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E-NEWSLETTER

Master of Business Administration

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LATEST UPDATE

US, China reset trade relationship with Phase 1 agreement

The United States and China announced an initial trade deal on Wednesday that will roll back some tariffs and boost Chinese purchases of U.S. goods and services, defusing an 18-month conflict between the world's two largest economies.

Beijing and Washington have portrayed their "Phase 1" agreement as a momentous step after months of start-stop talks punctuated by tit-for-tat tariffs that uprooted supply chains and stoked fears of a further slowdown in the global economy.
"Together we are righting the wrongs of the past and delivering a future of economic justice and security for American workers, farmers and families," U.S. President Donald Trump said as he touted the deal in rambling, partisan remarks at the White House alongside Chinese Vice Premier Liu He and other officials.

The centerpiece of the deal is a pledge by China to purchase at least an additional $200 billion worth of U.S. farm products and other goods and services over two years, over a baseline of $186 billion in purchases in 2017.

The deal would include $50 billion in additional orders for U.S. agricultural products, Trump said, adding he was confident that U.S. farmers would be able to meet the greater demand. He also said China would buy $40 billion to $50 billion in additional U.S. services, $75 billion more in manufacturing goods, and $50 billion more worth of energy supplies.

Officials from both countries have touted the deal as ushering in a new era for U.S.-Sino relations, but it fails to address many of the structural differences that led the Trump administration to start the trade war in the first place.

They include Beijing's long-standing practice of propping up state-owned companies, and flooding international markets with low-priced goods.
Trump, who has embraced an "America First" policy aimed at rebalancing global trade in favor of U.S. companies and workers, said China had pledged action to confront the problem of pirated or counterfeited goods, and that the deal included strong protection of intellectual property rights.

Earlier, top White House economic adviser Larry Kudlow told Fox News the agreement would add 0.5 percentage point to U.S. gross domestic product growth in both 2020 and 2021.

But some analysts have expressed skepticism it will set U.S.-China trade on a new trajectory.

"I find a radical shift in Chinese spending unlikely. I have low expectations for meeting stated goals," said Jim Paulsen, chief investment strategist at Leuthold Group in Minneapolis. "But I do think the whole negotiation has moved the football forward for both the U.S. and China."

The Phase 1 deal, reached in December, canceled planned U.S. tariffs on Chinese-made cellphones, toys and laptop computers and halved the tariff rate to 7.5% on about $120 billion worth of other Chinese goods, including flat panel televisions, Bluetooth headphones and footwear.

But it will leave in place 25% tariffs on a vast, $250 billion array of Chinese industrial goods and components used by U.S. manufacturers.

Trump, who has been touting the Phase 1 deal as a pillar of his 2020 re-election campaign said he would agree to remove the remaining tariffs once the two sides had negotiated a "Phase 2" agreement. He added that those negotiations would start soon.

He also said he would visit China in the not-too-distant future.

SEZ eligibility may now depend on new jobs, R&D and not Forex

New Delhi: The government may tweak eligibility criteria for Special Economic Zone units to link them to investments in R&D, innovation and employment generation rather than foreign exchange earnings, as it seeks to revamp the SEZ policy and align it with global trade norms. The commerce department has proposed to replace the positive net foreign exchange (NFE), a primary requirement for SEZ units, with the new eligibility criteria in the wake of the extant SEZ policy being challenged in the World Trade Organization (WTO), and a panel led by industrialist Baba Kalyani suggesting a revamp of the policy, officials aware of the development said.

“The commerce department has held initial discussions with the revenue department and further deliberations are on to finalize the new eligibility criteria for SEZs,” one of them told ET. Criteria being deliberated upon are export focus, investment in R&D, advanced technology, innovation and employment generation.
he net foreign exchange criteria is determined by subtracting the value of imported inputs, input services and capital goods along with the value of all payments made in foreign exchange from the value of exports. “The requirement of earning foreign exchange does not lead to any significant overall benefit to economy but only adds to transaction cost and operational hassles,” the commerce department has argued. As per the official cited earlier, the revenue department has also concurred on this proposal.

The government is exploring various alternatives as it lost a dispute regarding its export schemes, including the one for SEZs, at the WTO. Though it has appealed the ruling, New Delhi will have to replace the scheme with something that complies with the multilateral trade rules.
The commerce department is already developing an alternative for the Merchandise Exports from India Scheme.

The proposed Remission of Duties or Taxes on Export Products is another scrip-based scheme estimated at Rs 50,000 crore, details of which are yet to be finalized. Separately, the department plans to allow utilization of idle capacity of existing SEZs for job work for domestic tariff area (DTA).

