

CONFAB

Economic Scenario 2020

Concurrent with 61st IEEMA Annual General Meeting on 19th September 2008, IEEMA had organised a CONFAB, immediately after the AGM. The theme for this was 'Economic Scenario 2020'. Mr V V Paranjape, IEEMA President, 2008-09 welcomed the guest speakers, Mr Girish Vasudev, Techno-Macro Economic Consultant and Dr Abhay Pethe, Director, Department of Economics, University of Mumbai.



Dignitaries on dais at IEEMA CONFAB

Mr Murali Venkatraman, VP, IEEMA, presented bouquet and memento to Mr Girish Vasudev and Mr Vimal Mahendru, VP, IEEMA, presented memento and bouquet to Dr Abhay Pethe. The CONFAB was inaugurated in a traditional way by lighting a lamp.

Mr Paranjape in his welcome speech said that, "We are aware that the environment is changing fast and it is necessary for us to keep pace in order to survive and prosper. At IEEMA, we are continuously deliberating on how IEEMA and its services could be made more responsive to this change. The IEEMA Vision initiative identifying new areas of activities has progressed significantly and IEEMA is currently in the process of converting a few prioritized initiatives into action. The Government has drawn up an ambitious power development programme with an expected capacity addition of 78,577 MW in the 11th Plan and 86,500 MW in the 12th Plan periods. Government has further announced that it is planning to add 90,000 MW in the 11th Plan period itself. The industry sentiment is also quite positive since the demand for electrical equipment has grown substantially during the past 4-5 years."

Considering the robust rate of growth in economy and projection of enormous requirement in the infrastructure sector and particularly the power sector, IEEMA members have expanded their capacities to cater to the emerging market. Today there are some apprehensions of the future and the industry is passing through a somewhat uncertain period with a slow down in economy, rising rate of inflation and increased cost of finance due to high interest rates. He further

added, "In power sector also, delay in start-up of the ultra mega projects, 60% achievement compared to the planned targets, temporary stalling of the APDRP programme etc. have raised concerns in the minds of the industry. To add to the woes, the financial institutions in the US are crumbling under severe financial pressures thereby creating a panic

situation world over and resulting in net outflow of foreign capital from our country during the last few weeks."

He recalled, that, "The same kind of situation was faced by the industry a decade back. He concluded on an optimistic note, saying that, "the industry is hopeful that similar situation would not arise again and the future of the power sector and hence the electrical and industrial electronics equipment industry is secure".

IEEMA had invited two leading economists as Guests of Honour, to share their thoughts on the theme 'Economic Scenario 2020'. Mr S P More, Director General, IEEMA introduced Mr Girish Vasudev, Techno - Macro Economic Consultant, and Dr Abhay Pethe, Director, Department of Economics, University of Mumbai on this occasion.

Mr Girish Vasudev, opening his address expressed that the topic of CONFAB 'Economic Scenario 2020' was very apt and accurately timed, as India was drawing worldwide attention in terms of returns on capital. Mr Vasudev took stock of economic scenario of the country since 1947 and took the audience on a journey, about how India developed economically since the independence. He stated that while our country had been on economical rise, the development of science and technology in our country has been phenomenal.

Mr Vasudev added that India was receiving worldwide attention as a potential investment hub. The fact that India has 47 foreign banks and 747 FIIIs with 1000 applications awaiting registration proves the interest in the country. He opined that the economic



Q-A session at CONFAB

field is likely to expand further, with equities, debts, commodities like gold, silver, metals, chemicals expanding the list. The days ahead are promising, but to remain high in the growth factor; it is necessary to implement time and motion study. All over the World, Indians have been employed by global trade and commerce to take care of control on cost, every manufacturing industry will have to employ similar techniques to maintain viability. Although critical on the Indian attitude towards growth and progress, Mr Vasudev expressed optimism about India emerging as super power in future. In conclusion, he cautioned that though coming decade may bring in miracles, they won't come easily as each country has its own methods of economic prosperity. The opportunities and threats are going to be hand in hand.

Dr Abhay Pethe, Director, Department of Economics, University of Mumbai shared his thoughts on this occasion. While opening his speech, complimented the commendable work done by IEEMA for documenting, debating and taking up specific issues on behalf of electrical Industry. He opined that it is very essential that this industry grows at more than 15%, if we have to attain our goal of 9% plus GDP growth..

Dr Pethe in his speech said that he was optimistic about the Economic Scenario 2020 would be promising and rosy, but surely there were some concerns about present macro-economic scenario, which needed urgent resolution. Dr Pethe highlighted the importance of three points, which defined the parametric environment of Indian political economy's macro picture. These are the fact of the globalization, the state of our politics and the growth story.

Dr Pethe said, "As far as globalisation is concerned, we need to find international partners and act domestically to shore up our economy so that we can emerge as a powerful member in the committee of the nations. The three important lessons that need to be assimilated, that is generic with the process of globalisation, are learning to pay for your lunch, incentive compatibility in contracts whatever you do, and letting go of institutions (zero based thinking). By 2020, it is hoped that we will be finally able to settle

down at more mature level of democracy, with more and more issues of national interest being treated in bi- or multi partisan manner. "

Adding to this he said that, "The Indian growth story is remarkable as it is important for sustainability of development process. This is evitable if one looks at the image of India on the world map. However in terms of effective delivery mechanism, we face obstacles. The specific components of any developing economy are power, education, roads, water and health".

Dr Pethe opined that power sector had to be recognized as crucial to all our development efforts and not just for the Electrical Industry. It has to be contextualized within the parameters of energy security in general. This sector has gone through a lot of metamorphosis for the last 125 years and continues to do so.

Dr Pethe further stated that, " I expect two things to happen till we reach 2020, first of all the two plus character of our federation had to be well defined, currently we do have debate whether we do have really two plus character, secondly more political maturity. He expressed that the growth story is a fiscal growth through out the country particularly on the State level. All other sectors have to do well for creating better opportunities for equipment industry."

While summing up, Dr Abhay Pethe said that we must ensure in all our policy efforts that growth must not be sacrificed and we should always believe that growth is a good thing. Resources are important but governance is the key. To implement our best laid plans, we have to have better implementation of design mechanism. Then only we will attain success and truly attain cruise control with newer challenges and newer priorities" .

Mr Murali Venkatraman, Vice President, IEEMA while proposing vote of thanks, thanked Mr Girish Vasudev and Dr Abhay Pethe, who had given insights into the intricacies of the global economic scenario and its impact on the Indian economy. Mr Murali Venkataraman added that, " I am sure, all of us will weigh the possibilities emerging out of the present situation and arrive at prudent business decisions to carry our businesses forward".

He further stated that we would like to reiterate our commitment to the government vision for the nation in the power sector and IEEMA will continue to implement such initiatives to make IEEMA the brand of choice both in the domestic and global T&D domain.

While concluding, Mr Venkatraman expressed gratitude to Mr Bhargava, President IEEMA 2007-08, for steering IEEMA with flair and dedication during the year. He thanked Mr Bhargava for always giving his time and attention in the tradition of the past presidents of the organization.