of Baroda	India's International Bank
Vijaya Bank	A friend you can bank upon
Franklin Templeton Investments	Gain from our perspective
ICICI Lombard General Insurance	We keep you going
UCO Bank	Honours your trust
The Federal Bank Ltd	Your perfect banking partner
Dena Bank	Trusted family bank
Lord Krishna Bank	Banking as you like it
National Insurance	Insuring your happiness
Tata Mutual Fund	With expertise comes trust
Allianz Bajaj Life Insurance	The power on your side
Corporation Bank	One bank, many solutions
LIC	Trust-thy name is LIC
Kotak Life Insurance	Bulls you win. Bear you win
SBI Mutual Fund	Soch hamari. Fayda aapka
IDFC IDFC	Think infrastructure. Think
BNP Paribas	The banking for a changing world
Tata AIG	A new look at life
Bombay Stock Exchange Ltd	The edge is efficiency
State Bank of India	Surprisingly (catch-phrase)
ICICI Prudential Life	We cover you at every step in life

(ii) Sector-wise Punch lines:

(a) Electronics Companies

Punchliness	Company
At the heart of the image	Nikon
Born in Japan, Entertaining the World	Sansui
Exceed your vision	Epson
The document company	Xerox
Everyday solutions	Crompton Greaves
Make.believe	Sony
Inspire the next	Hitachi
Life's good	LG
Delighting you always	Canon
Leading innovation	Toshiba
Connecting people	Nokia
The global cooling expert	Voltas
The Indian multinational	Videocon
Ideas for Life	Panasonic
Lifeline of Delhi & Mumbai	MTNL
Nothing but the truth	Onida
Dil ko Jeb Me Rakha Hai	Samsung Mobile

(b) IT Companies:

Punchlines	Company
Your potential, Our passion	Microsoft
Powered by intellect, driven by values	Infosys
Making the internet work for you	Sify
On demand business	IBM
First you pay for it then it pays you back with interest	Lenovo
Applying thought	Wipro
We hear you	Acer
Invent	HP
Consider the possibilities	Dell Computer

(c) Airlines

Punchlines	Company
A great way to fly	Singapore Airlines
The joy of flying	Jet Airways
Flying for everyone	Spice jet
Fly Well (tag-line)	Air India
A heart of Asia	Cathay Pacific
There is no better way to fly	Lufthansa
The world is waiting	British Airways
Kingfisher	Fly the good times
Fly Emirates	Emirates
From Abu Dhabi to the world	Etihad

(d) Automobiles:

Punchlines	Company
New thinking, New Possibilities	Hyundai
Even more car per car	Indica V2
Driven by the passion	Fiat
Moving forward	Toyota
The ultimate driving machine	BMW
Definitely male	Bajaj Pulsar
Nothing else will do	Mahindra Scorpio
For a special journey called life	Chevrolet
The future of the automobile	Mercedes Benz
Catch the i	Hyundai i10
Men are back	Maruti SX4
Count on us	Maruti Suzuki
Let's go	Alto
Making everyday exciting	Ford Motors
All you desire	Toyota Innova
The most well built luxury car	Skoda Octavia

(e) Financial Institutions:

Punchlines	Company
With you -All the way	State Bank of India
We cover you. At every step of life	ICICI Prudential Life Insurance:
Good people to bank with	Union Bank of India
Experience relationship banking	The Vysya Bank Ltd.
Kal par control	Aviva Life Insurance
For your better tomorrow (ad-line)	SBI
A friend you can bank upon	Vijaya Bank
Soch hamari, Fayda aapka (ad-line)	SBI Mutual Fund
A new look at life	Tata AIG
The name you can bank upon	Punjab National Bank
We know India better	LIC
The world's local bank	HSBC
Lifelong Banking	Canara Bank
The life you deserve	Iffco-Tokio General Insurance
A tradition of trust	Allahabad bank
India's International Bank	Bank of Baroda
Your perfect banking partner	The Federal Bank Ltd.
The bank for a changing world	BNP Paribas
The edge is efficiency	Bombay Stock Exchange Ltd.
Good people to grow with	Indian Overseas Bank

(f) Media:

Punchliness	Company
Let truth prevail	The Times of India
Be the first to know	CNN
It's all about money honey	IndiaInfoline.com
Experience, Truth first	NDTV
First in Business Worldwide	CNBC TV 18
The power of knowledge	The Economic times
Speak out	Outlook
Aapka fayda	Zee Business Channel
The voice of the Indian consumer	CNBC Awaz

(g) Tobacco Companies

Punchlines	Company
Quality That's Forever	Gold Flake
Made for each other	Wills
Live life kingsize	Four Square

4. Companies & their Country of Origin:

Rank	Company	Home Country
1	BMW	Germany
2	Sony	Japan
3	The Walt Disney Company	United States of America
4	Daimler (Mercedes-Benz)	Germany
5	Apple	United States of America
6	Google	United States of America
7	Microsoft	United States of America
8	Volkswagen	Germany
9	Canon	Japan
10	LEGO Group	Denmark
11	Adidas Group	Germany
12	Nestlé	Switzerland
13	Colgate-Palmolive	United States of America
14	Panasonic	Japan
15	Nike	United States of America
16	Intel	United States of America
17	Michelín	France
18	Johnson & Johnson	United States of America
19	IBM	United States of America
20	Ferrero	Italy
21	Samsung Electronics	South Korea
22	Honda Motor	Japan
23	L'Oréal	France
24	Nokia	Finland
25	Philips Electronics	the Netherlands
26	Kellogg	United States of America
27	Goodyear	United States of America
28	Amazon.com	United States of America
29	Danone	France
30	3M	United States of America
31	Hewlett-Packard	United States of America
32	Nintendo	Japan
33	LVMH Group (Louis Vuitton – Moët Hennessy)	France
34	Bridgestone	Japan
35	IKEA	Sweden
36	Giorgio Armani Group	Italy
37	Toyota	Japan
38	The Coca-Cola Company	United States of America
39	FedEx	United States of America
40	Marriott International	United States of America
41	Pirelli	Italy
42	Barilla	Italy
43	Fujifilm	Japan
44	Deutsche Lufthansa	Germany
45	Siemens	Germany
46	Bayer	Germany
47	UPS	United States of America
48	Boeing	United States of America
49	Procter & Gamble	United States of America
50	Dell	United States of America
51	Singapore Airlines	Singapore
52	Toshiba	Japan
53	Xerox	United States of America
54	Unilever	the Netherlands/the United Kingdom
55	Cisco Systems	United States of America
56	LG Corporation	South Korea

Rank	Company	Home Country
57	HJ Heinz	United States of America
58	Kraft Foods	United States of America
59	Swatch Group	Switzerland
60	Hilton Worldwide	United States of America
61	Heineken	the Netherlands
62	Nissan Motor	Japan
63	Qantas Airways	Australia
64	Electrolux	Sweden
65	Abbott Laboratories	United States of America
66	General Electric	United States of America
67	DuPont	United States of America
68	Sharp	Japan
69	Eastman Kodak	United States of America
70	Airbus	France
71	Oracle	United States of America
72	Roche	Switzerland
73	ACER	Taiwan
74	Sara Lee	United States of America
75	Yahoo!	United States of America
76	H&M	Sweden
77	SAS (Scandinavian Airlines)	Sweden
78	Marks & Spencer Group	the United Kingdom
79	Hitachi	Japan
80	eBay	United States of America
81	Avon Products	United States of America
82	Zara	Spain
83	Starbucks Coffee Company	United States of America
84	PepsiCo	United States of America
85	Fujitsu	Japan
86	GlaxoSmithKline	the United Kingdom
87	Pfizer	United States of America
88	Suzuki Motor	Japan
89	Carlsberg Group	Denmark
90	Eli Lilly	United States of America
91	General Mills	United States of America
92	Air France-KLM	France
93	Carrefour	France
94	Virgin Group	the United Kingdom
95	Lenovo Group	China
96	Hyundai	South Korea
97	Diageo	the United Kingdom
98	Petrobras	Brazil
99	Vodafone	the United Kingdom
100	Lockheed Martin	United States of America

5. Companies & their respective area of operation:

Rank	Company	Industry
1	Johnson & Johnson	Pharma / Household Products
2	General Mills	Food
3	Google	Technology
4	Kraft Foods	Food
5	Hershey	Food
6	Apple	Technology
7	Kellogg	Food
8	Home Depot	Retail
9	Clorox	Household Products
10	Amazon.com	Retail
11	Microsoft	Technology
12	Walt Disney	Entertainment
13	Procter & Gamble	Household Products
14	CVS Caremark	Pharma
15	Coca-Cola	Beverage
16	Fedex	Business Services
17	Colgate-Palmolive	Household Products
18	Hewlett-Packard	Technology
19	UPS	Business Services

