

Employment News Weekly

VOL. XXXVIII NO. 32 PAGES 64

NEW DELHI 9 - 15 NOVEMBER 2013

₹ 8.00

State of the Economy

Foreign Direct Investment

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oreign Direct Investment (FDI) has a significant potential for accelerating development in the recipient economy. Besides capital flows, FDI can generate employment opportunities, facilitate acquisition of new technology and knowledge, enable human capital development and create a more competitive business environment among other things. While FDI is generally expected to have beneficial effects, it is also vulnerable to certain adverse effects on the recipient economy. The costs to the host economy can arise from the market power of large foreign firms that may outweigh small domestic producers. This may have distorting effects in the economy in terms of loss of employment opportunities for some sections, aggravating regional disparities etc. Possibility of interference by multinational corporations in domestic policy processes is also a potential threat, particularly in underdeveloped economies, which might adversely impact policy priorities of the host country.

Foreign investment in India has two components, viz., Foreign Direct Investment (FDI) and foreign portfolio investment. According to the notion referred to globally, FDI relates to a long-term relationship with 'lasting interest' of the foreign direct investor in the country where such FDI takes place. For an investment to qualify as FDI, the foreign investor needs

to have a 10 per cent or higher share in a business or investment in a given company, whereas if the equity stake is less than 10 per cent, then such an investment falls under the foreign portfolio investment category. Until now,this has not been followed strictly in India. However, in the 2013-14 budget speech, the Union Finance Minister has proposed to follow such international norms in making the distinction between the two types offoreign investment; in order to examine the feasibility of following such a norm, the Union Government has constituted a separate committee, viz. "Committee for Rationalizing Definition of FDI and FII".

As of now, in the Indian context in general, FDI comprises three components: (i) Equity, (ii) Reinvested earnings and (iii)Other capital. Equity capital in FDI may be either greenfield investments (i.e. fresh investments), or brownfield investments(i.e. investments in /acquisition of existing shares in another company or by merging with another company). However, often brownfield investment is a hybrid of greenfield investment and Merger & Acquisition activity, and may be difficult to distinguish. Reinvested earning(i.e. the undistributed corporate profits) is the difference between profits of a foreign direct investor and dividends distributed to its shareholders. Other capital indicates the inter-company debt transactions of FDI entities.

Modes of FDI inflows

According to the present regulatory framework, an Indian company may receive FDI under two routes -

(a) Automatic route: FDI is allowed under the automatic route without prior approval either of Government of India (GoI) or Reserve Bank of India (RBI) in all activities/sectors as specified in the consolidated FDI Policy, issued by the Gol from time to time; and (b) Government route: FDI in activities not covered under the automatic route requires prior approval of Gol, considered by the Foreign Investment Promotion Board (FIPB), Department of Economic Affairs, Ministry of Finance. FDI is strictly not permitted under either mode (automatic/government) in sectors like atomic energy, lottery business, gambling and betting, Nidhi Companies (i.e. mutual benefit society companies), and some other sensitive areas. The Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, GoI is the nodal department for the formulation of the policy of the government on FDI.

Modes of FDI outflows

Similarly, an Indian entity is allowed to make overseas FDI via either of the routes, namely, automatic or approval. Under the automatic route, an Indian entity is permitted to make FDI in overseas companies subject to certain condi-

tions and exemptions. There are a number of Indian as well as foreign banks authorized by the RBI for facilitating such overseas FDI.

FDI in India

FDI enabled plants in India are spread across various States, but with relatively high concentration in Maharashtra, Gujarat, Tamil Nadu, Andhra Pradesh and Karnataka. These States either possess a strong industrial base (like, Gujarat) or software hubs Karnataka). This could also be attributed to their better infrastructure (e.g. roads and Power), among other factors. However,it has been pointed out that even among these few States, only a handful of cities have attracted significant amounts of FDI, e.g. Ahmedabad, Bangalore, Chennai, Hyderabad, Mumbai, Pune etc. indicating that the geographical distribution of FDI in India is somewhat skewed in favour of relatively large cities. High-tech industries, drugs and pharmaceutical sector, automobile industries, and services sector have been especially dominant in attracting FDI. In the services sector, financial services remain the most dominant sector in this regard, followed by banking and other services sector.

