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management world
from the people who
created them

SUTANU GURU: FROM THE MANAGING EDITOR'S DESK

WHY THE NUMBERS ARE STACKED AGAINST THE CONGRESS IN 2014

It's an old cliché no doubt, but elections often are about numbers, mathematics and cold calculations. Yes, charisma, ideology, policies and campaigning strategy do matter. But at the end of the day, it really boils down to numbers. That is the reason why the Republican challenger Mitt Romney looks all set to lose badly to Barack Obama on November 6 when Americans vote for a new President. He is losing despite the terrible economic situation in the United States since Obama took over in January 2009. Obama should have lost, but it is numbers that are working for him. Republican ideology, particularly the hard line attitude of the faithful, has alienated huge chunks of voters. Women, students, blacks and Hispanics are overwhelmingly against Republicans and will vote for Obama. The number of these groups of voters will surely outnumber the angry white voters who will vote for Romney.

Of course India is vastly different from US. And of course, elections are still – at least officially – far away in 2014. But even at this early a stage, it is easy to see why the numbers appear stacked against the Congress in 2014. And that is the reason why Sonia Gandhi and her advisors and strategists are a worried lot. I am not talking just about the impact of the serial scams like Commonwealth Games, 2G, airport privatisation, Coalgate and the latest irrigation scam in Maharashtra. I am not talking just about the venomous bite of inflation that is destroying household budgets. I am not talking just about the manner in which Prime Minister Dr. Manmohan Singh has become the butt of jokes and cruel humour despite the recent and futile efforts of some sections of the media to portray him as a decisive leader. I am not talking just about the damage that reluctant allies like Mulayam Yadav, Mayawati, Sharad Pawar and Karunanidhi will inflict during the run up to 2014 even as they prop up the tottering UPA regime. All these things will have an impact on Congress' fortunes in 2014. No doubt about that. But it is the curse of cold, hard numbers that could have a more dangerous impact.

Before we get into the analysis of the cold, hard numbers, let us first take a cold, hard look at the factors that led to the triumph of the Congress and the UPA in 2009. Everybody talks about how the *jholawallah* advisors of Sonia Gandhi who comprise the National Advisory Council crafted the Congress victory of 2009 by coming up with schemes like NREGA. Then there was the Rs.600 billion farm loan waiver an-



nounced in 2009. If you believe these played a decisive role in 2009, you are misinformed and wrong. Overwhelmingly rural states – where you would expect to find grateful beneficiaries of NREGA and farm loan amnesties – like Odisha, Chattisgarh, Bihar, Jharkhand and Madhya Pradesh did not give a lot of seats to the Congress. Including Uttar Pradesh, the Congress managed just 46 out of 195 seats from these states in 2009. In fact, the Congress and the UPA did amazingly well in urban constituencies in 2009. It won 13 out of the 13 Lok Sabha seats

on offer in Delhi and Mumbai. That performance was last seen perhaps in 1984 when Rajiv Gandhi swept India in the aftermath of the assassination of Indira Gandhi. So fact number one is that Congress did fabulously in urban centers.

Fact number two is the massive vote against the Left in West Bengal and Kerala that gave Congress and the UPA 39 out of 62 seats in 2009 in these two states. Fact number three is the strong alliances that gave a lot of seats to the UPA in 2009. In West Bengal, Tamil Nadu, Kerala and Maharashtra, the Congress and the UPA managed to win a massive 98 out of 159 seats in 2009. And who can forget fact number four – YSR Reddy who, along with the Majlis-e-Ittehadul Muslimeen (*MIM*), gave the Congress a spectacular 34 out of 42 seats in Andhra. In 2009, YSR was clearly the incumbent hero who simply swept aside all opposition despite loud whispers of numerous scams and instances of crony capitalism. The last factor is the suicidal behaviour of



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Cover Design: Shantanu Chatterji



Eye opening efforts

The Indian economy has been facing stifled growth for quite some time now and flipping through the cover story of Business & Economy magazine was an eye opening experience for me in terms of the economic conditions of the country. Both the government and the Reserve Bank are trying hard to get the economy back on track and the issue decently suggested how India can be safeguarded against the lately turned up pool of scams and incompetent policies. The feature was greatly supported by data and trend analysis generated by the IIPM Think Tank. I seriously believe that the economy could benefit through further liberalisation of FDI, as was discussed. It was interesting to see that a magazine has also uniquely considered the educational qualifications of our finance ministry! Talking about the rest of the package, it was a great mix of stories and analysis across various sectors.