Rank	Company	Industry
20	IBM	Technology
21	Target	Retail
22	Sony	Technology
23	Canon	Technology
24	Walgreen	Retail
25	Lowes	Retail
26	Honda Motor	Automotive
27	Pepsico	Beverage
28	Costco	Retail
29	Nintendo	Technology
30	Intel	Technology
31	General Electric	Technology
32	Marriott International	Travel
33	Ford Motor	Automotive
34	Best Buy	Retail
35	Samsung Group	Technology
36	Dell	Technology
37	Unilever	Food
38	McDonalds	Food
39	Nestle	Food
40	JC Penney	Retail
41	Nike	Clothing
42	Southwest Airlines	Travel
43	Netflix	Technology
44	Mars	Food
45	Revlon	Beauty
46	Research In Motion	Technology
47	Verizon Communications	Comms
48	Starbucks	Beverage
49	L'Oreal	Beauty
50	Pfizer	Pharma
51	State Farm Mutual Auto Insurance	Insurance
52	Mercedes Benz	Automotive
53	Nissan Motor	Automotive
54	Hilton Hotels	Travel
55	Anheuser-Busch InBev	Beverage
56	Facebook	Technology
57	Dunkin Brands	Food
58	Macys	Retail
59	Toyota Motor	Automotive
60	Wal-Mart	Retail
61	BMW	Automotive
62	Burger King Holdings	Food
63	Volkswagen Group	Automotive
64	AT&T	Comms
65	Toys-R-Us	Retail
66	Estee Lauder	Beauty
67	JetBlue	Travel
68	Adidas AG	Clothing
69	Aflac	Insurance
70	Merck	Pharma
71	General Motors	Automotive
72	Visa USA	Financial Services
73	Allstate	Insurance
74	Geico (Berkshire Hathway)	Insurance
75	MetLife	Insurance
76	Fidelity Investments	Financial Services
77	Gap	Clothing
78	Sprint Nextel	Comms
79	American Express	Financial Services
80	Mazda Motor	Automotive
81	Chanel	Luxury
82	LVMH Moet Hennessy Louis Vuitton	Luxury
83	Charles Schwab	Financial Services
84	Heineken	Beverage
85	Delta Air Lines	Travel
86	Chrysler	Automotive
87	United/Continental Airlines	Travel

Rank	Company	Industry
88	Mastercard Intl	Financial Services
89	Comcast	Comms
90	Royal Dutch Shell	Energy
91	Chevron	Energy
92	JP Morgan Chase	Financial Services
93	ConocoPhillips	Energy
94	Bank Of America	Financial Services
95	Citigroup	Financial Services
96	Exxon Mobil	Energy
97	Capital One Financial	Financial Services
98	Goldman Sachs	Financial Services
99	BP	Energy
100	Fannie Mae	Financial Services

6. Companies & Brands:

(i) Top Indian Brands: Campaign Magazine which releases Asia's top 1000 brand list every year has ranked Sony as the number 1 brand in Asia. Amul is the only Indian brand which has ranked in Top 100 Asian brands at number 89. It has slipped 16 places from the previous year's rank of 73.

Kingfisher is 2nd Indian Brand to appear on the list and is placed 116th in Asia. Big Bazaar is 3rd with Asian Rank of 184. Please note that Campaign Magazine rankings are for Asian Brands only. So, there are no Google's, Microsoft's & Facebook's of world in the rankings. These rankings were arrived based on 2 main questions asked to 3,322 respondents in 16 Asian- Pacific region.

- When you think of the following (product or service) category, which is the best brand that comes to your mind? By best, we mean the one that you trust the most or the one that has the best reputation in the (product or service) category.
- Apart from the best brand you entered, which brand do you consider to be the second best brand in the (product or service) category?

India Rank (2011)	Asia Rank (2011)	Brand Name	Category	2010 RANK
1	89	Amul	Milk powder/Milk/Ice-cream	73
2	116	Kingfisher	Beer/Full-service Airlines	140
3	184	Big Bazaar		248
4	215	ICICI Bank	Bank	182
5	216	State Bank of India (SBI)	Bank	226
6	221	Airtel	Mobile Service Provider	301
7	252	LIC	Insurance	290
8	264	Cafe Coffee Day	Coffee	396
9	270	Titan	Watch	292
10	288	Lakme	Cosmetics	289
11	290	HDFC Bank	Bank	341
12	304	Apollo	Pharmacy/Drugstore	342
13	336	Taj	Hotel	304
14	358	Kissan	Sauce/Condiment	482
15	360	Kelvinator	White Goods	317
16	372	Barista Lavazza (India)	Coffee Shop	534
17	394	Kwality	Ice-cream	496
18	396	Mother Dairy	Milk	273
19	411	Bajaj	Motorcycle	563
20	428	Maruti	Car/Automobile	413
21	435	Indian Oil Corporation	Petrol/Gas Station	642

India Rank (2011)	Asia Rank (2011)	Brand Name	Category	2010 RANK
22	448	Tata	Automobile	256
23	474	Clinic	Shampoo	802
24	477	Air India	Full-service Airlines	580
25	487	Godrej	Consumer Electronics	389
26	490	Hero Honda	Motorcycle	365
27	491	Myojo	Instant Noodles	589
28	524	Videocon	Consumer Electronics	386
29	551	Blue Dart	Courier Company	670
30	553	Drypers	Diaper	683
31	563	ICICI Prudential	Insurance	New entry
32	571	Spencer	Convenience Store/Supermarket	748
33	594	Ceat	Tyre	874
34	595	Tanishq	Jewellery	700
35	617	BPCL	Petrol/Gas Station	704
36	626	Haldiram	Savoury Snack Food	722
37	642	Woodland	Men's Shoes	525
38	678	Onida	Consumer Electronics	829
39	696	Axis Bank	Bank	New entry
40	700	Metro	Supermarket	697
41	710	Boomer	Chewing/Bubble Gum	627
42	724	DTDC	Courier Company	734
43	747	Kinley	Mineral Water	649
44	756	Parle	Sweets and Candy	979
45	769	TVS	Motorcycle	New entry
46	785	Rin	Detergent	848
47	799	ITC	Hotel	New entry
48	821	IFB	Home & Kitchen Appliances	New entry
49	832	Taj Mahal (Tea)	Tea	780
50	834	Gold Flake	Cigarette	823
51	844	Aavin	Milk	969
52	851	Haywards	Beer	999
53	864	Allianz	Insurance Provider	New entry
54	869	Raymonds	Men's Fashion Retailer	976
55	914	Himalaya	Mineral Water	New entry
56	936	Center Fresh	Chewing/Bubble Gum	647
57	938	Dabur	Toothpaste	New entry
58	950	Frooti	Fruit Juice	New entry
59	953	Fair And Handsome	Male Skincare Product	961
60	969	Thums Up	Carbonated Soft Drink	792
61	983	The Professional Couriers	Courier Company	New entry
62	986	Park Avenue	Personal Care/Men's Shoes	New entry
63	991	Arun	Ice-cream	New entry
64	997	More	Supermarket	New entry

(ii) Brands of Major FMCG Companies:

ITC

Cigarettes	: Wills, Classic, Gold Flake, NAVY Cut,
Hotels	: Welcome Group Hotel
Packaged Foods, Confectionery	: Aashirvaad, Sunfeast, Mint-O, Candyman, Bingo
Branded Apparel	: Wills Lifestyle, John Players, Miss Players
Personal Care	: Essenza Di Wills, Fiama Di Wills
Greeting Card	: Expressions
Safety matches	: Mangal Deep, Delite
Stationery	: Classmate, Paperkraft, Saathi

Proctor & Gamble

Feminine Care	: Whisper
Health Care	: Vicks Action 500+, Vicks Vapo Rub, Vicks Cough Drops, and Vicks Inhaler.
Fabric Care	: Tide, Ariel
Hair Care	: Head & Shoulders Pantene. Olay, Max Factor, Cover Girl. Joy. Essences and Clairol Nice "n' Easy, Rejoice
Baby Care	: Pampers

Hindustan Lever

Soaps	: Lifebuoy, Lux, Breeze, Liril, Rexona. Hamam, Moti
Beverages	: Lipton tea, Brooke Bond tea, Bru Coffee
Detergents	: Surf, Rin, Wheel
Creams and Beauty products	: Pond's talcs and creams, Vaseline lotions, Fair & Lovely creams, Lakme beauty products
Shampoos	: Clinic Plus, Clinic All Clear, Sunsilk Dove
Dishwashers	: Vim dishwash, Ala bleach, Domex disinfectant
Toothpaste and Brushes	: Pepsodent, Close Up
Deosprays	: Rexona, Axe
Ice Cream	: Kwality Walls
Squashes and Jams	: Kissan

Dabur

Foods	: Real juice, Real Active, Real Twist, Capsico, Honey
Healthcare	: Dabur Lal Tail, Dabur Baby Olive Oil, Dabur Janma Ghunti
Health Supplements	: Dabur Chyawanprash, Dabur Glucose D
Digestives	: Hajmola, Anardana, Hajmola Candy, Pudin Hara, Dabur Hingoli
Natural Cures	: Shilajit Gold, Isabgol, Itch Care, Dabur Balm,
Hair Care Oil	: Amla Hair Oil, Vatika Hair Oil, Dabur Olive Oil, Jasmine Hair Oil
Hair Care Shampoo	: Vatika Henna Conditioning Shampo, Vatika Anti-Dandruff Shampoo
Oral Care	: Dabur Red Toothpaste, Dabur Lal Dant Manjan Dabur Binaca Toothbrush, Miswak, Promise
Skin Care	: Vatika Fairness Face Pack

Marico

Hair Care	: Parachute, Hair & Care, Mediker, Revive
Food	: Saffola

Nestle

Beverages	: Nescafe classic, Nescafe sunrise. Nestle milo
Food	: Maggi, Kit kat, Munch, Milkybar, Bar-one, Eclairs, Polo, Polo Powermint

Pepsi Co

Beverages	: Pepsi, 7UP, Mirinda and Mountain Dew, Aquafina, Tropicana and Slice. Lehar Soda, Dukes lemonade and Mangola
Snacks	: Lay's Potato Chips; Cheetos snacks, Uncle Chips and namkeen snacks under the Kurkure and Lehar brands.