For a country like India,running current account deficits persistently, it could be Continued on page 64

JOB HIGHLIGHTS

UPSC

 Union Public Service Commission invites applications for various posts.

Last Date: 28.11.2013

ORDNANCE FACTORY

 Ordnance Factory Ambarnath requires 149 Electrician, Examiner, Machinist and Millwright.

Last Date: 21 days after publication

SAIL

 Steel Authority of India Limited, Rourkela requires 231 Operator-cum-Technician (Trainee) and Attendantcum-Technician (Trainee).

Last Date : 29.11.2013

THE INDIAN NAVY

The Indian Navy invites applications from unmarried men and women candidates for grant of Short Service Commission in executive branch (General Service/ Hydrocadre/ Information Technology/Naval Architecture) and Technical Branches.

Last Date : 29.11.2013

WEB EXCLUSIVES

Following item is available in the **Web Exclusives** section on www.employmentnews.gov.in:

Indias's Mars Orbiter Mission

<u>Career</u>

Communicating Through Design

A n advertisement of a product, a political campaign or an awareness drive on environmental issues - the success of any communication strategy depends on its communication design. Whether it is a poster, video, print advertisement, exhibition space, mobile application or signage, the underlying design of the communication is what decides its prospects. What exactly is this communication design? Moreover, what is all the excitement about this field? Let us find out.

Communication design deals with developing an effective communication through design. It is all about using raw materials such as images, audios and videos and so on to communicate ideas effectively. This creative, interdisciplinary field is closely related to graphic art, digital marketing, liberal art, commercial art, visual communications and the like.

Communication designers study and practice design for the purpose of communication. They fuse traditional communication approaches with sophisticated modern technologies to create communication strategies. They operate seamlessly on physical and digital mediums to create typography, images, illustrations, animations and videos that inform, educate and amuse the target audience.

Applications

Communication design is a major driver of success of any initiative that requires approval of a large number of people. It is the backbone of activities like print and publishing, advertising, e-learning, packaging, marketing and branding. In fact, communication design is such a vast and powerful activity that it has emerged into a whole new field and discipline. Developments in digital technology have provided tremendous boost to the art and science of communication design. Now, the social media is giving it a new direction.

Thanks to the growing awareness about the power of communication, the emphasis on communication design is increasing. Be it commercial project, matters of public interest to non-profit initiatives, communication is taking the centre stage. On the other hand, in the recent years, creative industries have been recording a decent growth rate. Owing to these factors, the

communication design industry in India is flourishing. The opportunities for communication designers are increasing exponentially. Also, communication design is now a popular career choice among the youth.

Academics

As an academic option, communication design is available at Bachelor's and Postgraduate levels. Several institutes offer dedicated courses in communication design across the country. The courses impart knowledge of art, science, technology and aesthetics, which are the constituents of communication design. They cover various subjects like graphic design, animation, typography, brand communication and new media. The curriculum of these courses is a balanced mix of classroom studies, real-time projects, industry-visits, seminars, workshops, paper presentations, design festivals, design competitions, practical sessions and assessment tests.

Courses in disciplines related to communication design, like visual communication and graphic design offer it as a subject in the respective courses. Also, there are some institutes that offer courses in one or more specialised areas of communication design. For example, there are institutes that offer courses in animation film design, exhibition design, illustration design and visual effects. However, a dedicated programme will provide students exposure to various themes under communication design and equip them with knowledge and skills required to begin their career in the field. Specialisations on offer, reputation of the institute, total expenses, infrastructure and faculty are some factors students should consider while choosing the college.

