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Editorial

Economic Growth in Asia

The economic growth in Asia has started showing an increase since 2003 and it continued through the first quarter of 2004. The Indian economy is witnessing a rather new phenomenon in the recent days i.e. rising inflation, which has crossed 8%, the highest in the last four years and it is certainly causing worry to industry. The RBI has raised the Cash Reserve Ratio, thereby draining out around Rs.8000 cores worth liquidity from the banking system and has also reduced the interest payable to banks on their eligible cash balances maintained with RBI under CRR requirement to 3.5% per annum from 6%. Agriculture remains a key sector in rural India and contributes 26% of national GDP and also supports 60% of rural employment. The banking sector witnessed a growth of 18.7% on aggregate deposits as on March 2004 over the previous year. There was a substantial reduction in NPA during the first half of 2003-04 compared to the corresponding period 2002-03.There are indications of an improvement in the investment climate and a sense of optimism prevails in the industrial sector. The big challenge of meeting the Basle II norms confronts the banking system. Banks have to move towards a graded system of assigning risk weights depending on the quality of their assets. The capital market witnessed high volatility during the period due to internal as well as external factors. The SEBI has set up a task force namely, Securities Market Infrastructure Leveraging Expert Task Force (SMILE) to study the capital market infrastructure and to make recommendation to upgrade the procedures followed by intermediaries. The first report of SMILE on primary market procedures has recommended wide range of suggestions which includes adoption of the secondary market procedures to the primary segments, accountability of the market intermediaries to the investors, etc. The implementation of recommendations needs careful consideration. Regarding the manufacturing sector, its share in real GDP grew to an impressive 8.2% during 2003-04. Another important area of concern is the attraction of Foreign Direct Investment (FDI). In china, FDI accounts for nearly 50 % of China's manufactured exports whereas in India, it is only 8%. More aggressive push to FDI policy would have helped the industry to achieve higher growth rates.

This issue (Vol.1, No.1) of **SMART Journal of Business Management Studies** comprises ten articles written by authors of repute. I hope readers will find the Journal academically valuable

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