Coca-Cola

Beverages	: Coca-Cola, Thumbs Up, Fanta , Limca, Sprite, Maaza, Kinley, Georgia, Minute Maid

Britannia

Biscuits	: VitaMariegold, Tiger, Nutrichoice Junior, Good Day, 50-50, Treat, Pure Magic and Good Morning.

(iii) Auto Brands

Cars

Maruti	Maruti 800, Zen, Omni. Baleno, Esteem, WagonR, Gypsy, Alto, Swift
Honda	City, Chic, Accord
Fiat	Siena, Uno. Palio, Punto
Ford	Ikon, Escort. Mondeo
Mitsubishi	Lancer, Pajero
Hyundai	Sonata, Accent, Santro, Xing, i10, 120
Tata	Indica, Sierra, Safari, Sumo. Indigo Tata Nano
Toyota	Qualis, Corolla, Carmy, CoronaLand Cruiser, Innova
M&M	Scorpio, Armada, Balero
Skoda	Octavia, Fabia. Laura
Chevrolet	Optra, Spark, Beat

Two wheelers

Honda	Activa, Aviator, CB1000R, CBF Stunner, CBR1000RR, CBR150R, CB Shine
Hero Motocorp	Ignitor, Maestro, Impulse, CD Dawn, CD Deluxe, Pleasure, Splendor, Glamour, Achiever
Bajaj	Caliber, Eliminator, Boxer, Pulsar, Discover
Yamaha	CruxR, YBx, Enticer, Libero
TVS	Victor. Fiero, Max 100, Apache, Star Sport, Star City
Kinetic	Challenger, Boss, Aquila
Royal Enfield	Bullet. Machismo. Electra. Lightning
Bajaj	Chetak. Super. Legend. Sunny, Scooty.
Honda	Activa, Dio, Eterno
Kinetic	Marvel, Nova

7. India's Top Celebrity Brand Ambassadors

(i) Top Celebrities:

Shahrukh Khan: The King Khan of Bollywood earns around ₹150 crore a year from endorsements. His list of endorsements include Pepsi, Bagpiper, Santro, Omega, Nokia, Emami (₹5 crore every year), Hyundai, Airtel, Videocon, Sun Feast, Tag Heur, Mayur Suitings, Pulse Polio and AIDS control programmes. With 34 brand endorsements worth ₹238 crore, ShahRukh Khan also charges ₹10-15 crore per film. He owns Red Chillies Entertainment production house and IPL Cricket Team, Kolkata Knight Riders of worth ₹500 crore!! He earns ₹2-3 crores per day from endorsement deals.

Aishwarya Rai Bachan: Rai has replaced the former Miss Universe Susmita Sen as the brand ambassador for Kalyan Jewellers. Rai, who was replaced by Katrina Kaif as the brand ambassador for Nakshatra Diamonds on the grounds of fresh look, is still considered to be the most elite and glamourous actress. Been on the cover of Vogue three times, she appeared in a Pepsi commercial with actor, Aamir Khan. Some other, major, name brands she had modeling contracts with include; Longines watches, Coca-Cola, Lakme Cosmetics, Casio pager, Philips, Palmolive, Lux, and Fuji films. Aishwarya is said to earn around ₹1 billion through these endorsements.

MS Dhoni: Brand Dhoni has reached a new high altogether after the World Cup. Dhoni is currently the face of around 25 brands and charges over ₹6 crore per endorsement, according to industry estimates. Captain cool endorses 22 brands. Among the major brands endorsed by him are Sony BRAVIA, PepsiCo, Reebok, Save Tigers campaign, Aircel, Godrej, Big Bazaar, Aircel, Les, Amrapali Builders, Max, McDowells soda and Hershe. He had signed two record deals—a ₹26-crore deal with Vijay Mallya's United Breweries for three years and a renewal of contract with Maxx Mobile for ₹29 crore, for seven years.

Katrina Kaif: Katrina Kaif is the top female brand ambassador in India, representing 12 brands which include Nakshatra, Spice Telecom, Pantene, Godrej Renew, Slice Aamsutra, Veet and the latest Titan watch. She is the fifth person with the maximum number of brands endorsed in the country. The actress, who replaced Aishwarya Rai as the ambassador for Nakshatra Diamonds, charges ₹4-4.5 crore for endorsements. Like Kareena Kapoor, Kaif is also said to charge ₹1-1.25 crore per day

Sachin Tendulkar: Master Blaster's major endorsements are Toshiba, Adidas, ITC, Audemars Piguet, Canon, RBS, Reynolds, Boost, Aviva and Jaypee Cements. Tendulkar has also signed a ₹9-crore contract with Pune-based Real Estate Company, Amit Enterprises, and a ₹12-13 crore deal with apparel maker S Kumars. He earns around ₹60 crore through commercial endorsements. Sachin Tendulkar ads are still very popular, which portray him as a gutsy cricketer. The number of current Sachin Tendulkar endorsements cross the mark of 10.

Amitabh Bachan: The senior Bachan is now-a-days the brand ambassador for Gujarat tourism. He has been brand ambassador of products across industry and categories including Pepsi, Mirinda, ICICI Bank, Parker Pens, Reid & Taylor, Maruti Versa, Cadbury's, Nerolac, Hajmola, Navratna tail, Emani Boroplus, Eveready, Dabur, Sahara city Home, D'damas, Binnani. He is said to earn around ₹1-1.5 crore per day through endorsements.

Akshay Kumar: His name has been attached to a lot of brands like Thumbs Up, Bagpiper, Levis Jeans, Micromax, LG etc. He is officially announced as the brand ambassador of Canada by the Canada Tourism Commission in Delhi. Akshay is the first Indian celebrity to be the brand ambassador of Canada Tourism. He is very popular in Canada due to his film "Singh is King" and "Namaste London". His endorsement fee is around ₹1.5-2 crores per day.

(ii) Other Brand Endorsements:

Company / Brand	Brand Ambassadors
Airtel, Sony Viao, Globus, Anne French, Emami, Vivel, Head and Shoulders, Boro Plus, Citizen watches, LG, Sangini jewellery	Kareena Kapoor
LG Mobiles, Fanta, Vatika Hair Oil, Fa deodorants, Cadbury Perk, Garnier	Genelia D'Souza
Panasonic, Provogue, Pepsi, Nissan	Ranbir Kapoor
Donear Suitings, Reebok, Pepsi, Royal stag and SBI card	Yuvraj Singh
Airtel DTH, Royal Stag, Lays, LG	Saif Ali Khan
Coca Cola, Levi Strauss	Imran Khan
Yamaha, LG Mobiles, Clinic All Clear	John Abraham
Dixie Scott Innerwear, Wheel Detergent, Sangini jewellery, Mountain Dew	Salman Khan
Parle, Titan, Tata Sky, Coca Cola, Samsung Mobile	Aamir Khan
Provogue, Parle Hide and Seek, Reliance Com	Hrithik Roshan
Clinic All Clear, Vaseline, Levis, VIP Luggage, Mahindra 2-wheelers	Shahid Kapoor
Idea Cellular, Videocon DTH, Motorola, BIG 92.7, Lux	Abhishek Bachchan
Mirinda, Big Bazaar, Lux, Tata Sky, Fairever, Clinic All Clear	Asin
Nokia, Sunsilk, Lux, Levis, Asmi	Priyanka Chopra
Mayur Suitings, Boost, Samsung, Britannia, Colgate, Adidas	Virender Sehwag
Nestle, BSNL, Sony Cameras, Fiama D'Wills	Deepika Padukone
Nokia, Airtel	Sharman Joshi
L'Oreal, Spice Mobiles, Electrolux, Coca Cola, Mont Blanc	Sonam Kapoor
Clinic All Clear, Emami, Sugar Free, Reebok, Aristocrat Luggage	Bipasha Basu
Knorr Soup, Alpenliebe, Olay, Whirlpool	Kajol
Kurkure, Roohafza, Ashoka Pickles	Juhi Chawla
Pizza hut, Streax	Mallaika Arora Khan
Van Heusen, Tata Motors, Marico's Parachute,	Nargis Fakhri
Hindustan Unilever, United Spirits, Titan, Maruti Suzuki(A-Star)	Farhan Akhtar
Flying Machine, Toyota, Celkon Mobiles	Virat Kohli

8. Company Profiles:

Indian Firms among World's Most Innovative Companies

(i) Larsen & Toubro

Industry: Construction Services
Chief Executive Officer: Anilkumar Naik

Larsen & Toubro (L&T) with a market capital of $16.09 Billion (as of April 2012) got placed in Forbes' list of 'World's Most Innovative Companies' at the ninth position. L&T is a technology, engineering, construction and manufacturing company, which was founded in 1938. The company presently employs around 45,117 employees, and it operates mainly in three segments; Engineering & Construction Segment, Electrical & Electronics segment and Machinery & Industrial Products segment.