Skill Set

Communication design is a creative, fascinating and challenging field of career. To succeed in this field, apart from strong technical skills, aspirants have to hone their soft skills and inculcate certain traits. For instance, when working with print medium, the idea must be put across in a single frame. To develop

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Communicating through...

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good animations, observing physical world, and understanding its dynamics is necessary to be able to communicate the message. Working with time-based mediums like film demands the skill to narrate effectively the story. Irrespective to medium chosen to work, ability to articulate ideas, critical thinking, research-aptitude, problem-solving skills and creativity are other requisites.

Career Prospects

Communications design industry is growing at a very fast rate. The industry offers a variety of opportunities for students to begin their career, explore various job roles. It also helps them understand the various work profiles, gain experience and grow in their careers. To being with, students can assume roles like graphic designer, animator, programmer, accounts executive, illustrator and copywriter. Opportunities are in advertising agencies, publishing houses, marketing agencies, animation companies, production houses, television channels, mobile application providers, packaging companies, gaming companies, web designing companies, e-learning companies and the

With the country booming with commercial activity and speeding towards development in every sector, there is a huge demand for talented communication designers. This field not only offers lucrative job opportunities but also provides a platform for continuous learning and professionally satisfying career.

Colleges and Courses

College	Course	Eligibility	Admission	Contact			
Indian Institute of Technology, Guwahati	Bachelor of Design	10+2	Performance at entrance test	www.iitg.ac.in			
National Institute of Design, Ahmedabad	Graduate Diploma Programme in Design with Film and Video Communication and Graphic Design as specialisations	10+2	Performance at entrance test	www.nid.edu			
Zee Institute of Creative Art, Hyderabad	B.Sc in Visual Communication	10+2	-	www.zica.org			
SRM University, Kattankulathur	B.Sc in Visual Communication	10+2	Marks obtained in the qualifying examination	www.srmuniv.ac.in			
Loyola College, Chennai	B.Sc Visual Communications	10+2	Marks obtained in the qualifying examination	www.loyolacollege.edu			

Srishti School of Art, Design and Technology	Professional Diploma in Communication Design with Visual Communication Design as specialisation	10+2	Performance at entrance test, portfolio review and interview	http://srishti.ac.in
	Postgraduate Advanced Diploma Program with Communication Design as specialisation	Graduation		
Pearl Academy, Delhi	BA (Hons) in Communication Design	10+2	Performance at entrance test	http://pearlacademy.com
Xaviers Institute of Communication, Mumbai	Diploma in Public Relations and Corporate Communication	Graduation in Arts, Science, Commerce, BE, Bachelor of Management Studies or Bachelor of Mass Media	Performance at entrance test	www.xaviercomm.org
Symbiosis Institute of Media and Communication, Pune	MBA Communication Management	Graduation with at least 50 per cent marks	Performance at SNAP, Group Exercise and PI	www.simc.edu
Mudra Institute of Communications, Ahmedabad	Post Graduate Diploma in Management (Communications)	Bachelor's degree with 50 per cent marks	Performance at admission test, group exercise, personal interview	www.mica.ac.in
Amity School of Communication Amity University, Noida	M.A Advertising and Marketing , Management	Graduation		http://www.amity.edu

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Foreign Direct ...

Continued from page 1 tempting to depend on FDI inflows, which are non-debt creating flows of resources from other countries. However, FDI should be viewed as an investment having 'lasting and longterm investment objectives' in

the recipient countries aiming at

broader socio-economic implications such as enhancing technical knowledge, employment generation etc. unlike short-term portfolio investments that are volatile. While the quantity of FDI is important, equally important is the quality of FDI.

Also, the fear of 'monopoly power' of FDI cannot be ruled

out. According to a Report of the Parliamentary Standing Committee on Commerce(One Hundred and Tenth Report on FDI in Pharmaceutical Sector, presented to the Rajya Sabha on 13th August 2013), growing acquisition of domestic pharmaceutical companies by foreign multinationals is affecting the availability of crucial medicines at affordable rates.

