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FROM THE DESK OF THE CHAIRMAN

Dear Member,

While favorable monsoon will be vital for rural recovery, the trend in commodity prices and recovery in construction activities also hold equal importance.

The earnings of rural households over the last few years have been impacted by modest hikes in Minimum Support Prices (MSPs) and a decline in commodity prices, which has mainly been influenced by global factors.

For instance, domestic cotton prices weakened by 20 per cent from their peak in FY14 to FY16, due to the change in China's procurement policy and the declining competitiveness against PSF due to lower crude oil prices, it said.

Similarly, liquidity of farmers in the sugarcane producing belts was affected by weak financial performance of sugar mills, which were operating in an environment of surplus production (in the domestic market) over the past 5-6 years and subdued international prices.

"While agriculture plays an important role in the rural economy, it employs 64 per cent of rural manpower. The rest is contributed by sectors like construction (11 per cent), manufacturing (9 per cent), trade and transport (9 per cent) and others.

Thus, revival in some of the key sectors will also be important for rural demand recovery. With the government's focus on reviving infrastructure projects, a gradual improvement has been visible, especially in the execution of roads and highway projects since second half of 2015-16.

The number of households getting employment under the MNREGA scheme also increased in 2015-16 by 38 per cent to 176 million.

However, what still remains a challenge is the subdued pick-up in industrial capex and the real estate markets, which are also an important source of rural employment.

"Apart from the central government, many of the state governments have also allocated a greater proportion of their annual budgets towards sectors that have a direct influence on the rural economy.

"The other positives for the rural economy and consumption-driven sectors at large include the implementation of the Seventh Pay Commission recommendations in FY17 and the recent roll-out of the One-Rank-One-Pension scheme for the defence personnel".

In contrast to the trends in rural economy, demand from urban markets has been on a recovery trend over the past 4-6 quarters, led by lower inflationary pressures, softening interest rates and improving consumer sentiments.

"In addition to these factors, we believe that aggressive promotional strategies, discounts and other initiatives by companies have also supported demand recovery to a great extent across sectors".

With regards
Antony Sequeira

FOR SUCCESS THINK DIFFERENTLY

Entrepreneurs are a unique breed of people. Their attitudes about success, failure and what it takes to build a sustaining enterprise differ greatly from what is represented in mainstream pop culture. A few thinking styles to share:

Luck: There is no such thing as luck. Luck is an excuse and it unfairly minimises the hard work it takes to be successful.

Freedom: The entrepreneur defines freedom as the ability to do what they want, when they want and have control over their own destiny.

Failure: The only point at which you have truly failed is when you stop trying. Each attempt at making something work is another lesson, another opportunity. Ensure you have defined an appropriate end goal for your efforts to measure true success.

Advice: Take advantage of every opportunity you have to learn from others. Purposefully seek out different perspectives and use them to form your own opinion.

Time: There is no such thing as an overnight success and entrepreneurs see their time as an investment in their business. If you're not willing to spend the time, then you are likely not dedicated enough to see your idea through.

Work/Life Balance: Business is an integral part of your life. Building proper systems allows you time away from the office (and is the only way to scale). No one will ever care for or grow your vision the way you can.

Customers: Unhappy customers are the best source of ways to improve your business, build your product and drive your market. When you satisfy an unhappy customer, they are loyal and a great source for referrals and recommendations.

Employees: In order for a business to be successful, hire the individuals who want more than a paycheck. It is your job to set the vision and move your team towards a common goal they are passionate about.

Raising Money: You don't need to raise money to get your business off the ground. Once you bring in outside capital, you immediately gain a boss and lose control over your new venture.

Making Money: Entrepreneurs view money as a way to keep score and a resource they need to fund their next big dream or vision. There are far easier ways to "get rich" and entrepreneurs, especially in the early days of their company, make far less than they could just getting a job.

Advice: Take advantage of every opportunity you have to learn from others. Purposefully seek out different perspectives and use them to form your own opinion.

Chaos: Entrepreneurship is synonymous with "controlled chaos". You need to be okay with changing priorities, new competitors and a shifting technology landscape. Being versatile and cool under pressure is a must for entrepreneurial success.

Education: As you evaluate jumping into a new venture, don't let education or lack of experience hold you back. There are plenty of resources to help you be successful and are more important than another degree.