Engineering, Construction & Contracts Division (ECCD) of the company undertakes engineering, design and construction of infrastructure, buildings, factories, water supply, and metallurgical & material handling projects covering civil, mechanical, electrical and instrumentation engineering disciplines; and the division is organized into two independent companies: Heavy Engineering Independent Company and Ship Building Independent Company. Larsen & Toubro's Electrical & Electronics division also has two separate independent bodies such as Electrical & Automation Independent Company and Medical Equipment & Systems business.

(ii) Hindustan Unilever

Industry: Household / Personal Care
Chief Executive Officer: Nitin Paranjpe

Hindustan Unilever is an India-based consumer goods company that has made its mark in the domestic market. The Company that placed at the twelfth position in Forbes' list operates in seven business segments.The company's Soaps and detergents segment includes soaps, detergent bars, detergent powders and scourers.The company's Personal products segment includes products in the categories of oral care, skin care (excluding soaps), hair care, talcum powder and color cosmetics.The company has a Beverages segment that includes tea and coffee. It also has a Packaged foods segment including staples (atta, salt and bread) and culinary products (tomato-based products, fruit-based products and soups), Ice creams and frozen desserts.

Hindustan Unilever's other business segments include Exports, Chemicals, Water business etc. As of March 31, 2012, the Company had over 35 brands spanning 20 distinct categories. The famous products in its portfolio include household brands like Lux, Lifebuoy, Surf Excel, Rin, Wheel, Fair & Lovely, Pond's, Vaseline, Lakme, Dove, Clinic Plus, Sunsilk, Pepsodent, Closeup, Axe, Brooke Bond, Bru, Knorr, Kissan, Kwality Wall's and the water-purifier brand, Pureit.

(iii) Infosys

Industry: Computer Services
Chief Executive Officer: S Gopalakrishnan

The leading IT Company of the country, Infosys got placed in Forbes' list OF 'World's Most Innovative Companies' at the nineteenth position with a market capital of $32.63 billion (as of April 2012). Infosys, formerly Infosys Technologies, is a global technology services company employing 130,820 employees. The Indian IT company, infosys provides business consulting, technology, engineering and outsourcing services to help clients in over 30 countries. Its suite of business solutions includes business and technology consulting, custom application development, infrastructure management services, maintenance and production support, package enabled consulting and implementation including enterprise solutions, product engineering and lifecycle solutions, systems integration, validation solutions and cloud-based solutions and services.

(iv) Tata Consultancy Services

Industry: Computer Services
Chief Executive Officer: N. Chandrasekaran

With a market capital of $45.53 billion (as of April 2012), Tata Consultancy Services was listed by Forbes at the 29th position. Founded in 1968, this multi-national company headquartered in Mumbai is engaged in providing information technology services, business solutions and outsourcing and it employs 198,614 people.TCS' services portfolio consists of application development and maintenance, business intelligence (BI), enterprise solutions, assurance, engineering and industrial services, IT infrastructure services, business process outsourcing, consulting and asset leveraged solutions.The company also provides its services for several other industries, such as life sciences and healthcare, hi-tech, energy, resources and utilities, media and entertainment and travel, transportation and hospitality.Tata Consultancy Services is a subsidiary of the Tata Group and is listed in the Bombay Stock Exchange and the National Stock Exchange of India. It is one of the most valued firms in India and one of the five largest India-based IT services firms.

(iv) Sun Pharmaceutical Industries

Industry: Pharmaceuticals
Chief Executive Officer: S Kalyanasundaram

Sun Pharmaceutical Industries, which got placed on the Forbes' list of 'World's Most Innovative Companies' at the 38th position, is an international specialty pharmaceutical company. Sun Pharmaceuticals manufactures and markets pharmaceutical formulations as branded generics, as well as generics in India, the United States and several other markets across the world. The Company's whole business is divided into four segments: Indian Branded Generics, U.S. Generics, International Branded Generics (ROW) and Active Pharmaceutical Ingredients (API). Its brands are prescribed in chronic therapy areas such as cardiology, psychiatry, neurology, gastroenterology, diabetology and respiratory.The company makes specialty Active Pharmaceutical Ingredients (APIs), including peptides, steroids, hormones and anticancers. APIs and Dosage forms are made at 20 plants across India, Israel, the United States, Canada, Hungary, Brazil, Mexico and Bangladesh. Active Pharmaceutical Ingredients products include Acamprosate Calcium, Alendronate Sodium, Amifostine trihydrate, Budensonide and Carvedilol. In September 2010, it made an acquisition of Taro Pharmaceutical Industries.

Top 10 Indian Telecom Companies: The Indian telecom sector is the third largest telecommunication network in the world and ranks second in Asia. It has been one of the fastest growing sectors in Indian economy earning its position of being a major contributor in India's economic growth.

(i) Bharti Airtel

Ownership: Privately-held by Sunil Bharti Mittal
Date of Establishment: 7th July 1995
Market Share: 19.50 percent

Airtel is the largest telecom service provider in India and operates in 20 countries across south Asia, Africa and the Channel Islands and provides 2G, 3G and 4G services. Ranking third mobile telecommunications company in the world, it has nearly 261 million subscribers out of which 200 million are in India. The biggest mobile telephony provider, it is known as being the first mobile phone company in the world to outsource all its business operations except marketing. It is the first telecom service provider to achieve a Cisco Gold certification. Among the countries where Airtel marks its presence, some are, Bangladesh, Sri Lanka, Chad, Democratic Republic of Congo, Ghana, Nigeria, Zambia etc. Airtel collaborated with RIM and launched its Blackberry services in October 2004.

(ii) Reliance Communications

Ownership: Privately-held by Reliance Group
Date of Establishment: 2004
Market Share: 16.70 percent

Reliance Communications is a subsidiary of Reliance Anil Dhirubhai Ambani Group and provides telecom services across the country. Headquartered in Navi Mumbai, it ranks 16th on the global platform in terms of mobile operations and provides 2G and 3G services in the country. RCOM also provides National Long Distance and International Long Distance operations. Its customer base touches 150 million. It ranks among the top 5 telecom companies worldwide in terms of number of customers and its clientele is not limited to the individual customers but expands to corporate as well. It has services spanning all across the country and Reliance can be credited for bringing the telecom revolution in the country with its unbeatable pricing during times when mobile phones was a luxury for the business class people. It is the only operator which provides spped up to 28 Mbit/sec with its 3G MIMO technology.

(iii) Vodafone

Ownership: Privately-held by Vodafone group
Date of Establishment: 1994
Market Share: 16.40 percent

Vodafone India, previously known as Vodafone Essar and Hutchinson Essar is one of the well renowned telecom service providers in India headquartered in Mumbai. In 2011, Vodafone Group agreed to buy the share of its partner Essar from the Indian mobile phone business. Vodafone paid $5.46 billion to take 33%

stake in the Indian subsidiary. It left Vodafone with 74% of the Indian business, while the other 26% is owned by Indian investors. The company is valued to be $18.8 billion. The transaction took its final shape in 2007. Vodafone offers both prepaid and postpaid GSM cellular phone coverage throughout India with good presence in the metropolitan cities. It launched 3G services in the country in the January-March quarter of 2011.

(iv) Idea Cellular

Ownership: Privately-held by Aditya Birla group and others.
Date of Establishment: 1995
Market Share: 11.90 percent

Idea Cellular is an Indian telecom service provider headquartered in Mumbai. Previously ran by Tata Cellular, it was bought by Birla-AT&T in 2000. This merger of Birla-Tata-AT&T was popularly known as Batata and was rebranded as IDEA. However, in the subsequent years, AT&T and Tata sold their stake in Idea and it became an entity of Aditya Birla group. The three companies held an equal stake in the company before AT&T decided to sell its stake. Both Tata and Birla bought AT&T's stake with 16.45 percent each. Tata was still holding Idea when the company filed for a license to operate in Mumbai. For this reason, Idea could enter late in Mumbai after the intervention of the Department of Telecom. Tata left Idea but only for a major sum of money cmounting to ₹44 billion. Currently, Birla's hold 49.05 percent shares in Idea and the remaining is held by Axiata Group and Providence equity.