Bobby Malhotra
Chief Executive
Max Trade

Constant evolution

I have seen a constant evolution in the content, presentation and section planning. The factor that makes the magazine different from the rest is its dynamic supplements. I would like to give a special mention to BFM, which keeps me updated with the latest happenings in the world of finance. There are always some great columns in the issue for avid readers like me. In the last issue, the story on the crisis in the power sector was very



timely and comprehensive. Really, for the Indian growth story to continue and be sustainable, the next phase of reforms should be in the power sector. I expect you to raise more such critical issues in the future.

Prof. Ignacio de la Torre
Academic Director
Master of Finance Program
IE Business School

In-depth & comprehensive

I've been a regular reader of Business & Economy magazine and it has become one of my favourites over the time. Even when I'm travelling, I rarely miss any issue; thanks to the internet. Besides the cover story, which is usually the most captivating

story amongst all, I like reading the sections 'Scrutiny' and 'Stratagem'. These sections provide an in depth and comprehensive view of an event or



problem regarding any industry or economy. The views of professionals and industry experts make the stories even more synchronized with reality. I really appreciate the efforts and research that goes into these sections.

Rakesh Goyal
Sr. Vice President
Bonanza Portfolio Ltd.

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Tim Cook
CEO, Apple, must be feeling over the moon seeing his company's shares rise higher and higher than a helium balloon

APPLE: SHARE PRICE

The world in thrall of Apple's magical success

Nothing succeeds like success and the stratospheric rise of Apple's shares in recent months defy the laws of business gravity. Its share price has been on a steroidal sprint ever since Apple became the world's most valuable public company back in August, elbowing out long-time rival Microsoft from the tech pedestal. After the company announced its earnings for the first fiscal quarter of 2012, its share price picked even greater velocity, climbing 22% over the past three months, and sending its market cap gyrating above \$650 billion. The past few days have seen its share price ascend to heart-stopping vertiginous heights, climbing over \$700, in large part hopped up by the blockbusting sales of iPhone 5. Estimates say Apple would have sold between six and eight million units of iPhone5 in its first weekend on the shelves. So maddening

has been the demand that over two million units sold out in the first 24 hours of its launch and they has been vanishing faster from shop shelves than would woolen sweaters from Antarctica. Some analysts are predicting that the iPhone5 could eventually drive the price of Apple stock to a staggering \$850 in the weeks to come. Apple's stock price will have to climb to \$1067 for the company to hit a trillion dollars in market cap. If the success of its iPhones are an indicator, Apple can well keep marching ahead and sew up 30-60% of the mobile computing market, which seems like the easiest and fastest route for the company to touch the one trillion dollar milestone. If Apple becomes the first company on the planet to reach that goal, it would indeed be the most befitting tribute for its legendary former CEO and founder Steve Jobs.

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Just three and a half years ago this Japanese giant (*according to the grandson of the company's founder*) was "grasping for salvation" and stood "on the brink of irrelevance."

From being the world's most valuable automaker by market capitalisation, and No.1 in terms of vehicle sales, Toyota had reached an inflection where it was ending a year without profits, for the first time in its history of over 70 years. In the year ending March 31, 2009, Toyota-based automaker had reported a net loss of \$4.6 billion, and looked as if it was headed for corporate graveyard.

Many believed that Akio Toyoda, President of Toyota Motor Company and grandson of Kiichiro Toyoda, was correct because the problems for this Japanese automaker didn't end there. Toyota soon had to recall over 14 million units (*between 2009 and 2010*) for issues surrounding the safety of its vehicles. Then in 2011, the company faced serious supply chain disruptions, thanks to Japan's devastating earthquake and wrecking floods in Thailand. It was no surprise, then, that by the



It's Samba Time: Akio Toyoda, President of Toyota Motor Corporation, speaks during the inauguration ceremony of the factory in Sorocaba, about 100 km west from Sao Paulo, Brazil on August 9, 2012. Toyota will start assembling Etios, its new compact car for the Brazilian market, from October at this new plant in Brazil.

IS TOYOTA'S COMEBACK FOR REAL?

Japanese automaker Toyota has bounced back from safety recalls and natural calamities, selling 4.97 million vehicles globally in the first half of 2012, to reclaim its throne as the world's biggest automaker by sales from General Motors. But can it sustain the status quo?

DEEPANSHU TAUMAR