Lawrence Coelho
Email: secular@vsnl.com

Seminar held on 1st July 2016 at Hotel Le Grande on 'Brand Building and Communication' by Mr. Sameer Dalvi

Seminar held on 22nd July, 2016 at Hotel Vitts on "SME Listing/Tax Advantages, Wealth Creation, Brand Building and how to build world class companies" by Mr. Harshad Thakkar, Mr. Vikram Kamat and Mr. A.B. Ravi.

Seminar held on 5th August 2016 at Hotel Atithi on "The Path to Perpetual Growth" by Dr. Arunaagiri.

'Entrepreneurship Development' Programme For Women Owned Businesses

Women-owned enterprises represent about 10% of all MSMEs in India and employ over eight million people. A 2014 International Finance Corp. (IFC) study found that nearly three-fourth of women-owned MSMEs have an unmet financial need. Out of a total financing demand of $158 billion in India, formal financial sources are able to channel only $42 billion. Many Women Owned Business (WOB) either wind up their businesses or stay small, mostly due to a critical challenge - lack of credit and lack of confidence.

In September 2011, Wal-Mart Stores Inc. launched its Global Women's Economic Empowerment Initiative to improve the lives of underserved women and help women-owned businesses succeed and grow. Wal-Mart has pledged to empower nearly 1 million women through training and to promote diversity and inclusion representation within its merchandising and professional service suppliers. It also aims to double its sourcing from WOBs by 2016.

As part of this initiative Wal-Mart in partnership with Vrutti and WEConnect India is supporting the' 'Entrepreneurship Development' Programme For Women Owned Businesses - a 15 month capacity building programme for 25 Women Owned Businesses in NCR, Uttar Pradesh (Agra/Meerut), Punjab (Chandigarh/Jalalandhar), Andhra Pradesh (Vijayawada) and Telengana (Hyderabad) Regions to increase their capacity to become potential suppliers to Wal-Mart. Vrutti, a non-profit organization is a centre for sustainable livelihoods enhancing people's well-being. WEConnect International is a non-profit organization connecting women-owned businesses with multi-national corporate purchasing organizations across several countries including India.

During December 2015 - January 2017 25 WOBs will be identified under the 'Entrepreneurship Development' Programme For Women Owned Businesses to participate in an intensive capacity building and mentoring program to make them stronger and more profitable and resilient businesses producing better quality products and poised to grow and scale up their business through a capacity building program that will include -

a. Enterprise Capacity Building
b. Life Skills Development
c. Need based Technical Support
d. Linkages for financial support
e. Creating learning networks

The first component on Enterprise Capacity Building will include modules for strengthening the performance of businesses - such as improving business planning and financial management of enterprises. Under Life Skills the project will address issues such as communication, execution excellence, industrial Law, gender roles, responsibilities and strengthening managerial skills of women entrepreneurs. Technical support modules will include guidance on improving production efficiency, quality of products and inventory management. The project will create learning networks among participants. It will also facilitate backward and forward linkages between participants with supplier networks and potential buyers - with a particular focus on how to become a supplier to Wal-Mart.

Participation in 'Entrepreneurship Development' Programme For Women Owned Businesses will increase the awareness, capacities and confidence of WOBs. They will also be linked to WEConnect and supported to start the process of WEConnect certification. This programme will thus not only strengthen financial and technical linkages for WOBs but also link them to mentors and business networks to turn them into strong businesses that can participate successfully in national and global value chains.

Want to Retain Business - Care for your customer

Customer Care

Customer : A person who buys - Especially a regular shopper (buyer).
Informal : A person one has to deal with fellow chap.
Care : To be concerned, to attend to.

Yes customer is King; Customer is the boss, the only Boss not only in words literally yes.

Whether a person shines shoes for a living or heads up the biggest corporation in the world. The boss remains the same. It is the customer. Business however big or small is connected directly or indirectly to the customer. So handle with care.

Good customer Service means:

- Providing quality products or services.
- Satisfying the needs / wants of a customer.
- Resulting in repeat customer.
- Good customer service results in: Continued success.

Your Success will show in:

Increased profits, higher job satisfaction, Improved Company or organization morale, Better Teamwork, Market expansion of services/ products.

Customer Service:

Remember Good customer service = lasting relationships
Average customer service = steady relationships that could be lost
Poor customer service = Lost business.

Expectations of an average customer:

Fairness : Does not approve hidden agenda, wants transparency, information with warranty.