(v) BSNL

Ownership: Publically-held by Government of India
Date of Establishment: Incorporated on 15th September 2000
Market Share: 10.80 percent

BSNL or Bharat Sanchar Nigam Limited is a publically held telecom service provider in India. With its headquarters in New Delhi, it is the largest provider of fixed-line services and subsequently provides broadband services across the nation. Before the liberalization of Indian economy BSNL held the monopoly across the country except for Delhi and Mumbai which were covered by MTNL. It is India's oldest communication service provider and enjoys a customer base of 95 million throughout India. Among the services that BSNL provides, some are, Universal Telecom Serives, Cellular Mobile Telephone Services, WLL-CDMA Telephone services, Internet, Intelligent Network, 3G, IPTV, FTTH, Helpdesk, VVoIP, WiMax. BSNL has 24 telecom circles, 2 metro districts, 6 project circles, 4 maintenance regions, 5 telecom factories, 3 training institutions and 4 specialized telecom units.

(vi) TATA Teleservices

Ownership: Privately-held by the TATA Group
Date of Establishment: January 2005
Market Share: 9.20 percent

Tata Teleservices limited is a subsidiary of renowned Tata group and is headquartered in Mumbai. It provides broadband and telecommunications services across the country and operates under the name of Tata Docomo in various telecom circles across India. The Japanese telecom giant NTT Docomo bought 26 percent stake in Tata Teleservices in November 2008 paying a sum of nearly ₹13,070 Crores. Previously in February 2008, Tata Teleservices limited announced its plan to launch a youth oriented CDMA service in association with Virgin Group. Currently, Tata Teleservices functions under the following brand names: Tata docomo, Virgin Mobile and T24 Mobile. It enjoys a subscriber base of more than 5 billion in Delhi alone and is provides tariff plans in both Post-paid and Pre-paid category. Its retail business has 3000 outlets across the country. It also became the first private sector telecom operator to launch 3G service in the country.

(vii) Aircel

Ownership: Privately-held by Maxis Communications and Sindya Securities & Investments.
Date of Establishment: 1999
Market Share: 6.90 percent

Aircel is an Indian telecom service provider jointely held by the Maxis Communications and Sindya Securities & Investments Private Limited. The Malaysian-based Maxis Communications hold a majority stake of 74 percent in the company. The current share-holders of Sindya Securities & Investments are the Reddy family that is famed for its Apollo Hospitals Group of India. Headquartered in Chennai, it is one of the leading telecom service providers in Tamil Nadu, North East, Assam and Chennai. With a subscriber base of nearly 51.83 million, it is ranked seventh among the Indian mobile service providers (GSM & CDMA) and fifth among the GSM mobile service providers. The company has also obtained permission from the Department of Telecom (DoT) for providing International Long Distance and National Long Distance telephony services.

(viii) Uninor

Ownership: Privately-held by Unitech Group and Telenor Group
Date of Establishment: 3rd December 2009
Market Share: 4.2 percent

Uninor is an Indian telecom service provider that is jointly held by two companies: a Norway-based telecommunication company Telenor and an Indian real-estate company Unitech. Telenor holds a major stake of 67.25 percent in the company. Uninor is headquartered in Gurgaon (NCR Delhi) and provides its services in all of India's 22 telecom circles. It offers voice and a data service based on the GSM technology and is commercially available in the 13 circles across India. Its major target is the youth and is a pioneer in charging as per day time and geographic location. During its launch, Uninor was available in 8 circles and 6 other circles were added in the initial six months. It follows a lean operational model and its network infrastructure is outsourced to its business partners.

(ix) Videocon

Ownership: Privately held by Videocon Group
Date of Establishment: 7th April 2010
Market Share: 0.78 percent

Videocon Telecommunications Limited is a Videocon group company owned by Venugopal Dhoot. It is headquartered in Gurgaon (NCR Delhi). Launched in April 2010, Videocon Telecommunications Limited provides GSM services in almost all parts of India including Tamil Nadu, Punjab, Haryana, Mumbai, Gujarat, Kerala, Madhya Pradesh, Uttar Pradesh, and Himachal Pradesh among others under the brand name of Videocon. The Videocon group, an Indian Multinational company, is a global business conglomerate that has its roots spread in diverse markets and generates revenues worth $4 billion annually. The group has several manufacturing facilities and R&D departments spread all across the globe including American, Europe and Australia. Videocon has one of the strongest distribution networks in the country and enjoys a well-established reputation in the global market. The group is also involved in the manufacturing of mobile handsets under the same brand name.

(x) MTNL

Ownership: Publically-held by Government of India
Date of Establishment: 1st April 1986
Market Share: 0.6 percent

Brief Description: MTNL or Mahanagar Telephone Nigam Limited is a publically-held telecom service provider which operates only in metro cities; Mumbai and Delhi and the island nation of Mauritius (Africa). Before the liberalization of the Indian economy, MTNL held a monopoly in the cities of Delhi and Mumbai which it lost after the market was opened for other service providers. The Indian government currently holds a 56.25 percent stake in the company that has a motto "Transparency Makes Us Different".

World's Top 10 Software Companies: These software companies are ranked by Michel van Kooten of Software Top 100 as per their annual software revenues.

(i) Microsoft

Software Revenue: $54,270 mn
Software Revenue Growth: 10.6 percent

Microsoft, the multi-national company that develops a wide range of software products, has topped the list of Global Software Top 100 with the software revenue exceeding $50,000 million. The share of the software revenue of the company is 80.5 percent in the total revenue of the company is $67,383 million.The most profitable products of this software king are the Microsoft Windows operating system and the Microsoft Office suite of productivity software. Founded in 1975 by Bill Gates and Paul Allen, Microsoft rose to dominate the home computer (personal computer) operating system market with firstly MS-DOS in the mid 1980s, followed by the Windows line of operating systems. Windows continues to be the flagship product of the company with its most recent version Windows 8; though released in August 2012, it will be delivered in October. The software company, headquartered in Redmond, Washington, the company now has three business divisions: the Microsoft Platform Products and Service Division, the Microsoft Business Division and the Microsoft Entertainment and Devices Division.

(ii) IBM

Software Revenue: $22,485 mn
Software Revenue Growth: 5.1 percent

IBM, the multi-national computer, technology and IT-consultancy company, has a software revenue of $22,485 million (as of 2011), which is around 22.5 percent of the total revenue of the company ($99,870 million). Headquartered in Armonk, New York, the company was founded by Herman Hollerith in 1896; the name IBM was given to it only later. The company produces both software and hardware products and offers services in areas ranging from mainframe computers to nanotechnology. As of now, IBM is the largest IT services company and the second largest software company in the world. The company received the most United States patents in the year 2009 for up to seventeen consecutive years. The major products of the company are Websphere, DB2, Lotus, Tivoli and Cognos.

(iii) Oracle

Software Revenue: $20,958 mn
Software Revenue Growth: 12.8 percent
The multi-national computer technology corporation, Oracle, has appeared on the Global Software Top 100 list at the third position with a software revenue exceeding $20,000 million. It is 69.4 percent of the total revenue of the company ($30, 180) as of 2011. Oracle develops enterprise software products and particularly database management systems. Headquartered in Redwood City, California, United States, the company employs more than 73,201 people worldwide as of 2009 statistics, Larry Ellison being its Chief Executive Officer. The corporation has enlarged its share of the software market through organic growth and through numerous high-profile acquisitions, which includes People Soft and BEA Systems. The company is hailed as the third largest software company in the United States and in the world; and it is also the second largest enterprise software company in the world.

(iv) SAP

Software Revenue: $12,558 mn
Software Revenue Growth: 10.5 percent

SAP AG is a multi-national software development and consulting corporation and it grabs the fourth position on the list of world's top 100 software companies with software revenue of $12,558 million which is much lesser to Oracle that stands just one position ahead of it on the list. This software company has 75.4 percent software revenue share among the total of $16,654 million. The corporation provides enterprise software applications to businesses of all sizes. Founded in 1972 in Mannheim by the former IBM engineers, Dietmar Hopp, Hans-Werner Hector, Hasso Plattner, Claus E Tschira and Claus Wellenreuther, the software firm is best known for its flagship product SAP Enterprise Resource Planning (ERP). This company is headquartered in Walldorf Germany. And it is the largest European software company in the world and the largest enterprise software company in the world, leaving behind Oracle.