FDI in retail and insurance sector in India has also generated a lot of debate. Regarding FDI in retail, while the supportive argument is that it would eliminate middlemen and provide more employment opportunities as well as much wider variety of consumer products, the opposing argument regarding FDI in retail is that it would adversely impact local traders (kirana shops)and small-scale enterprises by creating monopoly power of the big retailers like Walmart(i.e. small-scale domestic firms would not be able to compete with such big foreign retailers).

Also, in some cases, it may be difficult to attract FDI in priority sectors (e.g. infrastructure) as foreign investors may not be interested in such sectors due to less profit opportunities as well long gestation period involved with the sector; instead, such investors may prefer to invest to expand businesses in certain areas (e.g. e-commerce, retail etc.).

It would be worthwhile to note here that India has a large and growing market,a large magnitude of skilled and semi-skilled labour force, and internationally competitive technical knowledge base (in a number of sectors); hence, instead of policies that would promote higher dependence on FDI inflows merely for meeting the current account deficits, the country should promote FDI policies for better regional development, generation of employment opportunities, acquisition of new technology and knowledge, and human capital development.

[The writer works with Centre for Budget and Governance Accountability (CBGA). E-mail sankhanath@cbgaindia.org]

NEWS DIGEST

- The Election Commission has issued detailed guidelines in respect to use of Social Media in Election Campaigning. It is now mandatory for all candidates to declare their official accounts with different social media websites, include all expenditure on campaigning including expenditure on advertisements on social media, pre-certification of Political Advertisements and application of Model Code of Conduct to content on internet including social media.
- The Election Commission of India approved the design of none of the above (NOTA) button which is being introduced for the first time in the Delhi assembly elections. The symbol approved is a circular depiction with black background and NOTA written in white in capital letters in English. NOTA will be printed in addition to "None of the above" in the row of symbols.
- Supreme Court has directed the Centre and the States to set up a Civil Services Board(CSB)to guide and advise the State Government on all service matters, especially on transfers, postings and disciplinary action of civil servant still the Parliament brings in a proper legislation in setting up CSB. It also ruled that civil servants should be assured of fixed minimum tenure of posting and cannot function on the basis of verbal or oral instructions or orders. Recording of instructions, directions is, therefore, necessary for fixing responsibility and ensure accountability in the functioning of civil servants and to uphold institutional integrity, it stated.
- The Union Cabinet has approved Bhubaneswar and Imphal airports as international airports. Declaration of these airports as international airports will offer improved connectivity, wider choice of services at competitive cost to the air travelers resulting in boosting international tourism and economic development of the region and the country.
- The Pharmaceuticals Purchase Policy (PPP), for a period of five years has been approved by the Union Cabinet. The renewal of the PPP aims at ensuring optimum utilization of the installed capacity of the pharma CPSEs (Central Public Sector Enterprises) and ensure availability of quality medicines at low prices to the masses besides ensuring drug security of the nation
- Air Marshal Arup Raha will be the next Indian Chief of Air Staff. He will take the charge after the retirement of present Chief of the Air Staff NAK Browne on 31 December 2013. Air Marshal Arup Raha is presently the Vice Chief of Air Staff.
- Indian Space Research Organisation (ISRO) gears up to launch India's first interplanetary probe, Mars Orbiter on November 5th 2013 from Satish Dhawan Space Centre SHAR, Sriharikota. One of the main objectives of the first Indian mission to Mars is to develop the technologies required for design, planning, management and operations of an interplanetary mission. (for details see
- Eminent Hindi writer Rajendra Yadav is no more. He was one of the pillars of the 'naikahani' movement that ushered in change in style and content of Hindi short stories and penned the muchacclaimed novel 'Sara Akash'.

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