Rules for Great Customer Service.

1) Commit to quality - Go above and beyond customers' expectations.
2) Know your product - Helps win customers trust by knowing every detail of your product.
3) Know your customer - His needs and buying habits. It is important to retain a customer for their lifetime value and remember, cost of getting a new customer is higher.
4) Treat People with courtesy and respect. - They talk to:
   3 people if the service was good
   10 people if the service was great
   25 people if the service was bad.
5) Never argue with a customer.- All customers are partners in your mission.

6) Do not leave customers hanging - All communication needs to be handled with a sense of urgency. Survey shows that dissatisfied customers don't complain they just shift to the competition.
7) Always provide what is promised - culture of commitment. Sure to win credibility with your customer.
8) Assume that customers are genuine.
9) Focus on making customers not sales, focus on quality.
10) Make it easy to buy. The process should be simple and user friendly.

Remember Customer Loyalty will be the cutting edge of service in the new millennium. Loyal customers they just don't come back, they don't simply recommend you, **BUT** they insist that their people do business with you.

With every new generation or even every decade there is demand for different professions and goods. Changes in market and technology conditions can reverse past success very quickly. No organization can afford to relax because they are successful. Do not take customer for granted. You may be number 1, Have a great product. However if your competitor serves customer better than you, he succeeds. Customers are more demanding than earlier. And more importantly they have a choice. So handle your customer with utmost care.

Quality in a service or product is not what you put into it. It is what the customer gets out of it.

Priscilla Buthello
Image Consultant / Soft skill trainer
9820295303
pbuthello@gmail.com

Top 5 Dangers of Online Shopping and Precautions To Take On Cyber Monday

Abe Garver, Contributor
Opinions expressed by Forbes Contributors are their own.

Before you, your family, or friends (e.g. Facebook, Twitter and LinkedIn) spend another dime online, please take a moment to mull over my "Top Five Dangers" and ways to reduce risk. How many people are really vulnerable? IMRG expects there will be 3.5 billion online shoppers globally by 2013, according to Internet Retailer. It's safe to say this includes your loved ones.

1) Fake Online Reviews - A collection of five-star ratings can do amazing things for online sellers. As a result, some authors have confessed to posting fake reviews; see "Fake Reviews: Amazon's Rotten Core". Others are now offering a refund to customers, in exchange for a write-up; see "For $2 a Star, an Online Retailer Gets 5-Star Product Reviews". **Ways to Reduce Your Risk** - Be skeptical of reviews that lack detail, or are too positive. Social media sites like Facebook, Twitter, and Yelp may provide a stronger, direct relationship to people's opinions. Check the source. Does it link to the reviewer's profile and previous reviews, or a social media page that shows the reviewer is real? Dina Rezvanipour, CEO of 3d Public Relations and Marketing says, "I always recommend my clients to focus on customer interactions on their facebook and twitter, it helps reduce their risk of people assuming skeptical comments and build a relationship with their customers." Finally read reviews on multiple platforms (e.g. Amazon and epinions.com).

2) Lack Of Full Cost Disclosure - Additional fees like shipping, may be hidden until late in the checkout process. For example, I was recently stung by ConsumerReports' price comparison engine after it suggested that the best place for me to buy a laptop with free delivery was TigerDirect.com, which is owned by Systemax. When I neared the end of the purchase process, the fine print said I'd have to spend $49.99 on a year membership, to get the "free" shipping. What's worse, I then learned it would cost $189.99 more for Microsoft's software. This meant the actual cost was 20% greater than I was lead to believe. **Ways to Reduce Your Risk** - Remember there is "no free lunch", in other words you're going to pay for delivery one way or the other. Don't expect software to come with the computer. Finally, don't use TigerDirect or ConsumerReports' comparison engine.

3) Counterfeit Goods - Even Jeff Bezos'Amazon is having difficulty keeping counterfeits off its site. We know this because a California appellate court recently opined on Amazon's efforts to police counterfeit goods sold by its third party merchants. The decision was noteworthy because Amazon has been using a lower "Policing" standard than set by the court in Tiffany v. eBay. **Ways to Reduce Your Risk** - If the price is too good to be true, it probably is. Research the third party seller or website you are buying from. Don't be afraid to ask lots and lots of questions. Finally, trust your gut.

