

CIB on wings



November 2016

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Initiatives of Change
Caux Initiatives for Business

Dear Readers,

We have all been witnessing days of great volatility, disruption and unpredictability. No sooner are people around the globe coming to terms with one event or decision than another one springs up. Business and industry is not insulated from such change. Where there is uncertainty and constant change there is fear. Negative stories do not help too much in such a situation.

Caux Initiatives for Business is therefore pleased to carry in this issue a special feature that focuses on the present economic climate in India. The Prime Minister's shock announcement on demonetization of old Rs.500 and Rs.1000 notes has brought concern to many. It has also brought hope when viewed in totality. The feature article in this issue aims to bring encouragement and hope, especially to its Indian readers.

A Report of the Mumbai Chapter's monthly meeting and some of the things that they deliberated on also features in this month's issue.

We do hope you will find these updates interesting.

Editor

The Great Indian Economy

On November 8, 2016, the Prime Minister of India, Narendra Modi made a shock announcement. Giving barely four hours' notice he declared that all Rs.500 and Rs.1000 notes would cease to be recognised as a legal tender with effect midnight of that day. Every adult citizen of the country (many from cities were at that time glued to live updates on the US elections) was now trying to understand the implications it would have on her or him. As days progressed there was panic. This was reflected in long queues outside banks and ATM's. Overnight 86% of the currency in circulation became invalid. There was a crash crunch and every kind of business was immediately hit at one level or another. If it wasn't supplies, it was sales. Everyone wanted to hold on to whatever valid currency they had.

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Days have turned to weeks. The uncertainty of markets; fear in the mind of the common man and the basic environment of volatility and disruption has prompted us at CIB to carry views from members of the CIB fraternity—views that could bring hope. While all around there is an air of despondency, we thought it fitting to carry encouragement. Without leaning toward any political view or party, CIB has recognized that the Indian public must accept what now appears to be a new way of life. It felt rather than grumble there were opportunities to provide encouraging views—positive implications for the future of this great nation.

In three days alone, Rs.3,590 billion (or nearly US\$54 billion) was deposited at banks and Post Offices. The 50-day window, until December 30, 2016, for depositing the old Rs.500 and Rs.1000 notes promises to bring in a mammoth collection.

The ability of the Indian banking system to support growth, support economy and support growth economy had become extremely doubtful. With large currencies in circulation outside the banking system and a narrow tax base, banks were becoming challenged if not vulnerable. There is now hope that banks can use this to lend at a cheaper rate to businesses, trade, agriculture and infrastructure.

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“It is important to realise what was the Indian normal for last 70 years,” said Arun Jaitley, Finance Minister of India. “It had almost become the Indian normal to have a parallel economy, to have a shadow economy. It was almost a way of life. This one decision now redefines the Indian normal. There is a new Indian normal,” he asserted. The Finance Minister also made a point that just as the telecom revolution which had not been envisaged in India but took place, the new normal is going to be different 5-8 years down the road. “We are going to live in an entirely different kind of an economy,” he said.

In the long term, it is going to change the way traders trade and how we

manage the household budget. It would bring more transactions into the banking system; we would have a cleaner and bigger economy; a bigger taxation system; and this one decision would redefine the Indian new normal.

Here are some views that we requested members from the CIB fraternity to contribute as part of our effort to bring hope and encouragement.

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India is at a crossroad and its citizens have to choose one of two options which we would remember for life:

1. Contribute to this change and support it by bearing temporary yet certain hardships. If it yields good results in the form of the country's clean-up, it would be a pain worth bearing as a would-be mother undergoes during child labour; knowing well that it's for the birth of a new soul which in this case would be a new India which we hand over to the next generation. If we fail we can still proudly tell our children, "I tried my best."

OR

2. Resist the change and allow it to fail. This would then result in the same woes we have faced in our generation. It would be the same story of our children—getting suffocated in a failed country where honesty does not pay and then settling abroad.

