

Recession

The dreaded thing has set in and there seems to be no turnaround in sight. The highly trumpeted economic reforms have lead us nowhere. Foreign investment has taken a nosedive, production and sales of essential commodities have come down drastically and the confidence of the buyers and investors is at its lowest ebb.

Consider this for example. Stock piles at TELCO, the largest manufacturer of automobiles in the country are increasing, manufacture of cars Mahindra Ford has come down by 25 per cent, the oeverall production and sales of scooters have reduced (a record of sorts in recent years) and the commercial vehicle sales has been only 75 per cent of what it was last year.

As if these are not horrifying enough, cement sales, the best indicator of economic health of the country, have come down despite a drastic reduction in the cost of cement. Sugar production, again an important indicator of economic progress, has witnessed an unprecedented slump. Steel production has also come down.

The average buyer in the market today is disillusioned at the price rise and the insensitivity of the government towards his needs. It is imperative that the garment takes immediate measures to instill confidence in the buyers by reconsidering it's current policies and the business scenario in the country.

If this is the state of affairs on the consumer market, the industrial front is no better. The government seems to be adopting wrong tactics at the right time. The Maruti controversy may not have a direct impact on the stability of other partnerships in the country. But it definitely has had a major opposing effect on the future investment patterns. The first indication of this trend has come from Chrysler, the world's leading automobile manufacturer. Chrysler Corporation which was analyzing ground conditions to establish a manufacturing unit in India for the past four years, has taken a firm decision not to invest in India. Chrysler probably was fully convinced about India's intentions after the Maruti episode. The statement made by the executive vice-president sums up the situation in India as regards the entry of foreign players. "On paper, India has immense potential. But in reality, it is very difficult to establish a venture here".

Chrysler's backtracking may mean giving impetus to those other foreign investors who are undecided on the future of their investments, to go back. Added to the recession in good measure, the Indian ship probably is facing the roughest weather in recent times.

The solution les in making India a truly free market economy. That doesn't mean to invite foreign investors to set up ventures in India without providing them the necessary facilities to do so. Several foreign companies have expressed their utter disgust at the endless bureaucratic bottlenecks they have to encounter in setting up units in India.

The procedures are so complicated and unscientific that by the time the company establishes its full operations, it would have lost the initiative. Right from procurement of land to obtaining power supply, the system is anything but simple.

India has come a long way in developing into a technological power. But it definitely needs the guidance of leading players in the world in many technology areas and foreign investment to stabilize its economy. The need is urgent. Action should be immediate.

G. P. VINAYABABU

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