4) Order Never Arrives - Each time I've shopped on Amazon.com or Walmart.com, my order has arrived on time. Given the amount of business both companies do, I'm sure everyone won't be as lucky. For example, I found an Epinions review titled, "Packages get lost in mail or stolen in Walmart.com warehouse". I believe the likelihood of an order not arriving, increases when third party sellers (e.g. Marketplace Retailers) become involved. **Ways to Reduce Your Risk** - Size matters. When shopping, stick to Top 500 Internet Retailers.

5) Identity Theft - According to The US Department of Justice, identity theft and fraud are terms used to refer to all types of crime in which someone wrongfully obtains and uses another person's personal data in some way that involves fraud or deception, typically for economic gain. For example, if someone steals your debit card number, your entire checking account is exposed. Within minutes, identity thieves can drain your account and set you back financially for years. **Ways To Reduce Your Risk** - Just remember the word "SCAM". Be (S)tingy about giving out your personal information to others unless you have a reason to trust them, regardless of where you are. (C)heck your financial information regularly, and look for what should be there and what shouldn't. (A)sk periodically for a copy of your credit report. (M)aintain careful records of your banking and financial accounts.

How Ad Fraud Ruins the Internet

If you're in the digital advertising industry, you've probably heard of ad fraud, but you likely haven't done anything to protect yourself or prevent it from happening.

Billions will be lost to ad fraud this year, and anywhere from three percent to 37 percent of ad impressions will come from bots. In fact, ad fraud is on its way to possibly becoming the largest organized crime enterprise. With the prospects of a high payout, low risk and relatively little effort needed, it's easy to see why so many organized criminals are looking to profit from ad fraud.

It's easy to think ad fraud will never affect you, but in fact, it can affect everyone. Even those just casually browsing the web. The more you know about ad fraud, the better you'll be able to spot it. Here's how ad fraud can affect the different types of Internet users.

Online advertisers

This part seems obvious. Of course you're at risk if you're a brand or website advertising online. But do you know how you're at risk? Here's the different type of ad fraud for online advertisers.

Search ad fraud

Fraudsters targeting search ads are often looking to target the most popular keywords with the highest cost per click (CPC).

Search fraudsters will build websites that are stuffed with the highest priced keywords in order to generate search ads. A brand who wishes to advertise against these keywords will then buy ad space on the fake sites, because it'll look like a reputable publisher.

Affiliate ad fraud

Cost per acquisition (CPA) ad fraud usually involves affiliate marketing programs. Brands will reward affiliates who talk about their product or services and push people to the website, and then those affiliates are rewarded based on the acquisition of customers.

Affiliate fraudsters use bots to direct qualifying traffic to affiliate sites. Then, by employing cookies to track that traffic, if anyone makes a purchase, the fraudster is able to siphon away the commission from the actual affiliates.

Pixel stuffing and ad stacking

Ad stacking occurs when multiple ads are placed in the same space on a web page, but only the top one is seen. When a user visits the site, an impression is recorded for all of the ads, not just the top one, which means you, might be paying even though your ad was never seen.

Pixel stuffing is similar to ad stacking. It involves placing ads or video in tiny 1x1 pixels so that they're virtually impossible to see, but when a user opens the page, the publisher is still credited with an impression.

Traffic fraud

Traffic fraud occurs when publishers buy fake traffic without the advertiser's knowledge. Most purchase from third-party sites, who usually have the highest percentage of fraudulent traffic.

Lead fraud

There are two types of lead fraud: humans and bots.

With humans, it's usually in the form of click farms resulting from those "work-from-home" scams. People are paid to click on your ads and then fill out forms, making you think you're gaining leads.

Meanwhile malicious bots can fill out forms, generate false ad impressions, serve spam or malware and trigger retargeted ads. They can even take over entire networks to form botnets and move a cursor to mimic human behavior.

4 Ways to Protect Your Business Against Employee Fraud and Theft

Ad publishers

Most fraud can be traced back to the publisher who sent that traffic. Sometimes the publisher is run by fraudsters, but there are also some types of ad fraud that can affect reputable publishers without them even realizing it.

Domain spoofing

Fraudsters can actually change the URL of their sites to make advertisers believe that a fake site is instead a more reputable publisher. Then, because publishers see these sites and recognize the name, they'll pay the premium price to advertise there.

This essentially results in extremely high advertising costs with little chance of discovery or interaction. Plus, a brand's ads could be placed next to some questionable content, which can damage your reputation.