Neville Gandhi

VP - Compliance, Siemens Ltd., Mumbai

It will reduce the pace of unaccounted wealth by a great extent. Firstly, the amount of 'black money' accumulated has been a result of more than 45 years of people's greed. So, logically the accumulation of this amount of unaccounted wealth would take at least 50 years to reach today's level.

Secondly, there were no computerised integrated systems such as we have today. There were no systems in place to track transactions. Today however, the linking of the Unique Identification Card (Aadhar Card) and the Income Tax Permanent Account Number (PAN) card has made attempts to conceal wealth that much more difficult. If further, there is a crackdown on BENAMI properties (or properties purchased in another's name), the amount of unaccounted wealth will not reach today's level even after 100 years. So, relax! The system is safe for 100 years.

Amitkumar J. Dave

Retired Asst. Commissioner, Mumbai Municipal Corporation

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The experiences of my childhood and of the last few decades as an adult have always coaxed me into believing that we in India have to live with general corruption. This understanding cultivated into our consciousness has been that each of us—to bear with average performance; and accept that cheating and corruption is the only way to grow.

Examples of various business houses who have managed the government machinery and who have high connection with decision makers have contributed to the Indian mind-set on corruption that

such practices are necessary to grow and prosper. A common man with great ideas and unparalleled zeal to be successful has hardly managed to make the mark.

At this juncture of our journey, the current government has taken a challenging step to address and give a jolt to corrupt people and their practices. The demonetization of part of our currency has been hailed by many and criticized by an equal number. The common man, when explained the benefits, understands the impact and now hopes to see some dramatic results.

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All this is not to say that there are no difficulties. While the long term measures make us hopeful, I am not sure if the steps taken should have been so dramatic. In the city, the lowest person in the chain is impacted heavily due to limited circulation of lower denominations. In urban and semi-urban areas folks are impacted in a similar way. I do not have an understanding of the difficulties felt by people in rural areas. But the ones who have hoarded their cash are impacted in a big way.

New measures of using non-paper money have sprung up and we are finding ways to conduct our transactions more transparently. The people who use to deal in cash for all transactions are now compelled to operate through means of plastic and bank transactions. A roadside vendor is accepting money through Paytm (an e-wallet), a grocery seller, a vegetable seller, a taxi driver, a sandwich seller are all finding ways of conducting their business. All this will lead to more transparency and a higher tax collection base.

I am quite hopeful and see multiple new avenues to conduct business through the use of transparent channels. I foresee an increase in the percentage of the earning population contributing to tax payment. My tax will get more 'bang' for its value. Surely this will increase government spending on social needs. It will enhance our current infrastructure and eventually bring some equality among the taxpayers and users of the tax payer's money.

Let's pray and hope that the team behind this is successful in their initiatives and does not buckle in to the pressures of the ones who call the shots.

Anil Chopra

Sr.VP – Business Operations, Knowledge Podium, Dehradun

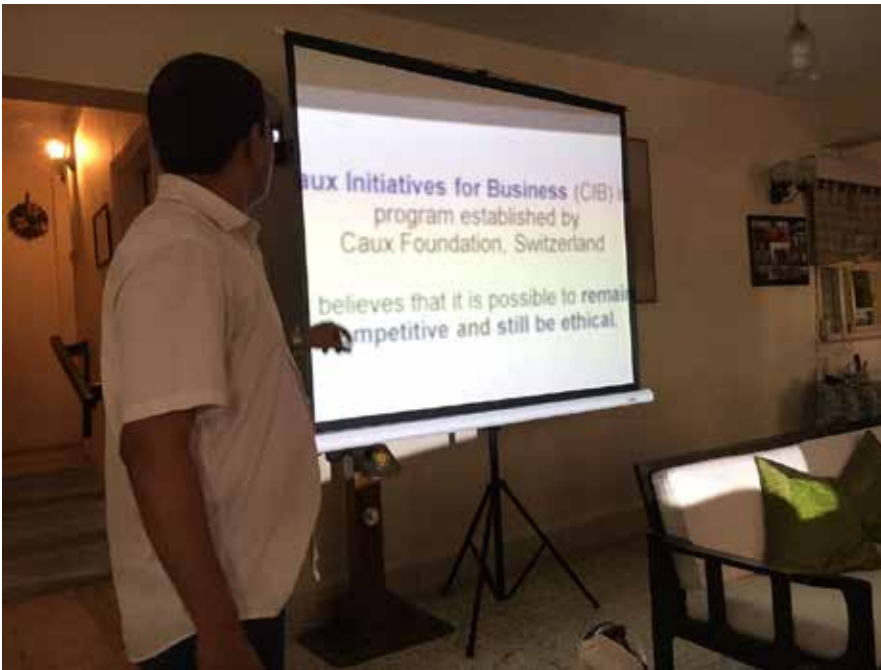
*Written and compiled by
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CIB Mumbai Chapter Meeting