(v) Ericsson

Software Revenue: $7,274 mn
Software Revenue Growth: -4.2 percent

Though Ericsson has the fifth position in the list of world's top 100 software companies ranked by their software revenue, it has shown a decrease in the software revenue of 4.2 percent than the previous years' statistics. The company now claims a software revenue of $7,274 million which 24 percent of the total revenue generated by the company ($30,307 million). The company was founded in 1876 by Lars and Magnus Ericsson as a telegraph equipment repair shop. Presently, Ericsson is a Swidish provider of telecommunication and data communication systems, including mobile networks. Ericsson is headquartered in Kista, Stockholm Municipality and it has offices and operations in more than 175 countries. The Sweden office of the company employs more than 75,000 employees, making it one of the largest companies in the country. The company has the status of the worldwide market leader of telco networks and it is the fifth largest software company in the world.

(vi) Hewlett Packard

Software Revenue: $6,669 mn
Software Revenue Growth: 7.9 percent

Hewlett Packard, popularly known and marketed as 'hp' is a consumer electronics corporation that has come in the sixth position on the list of Global Software Top 100, which is ranked by the software revenue of the companies. The company has $6,669 million software revenue making only 5.3 percent of the total revenue of the company, which is $126,562 million. Hewlett Packard is headquartered in Palo Alto, California, United States. The major product lines of the company include personal computer devices, enterprise servers, related storage devices, as well as a diverse range of printers and other similar imaging products. Hewlett Packard is considered as the largest technology company in the world and it had posted $91.7 billion in annual revenue in the year2006, greater than the $91.4 billion generated by the rival company, IBM. Hewlett Packard is the largest worldwide seller of personal computers, dominating the rival DELL as the market research firms Gartner and IDC has reported in January 2010. The company also acclaims the position of sixth largest software company in the world.

(vii) Symantec

Software Revenue: $5,636 mn
Software Revenue Growth: 1.3 percent

The computer technology corporation Symantec shows only a meager percent of software revenue growth this time with $5,636 million placing itself in the seventh position on the list of world's top 100 software companies. Meanwhile the total revenue of the company is $6,013 million, in which 93.7 percent is the revenue generated by software products and services. Symantec is a multi-national company that develops security software. The technology firm is best known for its flagship product, Norton Security Software. Symantec is the largest security software company in the world and also the fifth largest software company in the United States.

(viii) Nintendo

Software Revenue: $5,456 mn
Software Revenue Growth: -19.8 percent

Nintendo comes at the eighth position on the list of top software companies in the world. The software company, Nintendo has shown a reduction of 19.8 percent in their software revenue reaching at $5,456 million. The current software revenue makes 39.6 percent of its total revenue of $13,766 million. The primary business sector of the company is gaming software production, and the next major sector of the company is non-PC Games and Game Engines. The company employs more than 3,768 people in their offices.

(ix) Activision Blizzard

Software Revenue: $4,447 mn
Software Revenue Growth: 3.9 percent

The technology firm, Activision Blizzard develops and publishes video games. And the software revenue, which is its only revenue generating sector, of the company is $4,447 million. This firm is the American Holding company for Activision and Blizzard Entertainment, majority of which is owned by the French corporation Vivendi SA. The well known games developed and published by the company are Guitar hero, Call of Duty and World of Warcraft. The merger happened in 2008 made Activision Blizzard one of the largest growing software companies of the Software Top 100. This firm was the second largest video game company in the world as of 2009.

(x) EMC

Software Revenue: $4,356 mn
Software Revenue Growth: 10 percent

The software revenue $4,356 million made EMC at the No. 10 position on the list of the top 100 software companies in the world. It is around 25.6 percent of the total revenue of the company that is $17,015 million. The primary business sector of the company is developing of Infrastructure software. Storage Management Software is another major sector from which the company derives its revenue. The company employs around 37,700 people in its offices.

Top 5 Retailers Around the World: According to Deloitte's report, 'Global Powers of Retailing', nearly 60 percent of the world's top 250 retailers are operating in more than one country; and among those 147 retailers, 115 has their presence in more than one sub-region.

(i) Wal-Mart

Country of Origin: U.S.
Countries of Operation: 16
Annual Revenue: $446.95 billion (as of 2012)

Wal-Mart is the unbeaten retail leader in the world and it tops the list compiled by Deloitte. Walmart Stores, branded as Wal-Mart since 2008, is a U.S. based multi-national retailer corporation that runs chains of large discount department stores and warehouse stores. It is also the third largest public corporation in the world, according to the Fortune Global 500 list in the year 2012. Founded in 1962 by Sam Walton, the company employs around 2.2 million people as of 2012. The company still remains a family-owned business and it is controlled by Walton family owning 48 percent of the company stake. It is also listed among the most valuable companies of the world. Headquartered in Bentonville, Arkansas, Wal-Mart also owns and operates the Sam's Club retail warehouse in North America. It has around 8,500 stores across 16 countries, operating under different names. It operates in the United States under the same name, in Mexico as Walmex, in the United Kingdom as Asda, in Japan as Seiyu and in India as Best Price.

(ii) Carrefour

Country of Origin: France
Countries of Operation: 36

Carrefour SA, the French international hypermarket chain, which is headquartered in Boulogne Billancourt, France, is at the second position on the Deloitte's list of top ten retailers across the globe. The company claims to be one of the largest hypermarket chains in the world with more than 1,395 hypermarkets by the end of 2009. It is also the second largest retail group in the world in terms of revenue and third largest in terms of profit. Founded in 1958, Carrefour SA has operations mainly in Europe, Argentina, Brazil, China, Colombia, Dominican Republic, United Arab Emirates and Saudi Arabia. The company also has retail shops in North Africa and other parts of Asia, with most stores being of smaller size than hypermarket or even supermarket. In French the term 'Carrefour' means "crossroads." The company's previous head office was in Levallois-Perret, France.

(iii) Metro AG

Country of Origin: Germany
Countries of Operation: 33
Annual Revenue: $91 billion (as of 2009)

The German retail giant, Metro AG (often referred to as Metro Group), was the top ranking company among the five German retail companies in the Deloitte's list of top ten retail companies in the world. This German company could grab the third position on the list. The company is a German-based global diversified retailer and wholesale/cash and carry group. The company has the largest market share in its home market and it is one among the most globalised retail and wholesale corporations in the world. The company, which was founded in 1964 by Otto Beisheim, employs 283,280 people and it has operations in various countries across Europe, Asia and Africa. As of the fiscal year 2009, the company could generate annual revenue of $91 billion. Metro AG provides services like supermarkets, hypermarkets, consumer electronics and home appliances retail, and department stores.

(iv) Tesco

Country of Origin: United Kingdom
Countries of Operation: 14

The British multi-national grocery and merchandise retailer, Tesco comes at the fourth position on the list of top ten retailers of the world. Headquartered in Cheshunt, United Kingdom, the company has stores in 14 countries across Asia, Europe and North America. It is the grocery market leader in the U.K., Malaysia, the Republic of Ireland and Thailand. The company was founded as a group of market stalls in 1919 by Jack Cohen. Later Cohen purchased a shipment of tea from T E Stockwell and the first Tesco store got opened in 1929 in Burnt Oak, Middlesex. Then the business got expanded rapidly, and by 1939 he could open more than 100 Tesco stores across the country. Since then the company has diversified itself into areas such as the retailing of books, clothing, electronics, furniture, petrol, software etc; and providing financial services, telecom services and internet services and more.

(v) Lidl

Country of Origin: Germany
Countries of Operation: 25
Annual Revenue: $82.4 billion (as of 2011)

Lidl, the German discount supermarket chain that operates over 10,000 stores across Europe, was placed at the fifth position on the list of top ten retailers in the world. Formerly known as Schwarz Unternehmens Treuhand KG, the company belongs to the holding company, Schwarz Gruppe. The company got founded in 1930s by a member of the Schwarz Family. The first of its stores operating under the present name was started in 1973 and now it has established itself in over 20 countries in Europe. Josef Schwarz became a partner of a fruit wholesaler and he developed the company into a general food wholesaler. In the year 1977, the Schwarz Gruppe started to focus on discount markets, larger supermarkets and cash and carry wholesale markets, inspired by the Aldi concept. Schwarz removed those products that didn't sell well, and cut the costs by keeping its retail outlets as small as possible. Today it has more than 580 stores throughout U.K.

Ten Best-Selling Products Of All Time:

(i) Rubik's Cube
Category: Toy
Units sold / sales: 350 million units
Parent Company: Seven Towns

The 'Magic Cube' is the top best-selling product in the world as of the list. Rubik's Cube is almost a must have toy in every households having kids, though it is toy that puzzles even adults. It is a three dimensional mechanical puzzle that got invented in 1974 by the Hungarian sculptor and professor of architecture Erno Rubik. The puzzle was licensed by Rubik to be sold by Ideal Toy in 1980. The puzzle won the German Game of the Year special award for Best Puzzle of that year. As of January 2009, 350 million Magic Cubes had been sold worldwide making it the world's top-selling puzzle game. In the classic version of the Rubik's Cube, each of the six faces is covered by nine stickers, each of one of six solid colours (traditionally white, red, blue, orange, green, and yellow) and a specific mechanism enables each face to turn independently, thus mixing up the colours. For the puzzle to be solved, each face must be made having all the 9 stickers in one colour. Similar puzzles were produced later with various numbers of stickers, not all of them by Rubik.