India and Bangladesh ink key agreements in Information & Broadcasting sector

India and Bangladesh signed key agreements in the field of Information and Broadcasting at the Information and Broadcasting Minister's meet 2020, in New Delhi today. In the presence of Union Minister for Information and Broadcasting, Shri Prakash Javadekar and his Bangladeshi counterpart Muhammad H Mahmud a formal co-production agreement was signed on the biopic of "BangaBandhu", Sheikh Mujibur Rehman, which will be released during the birth centenary year of Bangabandhu. Bangladesh has decided to celebrate the 'Mujib Year' from March 17, 2020 to March 17, 2021 to mark the centenary year of Sheikh Mujibur Rahman, the first President of Bangladesh.

Deepening India's engagement with Bangladesh, an airtime exchange programme between Prasar Bharati and Bangladesh Radio Betar was also launched. With today's launch content from Maitree service has started airing in Dhaka and reciprocally content from Bangladesh Radio Betar has started airing on All India Radio in Kolkata.

Terming Indo Bangladesh friendship as organic, Union Information and Broadcasting minister, Shri Prakash Javadekar said that both countries share a great legacy. "We look forward to engage further with Bangladesh TV (BTV) and Betar in co-production of content, also India will extend all possible cooperation to Bangladesh in setting up the BongoBandhu film city", said Shri Javadekar.

The information minister of Bangladesh Muhammad H Mahmud said that the relationship between New Delhi and Dhaka has reached new heights under the leadership of Prime Minister Narendra Modi and his Bangladeshi counterpart Sheikh Hasina. "Without the support of India, the liberation of Bangladesh would never have been possible; our relationship is historic", said Shri Mahmud in his inaugural address.

FY20 deficit likely to be 4.5-5% of GDP: Ex-Fin Secy

New Delhi: Former finance secretary Subhash Garg has said India's real fiscal deficit in FY20 is likely to be higher at 4.5-5% of GDP due to an expected shortfall in revenue, and higher spending.

Garg, who resigned from the government after he was suddenly shifted out from the finance ministry to power, in a blog post also highlighted how fiscal deficit was understated and stood at 4.66% and 4.39% in FY19 and FY18, respectively, rather than the 3.4% and 3.5% shown. India had pegged FY20 deficit in the budget presented in July at 3.3% of GDP.

Garg, a 1983 batch Rajasthan cadre officer, had served in the finance ministry’s Department of Economic Affairs from June 2017 till July 2019 when he was shifted. The blog post 'state of Fiscal Deficit and Debt of Government of India' on Wednesday said some of the transactions are not recorded through the Consolidated Fund of India all the time. “Some debt or liabilities are assumed outside the CFI- either in the public account or totally outside the formal accounting system of the government i.e. outside CFI and public account. Such transactions are described popularly as Below the Line, Off Budget,” he said.

Economists have time and again raised the issue of understatement of India’s fiscal deficit numbers pointing at these off budget items. The Comptroller and Auditor General (CAG) had in July in a presentation before the Finance Commission said that the central government’s key deficit figures may be considerably higher than those stated in the union budget. For some years now, Garg said, the government had been issuing ‘Fully Serviced Bonds’, raised outside the Consolidated Fund of India and Public Account.

College Update

New Year party hosted at the SRMS campus

Shri Dev Murti Ji Chairman (SRMS Trust) hosted the new year party lunch for the faculty and the staff members and wished everyone a very happy new further. The New Year party witnessed the presence of Trust secretary Mr Aditya Murti,Trust Administrator Er.Shubash Mehra,Dean academics Dr. Prabhakar Gupta The New Year party was hosted at SRMS CETR Bareilly. Following the SRMS tradition the authorities also wished everyone success in the coming new year. As the New Year comes with new resolutions so everyone at SRMS Family looks forwards to new strategies for the development of the education standards.

Researchers awarded for their incredible work

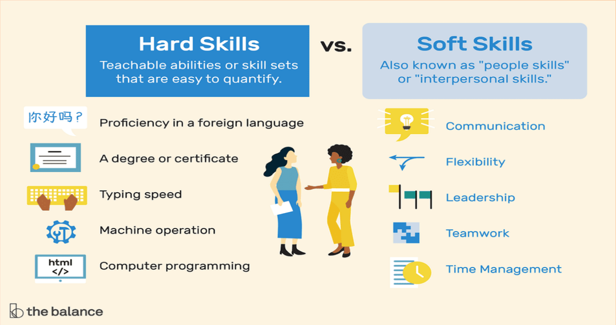
SRMS recognized the efforts of the faculty for their efficient work in the field of research by awarding them a certificate and cash prize. Mr. Kamlendra Kumar (Dept. of Mathematics), Dr Ruchi Jain Garg (Dept of Management), Dr Lalit Singh , Mr. Ritesh Tiwari. This would create a new zeal in the faculty members to be oriented towards the research which will further lead to excellence.