A Report

When the CIB Mumbai Chapter convened for its monthly meeting on October 8, 2016 at Kumaram on Worli Sea-face, a number of thoughts and suggestions were thrown up. The presence of ten members that participated in the process of strengthening the Chapter left one with a sense of encouragement.



As there were a couple of members who were present for the first time, S. Venkatesh first provided an overview of the plans that the Mumbai Chapter had set up for itself. Among a number of activities, Venkatesh also expressed the need to address various

stakeholders in business and industry if CIB's efforts are to reach all sections. Another thought mooted was the importance of having a proper team structure and a good communication mechanism. It was recognized that the only way to have a strong Chapter is if a working team could be put into place and everyone could have access to all updates and activities.

Upon request by Prof. Virendra Shukla, Venkatesh provided an update on that the actions planned in the last CIB meeting. He was happy to share that most of the planned activities had been completed.

Venkatesh then shared with the members his desire to reach out to participants that attended the Heart of Effective Leadership (HEL)

residential programs at Asia Plateau, Panchgani. Since all HEL programs have middle and senior level Managers from business and industry as the main participants, like many others, he too sensed an ample opportunity to create awareness of CIB and its scope to provide the much needed fellowship to these delegates through City Chapter meetings and Round Tables. The members agreed that in a world where cut-throat competition and pressure to deliver often pushed 'doing what is right' to the background; the need for constant encouragement to be ethical while remaining competitive was a much needed exercise. To do this Venkatesh explained that he would be visiting Panchgani specially for all the HEL programs where he would introduce CIB at the end of the 3-days program.



Meetings with several companies to solicit their support, using platforms like Dun and Bradstreet seminars, Bombay Management Association and Rotary Clubs for spreading awareness of CIB were other plans that he suggested

as part of the CIB Mumbai Chapter's activities. In addition he suggested holding at least two Round Tables every year.

Venkatesh then shared how he felt that the main activity that the Chapter members needed to do was to approach all who had attended the previous Round Table held at Siemens Ltd, Mumbai in November 2015, explaining the proposed plan for Mumbai Chapter activities and obtaining their inputs.

It was proposed that the CIB Mumbai Chapter collect stories on ethics from various members and put it up in the website. Tapan Parekh suggested that the same be put up on Google groups too.



Rajendra Gandhi gave an update on a collaborative effort by various arms of Initiatives of Change (IofC)—IC Centre for Governance (IC CfG), CIB, Centre for Training in Ethical Leadership (CENTREL), which is the training wing of IofC and Grampari,

the rural initiative of IofC to synchronize their energies for selected projects. He was reiterating what CIB Chairman, Sarosh Ghandy had shared earlier when he said, “While each program has made substantial contributions, IofC (India) has yet to be seen as having made any major impact towards its goal of creating ‘a clean, caring, prosperous India for a sustainable future’, even after over forty years of existence. There is, therefore, a strong case for the various programs of IofC (India) to actively collaborate on projects of national interest in order to make this much needed impact.” Rajendra Gandhi also suggested that the Mumbai Chapter invite people to talk on various topics to sustain the interest of members.

Finally Venkatesh closed the meeting and thanked all the members for their contribution. He also thanked Dr. and Mrs. Anand for their kind hospitality.