(ii) IPhone

Category: Smartphone
Units sold / sales: 250 million units
Parent Company: Apple

The much hailed smartphone from Apple, iPhone is no wonder at the top in the market leaving the contemporary brands far behind. The iPhone, designed and marketed by Apple, runs iOS mobile operating system, originally named as iPhone OS. The Late CEO of Apple, Steve Jobs unveiled the first iPhone in January 2007 and it got released on June 29, 2007. The sixth generation in the iPhone series has been announced already this year. The iPhone can work as a camera phone, a portable media player, a video camera and an internet client with email and web browsing capabilities; it can also send texts and receive visual as well as voice mails and has both Wi-Fi and cellular data connectivity. The users can have a multi-touch screen in iPhone which includes a virtual keyboard rather than a physical one. It can access to App Store which has more than 500,000 apps as of 2012.

(iii) Harry Potter

Category: Book series
Units sold / sales: 450 million units
Parent Company: Scholastic (US publisher)

Harry porter snatching the third rank in the list is a series of fantasy novels written by the British writer J K Rowling. The books tell the stories of the adventures of a wizard, Harry Potter and his friends Ronald Weasley and Hermione Granger, who are the students at Hogwarts School of Witchcraft and Wizardry. Since the release of the first novel in the series, Harry Potter and the Philosopher's Stone in June 1997, the books have gained massive popularity among people of all ages and it also had critical acclaim and commercial success worldwide. The series got some share of criticism too, especially for having concern for the dark tone. As of June 2011, the book series has sold about 450 million copies, which made it the best-selling books series in the history and they were the fastest-selling books also. So far this series has been translated into 67 languages. The series has also made movies that could trigger similar success in the box-office.

(iv) Michael Jackson's 'Thriller'

Category: Album
Units sold / sales: 110 million units
Parent Company: Epic Records

The American pop star, Michael Jackson's Thriller is the sixth studio album is the fourth on the list. It was released in 1982 as a follow-up of Jackson's commercially successful 1979 album 'Off the Wall' by Epic Records. Thriller too explored the similar genres used in 'Off the Wall' including pop, R&B, rock, post-disco and adult contemporary music. Recording sessions of the album took place at Westearn Recording Studios in Los Angeles, California, with a production budget of $750,000. Jackson himself wrote four among the nine tracks on the album. Seven singles were released from the album, all of which reached the top 10 on theBillboard Hot 100. "Baby Be Mine" and "The Lady in My Life" were the only tracks that were not released as singles. In just few years of its release, thriller became the best-selling albums of all time and still continues to be one with sales estimated between 65 and 110 million copies worldwide till date. The album won eight Grammy Awards at the 1984 Grammys.

(v) Mario Franchise

Category: Video game franchise
Units sold / sales: 262 million units
Parent Company: Nintendo

The Mario Franchise, which could grab the fifth position in the list of evergreen best-selling products, is a media franchise consisting of video games published and produced by Nintendo starring the fictional super hero, Mario. The franchise is active in other media including television series and films. The master brain behind Mario was originally Shigeru Miyamoto which was introduced with the video game, Donkey Kong in July 1981. Then the games were developed by a variety of developers including Nintendo, Hudson Soft and AlphaDream. The major series of the franchise is the Super Mario platform series that follows Mario's adventures in the fictional world of the Mushroom Kingdom and these games chiefly rely on Mario's jumping ability to allow him to progress through various levels of the game. The franchise was featured in more than 200 games of various genres, being the best-selling video game franchise of all time.

(vi) Ipad

Category: Tablet
Units sold / sales: 67 million units
Parent Company: Apple

The much accepted product from Apple, iPad is a line of tablet computers, which was designed and marketed primarily as a platform for audio-vishual media including books, periodicals, movies, music, games, apps and web content. The size and weight of the tablet fall between those of the contemporary smartphones and laptop computers. This tablet uses the operating system iOS, the same one used on Apple's iPod Touch and iPhone and it can run its own applications and the iPhone applications. iPad has a multi-touch display like the iPod Touch and iPhone, which makes it different from most of the previous tablet computers that generally used a pressure-triggered stylus. Apple is selling iPad with Wi-Fi and cellular models, in which the Wi-Fi connection is used to access local area network and the internet and the cellular model is used to connect to mobile data networks with 3G or 4G.

(vii) Star Wars

Category: Movies
Units sold / sales: $4.54 billion in ticket sales
Parent Company: 20th Century Fox

The seventh on the list, Star Wars is an American space opera franchise that consists of film series created by George Lucas. The film series has been adopted by various other media genres such as books, television series, computer and video games and comic books. These supplements to the film trilogies have resulted in significant development of the series and these media kept the franchise active in the interim between the film trilogies. This movie series portrays a universe which is in a galaxy that existing far away from our universe. Its Jedi is the representation of good and Sith is that of the evil and their popular weapon of choice is the lightsaber. The first film in the series was released in 1977 under the title Star Wars by 20th Century Fox, followed by two sequals, released at three-year intervals and all the three were box-office hits generating a total revenue of $4.49 billion. The success of these films led the company to re-release them in the theatres.

(viii) Toyota Corolla

Category: Vehicle
Units sold / sales: 39 million cars
Parent Company: Toyota

Toyota Corolla, which achieved the eighth position on the list is one among the line of compact cars manufactured by the Japanese auto-maker Toyota. It rapidly became popular throughout the world ever since the nameplate was first introduced in 1966. Beating the Volkwagen Beetle, it became the best-selling nameplate in the world in 1997 and as of 2012, more than 39 million Corollas have been sold. The company has also considered several design revisions as the car was breaking the sales records.The car gets the name 'Corolla' as it is the tradition of Toyota to name their primary models using the name 'Crown'; and the term 'Corolla' means crown in Latin.The early models of Corolla were mostly rear-wheel drive and the later ones were front-wheel drive. The company has produced some models that were four-wheel drive. One of the major competitor of Toyota Corolla almost from the very beginning has been Nissan Sunny that was also introduced the same year.

(ix) Lipitor

Category: Pharmaceutical
Units sold / sales: $125 billion revenue
Parent Company: Pfizer

Lipitor, which came ninth on the list of 10 Best-selling Products of All Time compiled by 247wallst.com, is a trade name of a calcium salt (Atorvastatin) marketed by Pfizer. This drug, which is a member of the drug class known as statins, is used for lowering the level of LDL—the so called bad cholesterol—in the blood. The drug also stabilizes plaque and prevents strokes through anti-inflammatory and other mechanisms.It was first synthesized by Bruce Roth of Parke-Davis Warner-Lambert Company (now Pfizer) in 1985. It is the best-selling drug in the pharmaceutical history and its sales generated revenue of $125 billion when it got approved for marketing by the U.S. Food and Drug Administration in 1996. Though it was not the first in its class, its ability to reduce cholesterol and significant advertising quickly propelled it to the top of its class of drugs and it could top the list of best-selling branded pharmaceuticals in the world for nearly a decade.

(x) PlayStation

Category: Video game console
Units sold / sales: 300-plus million units
Parent Company: Sony

PlayStation that was ranked at the tenth position on the list is a series of video game consoles created and developed by Sony Computer Entertainment. The brand, which was first introduced in 1994 in Japan, has dominated the fifth, sixth, seventh and eighth generations of video gaming.

9. Top Indian Entrepreneurs:

Azim Premji: Chairman of Wipro Technologies; Richest Indian for the past several years; Honored with Padma Bhushan in 2005. Azim Premji is Chairman of Wipro Technologies, one of the largest software companies in India. He is an icon among Indian businessmen and his success story is a source of inspiration to a number of budding entrepreneurs.

Dhirubhai Ambani: Dhiru Bhai Ambani built India's largest private sector company. Created an equity cult in the Indian capital market. Reliance is the first Indian company to feature in Forbes 500 list. Dhirubhai Ambani was the most enterprising Indian entrepreneur. His life journey is reminiscent of the rags to riches story. He is remembered as the one who rewrote Indian corporate history and built a truly global corporate group.

JRD Tata: He had the honor of being India's first pilot; was Chairman of Tata & Sons for 50 years; launched Air India International as India's first international airline; received Bharat Ratna in 1992. JRD Tata was one of the most enterprising Indian entrepreneurs. He was a pioneer aviator and built one of the largest industrial houses of India.

M.S. Oberoi: Founder of the Oberoi Group of Hotels; Honored with Padma Bhushan in 2001, M.S. Oberoi can be aptly termed as the father of the Indian hotel industry. Rai Bahadur Mohan Singh Oberoi was among the first to recognize the potential of the tourism industry, its ability to contribute to India's economic growth and generate direct and indirect employment. He worked tirelessly to put Indian hotel industry on global tourism map.