Abdul Kalam Technical University Exams conducted.

The university exams started from 18th of December and were conducted successfully for various courses like B.Tech., MBA, B.Pharma, MCA ,B.Arch, etc. The Practical exams were also held after the commencement of the written examinations. SRMS was opted as one of the biggest examination centers.

Departmental Activity

Soft skills training conducted by the Faculty of Management Sciences



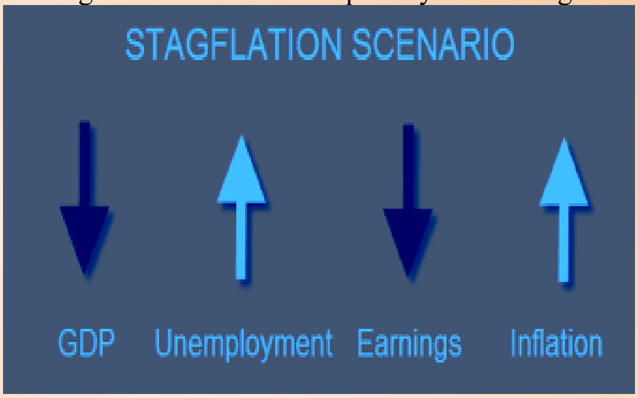
The service sector nowadays is totally dependent on customer satisfaction and public dealing .For a successful career apart from proper use of hard clinical skills nurses should have ability to know the proper use of soft skills to foster excellent patient outcomes which will bring a positive difference in the healthcare organization .To serve the purpose the Faculty of Management Sciences was involved in the training process organized for the nursing students so as to develop their personalities which will lead them in better customer handling. The training covered the topics like listening skills, Stress Management, Intrapersonal Skills, Sympathy and Empathy, flexibility and adaptability.

The students had to undergo 20 hours soft skills training module. All the management faculty including the head of Department took various topics related to it and briefed the students along with the practical examples

Students Corner

India's story of low growth, high inflation; here's how stagflation may hit country

Simply put, stagflation is a portmanteau of stagnant growth and rising inflation. Typically, inflation rises when the economy is growing fast. That's because people are earning more and more money and are capable of paying higher prices for the same quantity of goods. When the economy stalls, inflation tends to dip as well – again because there is less money now chasing the same quantity of goods.



Stagflation is said to happen when an economy faces stagnant growth as well as persistently high inflation. In other words, the worst of both worlds. That's because with stalled economic growth, unemployment tends to rise and existing incomes do not rise fast enough and yet, people have to contend with rising inflation. So people find themselves pressurized from both sides as their purchasing power is reduced.

Has it happened in the past?

The term was coined by Iain Macleod, a Conservative PartyMP in United Kingdom, who while speaking on the UK economy in the House of Commons in November 1965 stated: "We now have the worst of both worlds—not just inflation on the one side or stagnation on the other, but both of them together. We have a sort of "stagflation" situation. And history, in modern terms, is indeed being made."

But the most famous case of stagflation happened in the early and mid-1970s when OPEC (The Organization of Petroleum Exporting Countries), which works like a cartel, decided to cut supply and sent oil prices soaring across the world.

On the one hand, the rise in oil prices constrained the productive capacity of most western economies that heavily depended on oil, thus hampering economic growth. On the other hand, the oil price spike also led to inflation and commodities became more costly. For instance, just in 1974, the oil prices went up by almost 70%; consequently, inflation in the US, for example, reached almost double-digits.

The net result was lower growth, higher unemployment, and higher price level. That's stagflation.

SATYAM KUMAR
MBA 1ST SEMESTER

Servitization: A contemporary thematic review of four major research streams

The importance of services to business-to-business manufacturershas long been recognized in Management and Organization Studies(MOS). The addition of services to core product offerings to create additional customer value is often described as '**servitization**' or, later, **'transition from products to services'** and **'service infusion**' . Servitization is the transformation of afirm from taking a product- to taking a service-centric approach. It represents a significant change in the business model and mission of the firm, whereby the service business serves as a growth engine of the firm. Service infusion, on the other hand, is when the relative importance of service offerings to a firm increases compared to product offerings. This is an important change for the firm, but does not necessarily reflect a change in its business model and mission; typically,the fundamental role of the service offerings is to protect its traditional products. Despite differences in the definitions of servitization and service infusion, inpractice, it is often difficult to distinguish which approach manufacturers are following, and this ambiguity means that the terms are often used interchangeably.