Ad injection

Ad injection can occur in a few ways. Injected ads can be stacked on top of each other, or they can completely replace existing ads.

Injected ads that replace others are often in the form of a fake warning, such as an ad telling a user that their PC performance is lacking or that their computer needs to be updated.

Most obviously, injected ads can also appear where they aren't supposed to, making the relationship between brands awkward.

4 Ways Advertising Agencies Can Protect Themselves From Click Fraud

Web browsers

You don't have to be an advertiser, publisher or a website owner in order to fall victim to ad fraud. Even just by browsing the web, you can become a victim. While it might not cost you reputation and advertising dollars, it can hurt your computer or lead to the theft of personal and financial information.

With ad injection, you might see ads that are offensive, or ads that ask to complete suspicious downloads. If a site has stuffed pixels, you might get stuck with a video ad playing in the background that you can't turn it off, which could drastically slow down your Internet. Or, if you end up on a spoofed domain, you could be on an unfavorable site you never meant to visit.

5 Lessons Learned From Running 2,652 Facebook Ad Campaigns

Detection and prevention

Some of these types of fraud can be very difficult to monitor and catch. However, there are a few methods you can apply to your advertising strategy to help you better detect and prevent ad fraud from hurting you.

Request transparency from your publishers:

Ask your publishers where their traffic originates. If the publisher has nothing to hide, then they should be able to be straightforward with you about their traffic sources.

Time your ads:

Bot fraud is more active during certain times of the day. Some bots are active from midnight to 7 a.m., and others are more active during the day to blend in with everyone at work. You can target your ads when bots are least likely to see them.

Use third-party monitoring:

Monitor the traffic coming to your ads in real-time, so that you can stop the fraudsters before they can click on your ads.

Assess your traffic constantly:

Always review your ad campaigns to see where the best clicks are coming from so you can adjust accordingly.

Search for your site in incognito:

This is a great way to make sure you know exactly how your site is displayed for others. It'll also most likely bring up any sites that have stolen your domain, or show you any ads that have been injected.

Think before you download:

Be wary of extensions, add-ons and toolbars. That's an easy way for fraudsters to install malware and get into your system.

Too much time and money is being wasted on ad fraud today. Fraudsters are becoming more persistent and more sophisticated. The more aware you are of the workings of your campaign, the better you'll be able to fight and prevent these fraudsters from making you a victim to their schemes.

What's the Best Way to Legally Structure Multiple Businesses?

Nellie Akalp, Contributor

Most entrepreneurs I know are driven, curious and never content with the status quo. These traits are probably why so many of them dabble in multiple ventures. A restaurateur may open a wine shop; a personal trainer may launch a line of fitness apparel. There's always a new opportunity out there somewhere, and diversifying your income can be a sound strategy.

If you are running multiple businesses or thinking about starting a second one, you may be wondering what is the best approach for legally structuring each business: should you have separate corporations/LLCs for each one or a big umbrella company to hold them all? Are there any limits to the number of companies one person can form?

Generally speaking, there are three different ways to structure multiple businesses. There are advantages and disadvantages for each approach -- and the best structure will depend on your personal situation. Here's some general advice to consider, and you can always discuss your specific needs and details with a CPA or attorney.

1. Create individual corporations/LLCs.

First, there's no limit to how many corporations or LLCs one person can form. Many entrepreneurs opt to file a new LLC or corporation for each of their start-up ventures. For example, you can form an LLC for your landscaping business and another LLC for the golf course you purchased.

The main advantage of this approach is that it isolates the risk to each individual business. Should a client sue your landscaping business, your golf course business will be protected. Likewise, if your golf course has a few down years, your landscaping business won't have to share in any of the liability.

The main downside with this approach is that it involves additional maintenance fees and paperwork. For example, you'll need to pay to incorporate/form an LLC for each business, as well as any annual maintenance fees/forms to the state. You'll also need to get separate business licenses and EINs for each business, and file tax forms for each corporation. For some entrepreneurs, all this separate paperwork can be a pain. But for others, the added fees are well worth it in order to protect each individual business from the others.

In particular, real estate investors often form an LLC for each property in order to shield each investment. If "Property A" is sued, you won't be risking any of the assets belonging to "Property B" or "Property C."