Dr. Monkombu S. Swaminathan: He is an outstanding world statesman and visionary in the agricultural and natural resources arena. Trained as a plant breeder and cytogeneticist in India, the United Kingdom, and the United States, he is acclaimed as the "Father of the Green Revolution in Asia." In India they say, "Gandhi gave us freedom, Swaminathan gave us food." He is the recipient of all three of India's civilian honors: high, higher, and highest. Dr. Swaminathan's achievements have led to dramatic increases in crop yields.

Narayana Murthy: One of the founders of Infosys Technologies Limited; Chosen as the World Entrepreneur of the Year - 2003 by Ernst and Young, Narayana Murthy is the Non-Executive Chairman and Chief Mentor of Infosys Technologies Limited. He is a living legend and an epitome of the fact that honesty, transparency, and moral integrity are not at variance with business acumen. He set new standards in corporate governance and morality when he stepped down as the Executive Chairman of Infosys at the age of 60.

Rahul Bajaj: Rahul Bajaj is the Chairman of the Bajaj Group, which ranks among the top 10 business houses in India. The Bajaj Group has diversified interests ranging from automobiles, home appliances, lighting, iron and steel, insurance, travel and finance. Rahul Bajaj is one of India's most distinguished business leaders and internationally respected for his business acumen and entrepreneurial spirit.

Sunil Mittal: Chairman and Managing Director of Bharti Group, India's largest GSM-based mobile phone service provider; IT Man of the Year Award 2002 from Dataquest and CEO Of the Year, 2002 Award from World HRD Congress. Sunil Mittal can be called as originator of cellular phone revolution in India. He is the founder, Chairman and Managing Director of Bharti Group and runs India's largest GSM-based mobile phone service.

Verghese Kurien: Known as the "father of the white revolution" in India; Winner of Ramon Magsaysay Award; Awarded with Padma Shri (1965), Padma Bhushan (1966), and Padma Vibhushan (1999). Dr. Verghese Kurien is better known as the "father of the white revolution" in India. He is also called as the Milkman of India. Dr. Varghese Kurien was the architect behind the success of the largest dairy development program in the world, christened as Operation Flood. He was the chairman of the Gujarat Co-operative Milk Marketing Federation Ltd. (GCMMF) and his name was synonymous with the Amul brand.

10. Mergers and Acquisitions:

I. Top Indian Mergers and Acquisitions in 2011:

The Reliance – BP deal: The much talked about Reliance – BP deal finally came through in July 2011 after a 5 month wait. Reliance Industries signed a 7.2 billion dollar deal with UK energy giant BP, with 30 percent stake in 21 oil and gas blocks operated in India. Although the Indian government's approval on two oil blocks still remains pending, this still makes it one of the biggest FDI deals to come through in India Inc in 2011-12-31.

Essar exits Vodafone: In March 2011, the Vodafone Group announced that it would buy 33 percent stake in its Indian joint venture for about 5 billion dollars after the Essar Group sold its holding and exited Vodafone. Healthcare giant Piramal Group too, bought about 5.5 percent in the Indian arm of Vodafone for about 640 million dollars. This brings Vodafone's current stake to about 75 percent.

The Fortis Healthcare merger: In September 2011, India's second largest hospital chain, Fortis Healthcare (India) Ltd, announced that it will merge with Fortis Healthcare International Pte Ltd., the promoters' privately held company. This will make Fortis Asia's top healthcare provider with the approximate total revenue pegged at Rs. 4,800 crore. Fortis India will buy the entire stake of the Singapore based Fortis International. This company is currently held by the Delhi-based Singh brothers (Malvinder Singh and Shivinder Singh).

iGate acquires majority stake in Patni Computers: In May 2011, IT firm iGate completed its acquisition of its midsized rival Patni Computers for an estimated 1.2 billion dollars. For iGate, the main aim of this acquisition was to increase its revenue, vertical capability and customer base. iGate now holds an approximate stake of 82.5 percent in Patni computers, now called iGate Patni.

GVK Power acquires Hancock Coal: In one of the biggest overseas acquisitions initiated by India in September 2011, Hyderabad-based GVK Power bought out Australia's Hancock Coal for about 1.26 billion dollars. The acquisition includes a majority of the coal resources, railway line and port infrastructure of Hancock Coal, along with the option for long term coal supply contracts.

Essar Energy's Stanlow Refinery Deal with Royal Dutch Shell: The Ruias' flagship company for its oil business, Essar Energy completed its 350 million dollar acquisition of the UK based Stanlow Refinery of Shell in August 2011. In addition to a direct access to the UK market, Essar is planning to make optimum utilization of this deal with its '100 day plan' to improve operations at the UK unit.

Aditya Birla Group to acquire Columbian Chemicals: In June 2011, the Aditya Birla Group announced its completion of acquiring US based Columbian Chemicals, a 100 year old carbon black maker company for an estimated 875 million dollars. This will make the Aditya Birla Group one of the largest carbon black maker companies in the world, doubling its production capacity instantly.

Mahindra & Mahindra acquires Ssangyong: In March 2011, Mahindra acquired a 70 percent stake in ailing South Korean auto maker Ssangyong Motor Company Limited (SYMC) at a total of 463 million dollars. This acquisition will see the Korean company's flagship SUV models, the Rexton II and the Korando C foray into the Indian market.

The Vedanta – Cairn acquisition: December 2011 finally saw the completion of the much talked about Vedanta – Cairn deal that was in the pipeline for more than 16 months. Touted to be the biggest deal for Indian energy sector, Vedanta acquired Cairn India for a neat 8.6 billion dollars. Although the Home Ministry cleared the deal, it has highlighted areas of concern with 64 legal proceedings against Vedanta.

Adani Enterprises takes over Abbot Point Coal: In June 2011, Adani acquired the Australian Abbot Point Port for 1.9 billion dollars. With this deal, the revenues from port operations are expected to almost triple from 110 million Australian dollars to 305 million Australian dollars in 2011. According to Adani, this was amongst the largest port deals ever made.

Honda's exit from Hero Honda: The country's largest two-wheeler maker Hero Honda's Japanese promoter Honda Motor Co exited the company after selling its 26% stake to a group firm of Honda in Hero Honda for Rs 3,841.83 crore. After Hero's exit from Hero Honda, the company was renamed Hero Moto Corp. As per the new structure, Hero Investments Pvt Ltd (HIPL), one of the main shareholders in Hero Honda, has now increased its stake in the Munjals-promoted auto major to 43.33% from 17.33% as on December 31, 2010.

Sahara India Group's 42.5% stake in Force India: 2011 saw the first ever Formula 1 Grand Prix in India. This also marked Sahara's $100-mn investment in Force India, a tie-up between two of India's best-known and controversial tycoons. Not surprising, given that from their love for sports to their high-level connections, there are many common threads running through the lives of Vijay Mallya and Subrata Roy. Sports marketing experts said it was a win-win alliance

II. Top Mergers & Acquisitions in India for 2010:

Tata Chemicals buys British salt: Tata Chemicals bought British Salt; a UK based white salt producing company for about US $ 13 billion. The acquisition gives Tata access to very strong brine supplies and also access to British Salt’s facilities as it produces about 800,000 tons of pure white salt every year.

Reliance Power and Reliance Natural Resources merger: This deal was valued at US $11 billion and turned out to be one of the biggest deals of the year. It eased out the path for Reliance power to get natural gas for its power projects

Airtel’s acquisition of Zain in Africa: Airtel acquired Zain at about US $ 10.7 billion to become the third biggest telecom major in the world. Since Zain is one of the biggest players in Africa covering over 15 countries, Airtel’s acquisition gave it the opportunity to establish its base in one of the most important markets in the coming decade

Abbott’s acquisition of Piramal healthcare solutions: Abbott acquired Piramal healthcare solutions at US $ 3.72 billion which was 9 times its sales. Though the valuation of this deal made Piramal’s take this move, Abbott benefited greatly by moving to leadership position in the Indian market.

GTL Infrastructure acquisition of Aircel towers: This acquisition was worth about US $ 1.8 billion and brought GTL Infrastructure to the third position in terms of number of mobile towers – 33000. The money generated gave Aircel the funds for expansion throughout the country and also for rolling out its 3G services.

ICICI Bank buys Bank of Rajasthan: This merger between the two for a price of Rs 3000 cr would help ICICI improve its market share in northern as well as western India.

JSW and Ispat Ki Kahani: Jindal Steel Works acquired 41% stake at Rs 2,157 cr in Ispat Industries to make it the largest steel producer in the country. This move would also help Ispat return to profitability with time

Reckitt Benckiser & Paras Pharma: Reckitt acquired Paras Pharma at a price of US $ 726 million to basically strengthen its healthcare business in the country. This was Reckitt’s move to establish itself as a strong consumer healthcare player in the fast growing Indian market

Mahindra’s acquisition: Mahindra acquired a 70% controlling stake in troubled South Korea auto major Ssang Yong at US $ 463 million. Along with the edge it would give Mahindra in terms of the R & D capabi.