The aim of this literature review is to synthesize contemporary research on servitization to consolidate existing knowledge and identify future research priorities. The increase in publications in recent years points to the need for a more contemporary review. This study addresses two main gaps. First, most do not attempt to simultaneously address studies within the four major research streams (general management, marketing, operations, and service management) and consequentlydo not fully consider studies addressing similar concepts in parallel MOS research streams. The three multi-theme reviews are published in operations journals and do not comprehensively reflect papers from other streams. Second, the remaining literature reviews focus on specific issues and do not attempt to identify the full array of themes present in the literature. Thus, it is argued that previous reviews are not inclusive to all MOS research streams and do not provide a clear exhaustive thematic account of servitization, which isnecessary to identify the most pressing issues requiring research attention. Accordingly, a systematic literature review was conducted (Barczak,2017; Tranfield, Denyer, & Smart, 2003). It leverages the inputs of diverse MOS research streams to draw an overview of the most important themes and uncover the knowledge gaps that constitute critical research priorities to be addressed in order to move forward theory and practice in the field. As such, this review has the following objectives:

- to provide a holistic account of the literature on servitization basedon current knowledge about a set of key research themes;
- to uncover knowledge gaps and research-related issues facing this field around these key research themes;
- to identify research priorities; that is, critical aspects whose investigation can deliver more valuables theoretical and applied knowledge in the years ahead, around these gaps and issues.

This review demonstrates a significant evolution in the literature, with increasing coverage in four main research streams. The large number of papers in marketing and service management journals are noteworthy, although these streams have received limited attention from previous multi-theme reviews, primarily focused on work within operations journals.

Garima Singhal
MBA 1st year

Faculty Arena

Why being a part of the global value chain matters for India

The latest World Development Report of the World Bank focuses on global value chains (GVCs), which have become vital for production and trade. Items once designed, manufactured and sold within one country are now designed, made and marketed in several countries, with each country specialising in one or two aspects.

Specialisation has greatly raised productivity, while the transport and communications revolutions have slashed the cost of shipping and coordination. This has facilitated the rise of GVCs.
The main reason why India negotiated for seven years to enter the Regional Comprehensive Economic Partnership (RCEP) - covering 15 countries with half the world’s population was to attract the GVCs that had spearheaded economic growth in many Asian countries, like Bangladesh and Vietnam, but largely bypassed India.

Not the Best of Reception.Ultimately, India backed out of RCEP because of opposition from several domestic lobbies fearing competition from Chinese manufactures and agricultural products from New Zealand and Australia. The right policy is to join RCEP after tough bargaining on entry conditions, and then use membership rules to strengthen the case for economic reforms that would otherwise be checkmated by domestic lobbies.

The WDR shows that GVCs can greatly raise productivity, benefiting both the investor and investee countries. GVCs create more and better jobs, accelerate economic growth and reduce poverty. Good outcomes depend on supporting economic policies such as open markets, investor-friendly regimes, predictable and stable taxes and rules, and high-quality infrastructure.

GVCs will locate in countries with logistics and procedures that ensure fast turnaround of goods and services. Alas, India's logistics costs are double that of Bangladesh and triple that of China. This explains India's limited GVC participation. The WDR says that one day's delay hits competitiveness as much as a tariff of over 1%.

India must reform its import and export procedures, including goods and services tax (GST) rules, ensuring quick paperwork and trade clearances. It must focus on trade facilitation, and invest in world-class ports, rail transport, air cargo and electricity. Land acquisition difficulties and inflexible labor laws hinder GVCs. Legal and tax disputes must be settled quickly, instead of meandering through the courts for decades. India has improved its 'ease of doing business'ranking in Modi's first term, but has a long way to go.

India's ratio of trade in goods and services to GDP peaked at 56% in 2011, and fell to 43% in 2017. (It must be lower today.) This share remains higher than in the US or Europe. China and most other countries have followed a similar downhill pattern. Yet, trade, and the GVCs that spur it, remains extremely important.

The WDR says the share of GVCs in world trade rose rapidly in the 1990s and 2000s to 52% by 2008, but then slipped to 37%. This was caused by three factors: protectionism, Chinese self-sufficiency and automation.

US President Donald Trump has gone protectionist in his 'Make America Great Again' scheme. This has created uncertainties inhibiting global investment, trade and GDP. Brexit is another straw in the wind.

China used to be the greatest GVC player. But, in recent years, it has started making more components at home instead of importing them, lessening chains. The other dampening factor has been automation, which ends the third-world advantage of cheap labor, and enables production to shift to rich consumers. All countries, including India, will need to move up the value chain to remain competitive.

Motley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