2. Put DBAs under one corporation/LLC.

Another common option is to file one LLC or corporation, and then set up multiple DBAs (Doing Business As) for each of the other ventures. Keeping with the previous example, you may have an LLC for "Ken's Landscaping Services." Then, if you start a golfing business, the LLC can file a DBA for "Ken's Golf Course." From a marketing perspective, you can run each business as if they are separate companies -- use each individual business name, accept checks written to each business name, etc.

With this approach, each business venture can use the right branding and company name, while you simplify some of the annual maintenance. You just need to pay your annual LLC/corporation maintenance fees for the LLC/corporation (and not each individual DBA). If you need and/or use an EIN, you'll just need one EIN. And when it's time to file your taxes, you can take the income earned from each DBA and report them in a single tax filing under the main LLC or corporation.

Each business venture (DBA) enjoys the legal protection of the main LLC/Corporation. For example, if something should happen to one of your DBAs, your personal assets will be shielded (assuming you filed the DBA under your LLC/Corporation). But, each DBA isn't protected from the other DBAs. So if one DBA is sued, all the other DBAs under the main LLC/corporation are liable.

3. Create a business under the holding company.

In the third approach, you can create individual corporations/LLCs for each of your businesses and put them under one main holding corporation/LLC.

This scenario is common in a few situations. One, for companies that are looking to be acquired or potentially spin off one of their businesses. Two, for established companies that are looking to start a new business (and the established company will fund the new venture). As expected, this scenario can have complex tax and legal implications -- and it's best to consult with a tax adviser or attorney on the best way to structure a holding company and subsidiaries.

The bottom line is there's no (legal) limit to how many business ventures you can start and run. Just make sure that you properly account for your liability risks when structuring these ventures.

Country's food packaging market to reach $18 bn by 2020: N C Saha, Indian Institute of packaging

(N C Saha said India's food…)

Country's food packaging market is likely to reach USD 18 billion by 2020 from the present USD 12 billion, Indian Institute of Packaging (IIP) Director N C Saha said.

"Size of India's food packaging market will increase from present USD 12 billion to reach USD 18 billion by 2020. Fruits and vegetables segments are going to lead this growth story," he said at the national conference 'Food Packaging and Its Safety Aspects'.

"At present, the domestic packaging industry is ranked 11th in the world. Food packaging is 55 to 60 per cent of the total packaging industry. The growth therefore is almost by 50 per cent, he added.

Saha noted that over 800 million people in the world are unable to meet their daily calorie needs and more than 2 billion people suffer from nutritional deficiencies. "Yet over one third of the food we produce is never consumed. Nearly 31 per cent of retail food supply goes uneaten. Reducing food wastage is the biggest challenge that food processors, retailers and consumers face across the world. The growth of food packaging sector has nearly doubled to 13.7 per cent during the last four years", he added.

Now, interact with products you want to purchase

Instead of reading a label, consumers could soon be interacting with an electronic screen on packages in the future.

Scientists from the University of Sheffield have developed a new way of attaching electronic screens to paper-based packaging where screens can display simple messages to customers -- a move that can revolutionize the packaging industry.

"Labels on packaging can become much more innovative and allow customers to interact with and explore new products. The use of displays or light emitting panels on packaging will also allow companies to communicate brand awareness in a more sophisticated manner," said lead researcher and Professor David Lidzey.

The team collaborated with technology company Novalia to create a new way of displaying information on packaging.

It can be used in greeting cards or products where a customer could receive a simple message.

Further developments can include a countdown timer on the side of a packet to indicate when a timed product was ready -- such as hair-dye, pregnancy tests or home-baking using a 'traffic lights' system.

The process involves printing electronic tracks onto paper and then fixing low-cost electronics and a polymer LED display to the paper using an adhesive that conducts electricity.

Scientists also designed and constructed a touch-pad

keyboard on the paper that allows a user to selectively "drive" the LEDs in the display.

The team's next steps are to create fully flexible organic displays on a plastic substrate that then fix onto the electronic tracks.

The LED devices need to be low-cost and flexible enough to be used on all packaging.

"The paper-based packaging industry is worth billions of dollars. This innovative system could give manufacturers a way to gain market share by being able to distinguish its products from competitors," noted Chris Jones from Novalia said in a paper published in the IEEE Journal of Display Technology.

