



EDITORIAL

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Even as we go into the New Year, the news about the world economy is not very encouraging. Worldwide, it seems, recession is taking a foothold and appears well entrenched at least for the time being. Businesses have been downsizing almost as fast as they expanded in the recent years. Forget creation of new jobs; jobs have been lost by the million sending employment figures into a tizzy.

India has not been exempt from the effects of the present downturn and Indian industry has certainly exhibited signs of the slowdown with production cuts, plant closures, delaying investment plans and of course, job and pay cuts. Airlines have been complaining of mounting losses and have fallen back on Government support for their continuance in business, the auto industry is reeling from falling sales over the last quarter - the list goes on. However, the sharp cuts in fuel prices has made life easier for the airlines, and many have reduced fares as a consequence; but the question is: low fares are not the only reason for bringing in the fliers, most flying being business oriented, if business prospects are down, obviously the number of boarding passes issued is going to slide too. So also the auto manufacturers who have attempted to restore and at least partly recover lost market shares, through lowered prices.

The free fall in fuel prices has come to be as much a cause for worry as their unprecedented rise in the early part of the year.

The see-sawing prices have made oil producers to consider production cuts if only to artificially restore the prices somewhat. But if investment in infrastructure is nosediving, it is obvious that demand for oil will register a sympathetic movement downward and the cuts in production may have only a marginal effect, if at all.

As India Inc. goes through the motions of grappling with the greatest challenge it has faced in years, some sectors and a few organizations particularly, which have taken to pragmatic measures to tackle it - such as reduction in costs through pay cuts, production cuts and innovative manipulation of demand for their products through diversification, are making the grade. This is where the ingenuity of India Inc. is sure to come to the fore with a level headed assessment of the situation and a clinically thought out action plan to meet the challenge. Panic reaction through closures and lay offs is certainly not advised even by the opinion leaders in Management thought.

This issue of IMR features a pot pourri of researched articles and opinion makers on subjects as varied as Consolidation in the Aviation Sector and the management of Risk in Portfolio Management to the need for Social Re-engineering in the light of changes in the Indian business environment, etc. - from hands-on achievers in their areas which are sure to find a responsive chord in our readership.