WHY INDIA IS NOT CREATING ENOUGH JOBS DESPITE HIGH GROWTH

By Raghavan Jagannathan

Where are the jobs? This is the question Prime Minister Narendra Modi is repeatedly asked by his political opponents. One answer he has given recently in media interviews is that the jobs that are being created are invisible in the statistics: loans from the Mudra Bank are enabling self-employment, and as these micro businesses grow, they will add employees, one or two at a time. Hopefully, they will ultimately create millions of jobs in an economy that is releasing one million youth every month into the job market.

While creating a nation of micro entrepreneurs is better than doing nothing, there is a grimmer reality at work: stable and quality jobs are not growing fast enough, if not actually contracting. While job statistics are woefully inadequate in the Indian context, one source that gives us good data is the Labour Bureau's quarterly survey of employment trends. It covers eight employment-intensive sectors - textiles, leather, metals, autos, gems and jewellery, transport, ITBPO, and handlooms and power looms.

In its latest report covering the July-September 2015 quarter, the Bureau found that 1,34,000 jobs were created in these sectors. But the average for the last eight quarters was just over one lakh jobs per quarter (2013-15). This is lower than the 1.5 lakh jobs created in the previous eight quarters (2011-13), and really bad compared to the eight-quarter average before that (nearly three lakh jobs every quarter in 2009-11).

The Indian jobs machine is stalling, and stalling badly. A longer-term snapshot based on National Sample Survey (NSS) data shows the same trend: during 1999-2004, 60 million jobs were created; during 2004-10, just 27 million.

This implies that during the slower growth period of NDA-I, more jobs were created than in the faster-growth years of UPA-I and the first half of UPA-II, before the wheels came off completely during the final years of UPA-II. Though the jobs data provided by the Labour Bureau and NSS are not comparable, the trend is unmistakable.

An HDFC Bank report uses another number to make the same point: India's employment elasticity, which measures growth in jobs compared to every percentage point rise in GDP, is heading south.

In the 1997-2000 period, this elasticity was 0.39 - meaning for every 1 per cent rise in GDP, jobs grew by 0.39 per cent. This elasticity came down to 0.23 in the next decade, and fell further to a measly 0.15.

Growth no longer means jobs.

The causes for this jobs slowdown are many: inflexible labour laws, that make firing difficult, ensure that employers prefer more automation to more hires. This is happening not only in manufacturing, but high-quality service industries like IT too.

In the January-March 2016 quarter, three of the Big Five Indian IT companies (Wipro, HCL Tech and Tech Mahindra) saw net hires decline. While this may be a short-term blip, there is little doubt that automation and productivity increases have slowed down hiring in IT.

According to a pink newspaper, the headcount required to generate $1 billion of software revenues has fallen by half in the last six years. Industry leaders like Vishal Sikka of Infosys and TCS's N Chandrasekaran are retraining staff for higher levels of automation, with lower-skill work being automated.

Globalization is another issue: when labour can move freely across borders, either legally or illegally, jobs will go to the cheapest workers. In the European Union's free market for labour, the high level of inward immigration into Britain was one reason for the pro-Brexit vote on June 23.

Economists like to rubbish the idea that globalization and automation are job destroyers. They are right, for jobs destroyed in one sector will be made up elsewhere. Today, as kirana shops fold up, big retail and online marketplaces may be creating lots of jobs at checkout counters, warehousing and logistics. But are they doing so at a rate fast enough to take up the slack?

Economists also seem to discount the larger political and social reality that restricts jobs mobility: people do not change as fast as they need to, nor do governments and laws change fast enough to enable this.

When Google delivers us our first driverless cars, the millions of chauffeurs driven out of work will not immediately know whether they should invest in becoming auto mechanics or electronics engineers. Skilling up, and moving cities and countries to where the jobs are, are not seamless processes.

It is worth recalling that while the industrial revolution in Britain ultimately created lots of jobs, the process took nearly 50-100 years to happen. Today's world may not take that kind of time to adjust, but the rate of adjustment between young and old is not the same. This partly explains why the young voted to stay in the EU, and the old did not.

A fast-changing world needs even faster speeds in information dissemination about jobs and trends. But there is always a time and spatial gap between job loss and gain that is not easy to bridge. Jobs lost today may take years to recoup. And future technologies like 3D printing may hollow out manufacturing even faster.

An academic paper by Oxford researchers Carl Benedikt Frey and Michael A Osborne says half of existing jobs could be automated in 10-15 years.

The equation we need to watch out for is simple: can human adaptation catch up with the speed of technological change?