A

GLOBAL / COUNTRY STUDY AND REPORT

ON

“PESTLE Analysis and Sectorial Study of Russia”

Submitted to

(Gujarat Technological University)

IN PARTIAL FULFILLMENT OF THE

REQUIREMENT OF THE AWARD FOR THE DEGREE OF

MASTER OF BUSINESS ASMINISTRATION

In

Gujarat Technological University

Kum. M.H. Gardi School of Management (First Shift) (727)

PREFACE

Today we are at the door step of 21st century. The world is widening without having a New and new developments are coming these days in all fields all over India to make the people life more comfortable and luxurious. The industries are growing so fast in India in order to satisfy all the needs of people. Similarly Gov. has supported to these companies for their development and progress of private companies.

Practical Study plays a vital role in the field of education. It has been introduced for the students to get practical knowledge along with the theoretical knowledge; only bookish knowledge is not the right way of learning anything especially for the management students. How management principles are implemented in business can only be known through practical study through visit, students can be berry well become ware about industrial environment like problem, opportunities, different situations etc. This helps the students for better understanding & gives then a chance to show their skills & ability.

According to the above reviews our Gujarat Technological University has included Global Country Report & viva of it, With a view to expand our boundaries of thinking about implications of the theoretical knowledge in practical field, We have preferred “Russia”. We are supposed to work on “Pestle Analysis and Sector Analysis of Russia” It is a matter of great pleasure to present this report work.

Thus in order to survive in the market one should have theoretical as well as Practical knowledge about all different fields prevailing in market.

Executive Summary

As Russia followed a socialist economy by nationalizing all industries after its Independence, it undergoes a slow growth of producing knowledgeable entrepreneurs, engineers, managers, administrators & technicians.

Growth of Russia in agro industries is because of its rich deltaic fertile land that depends on its manifold harvests & six seasons also on. The country's industrial base remains very positive. The service sector has developed rapidly during last twenty years.

The legislative & regulatory actions to deal with financial irregularities & poor governance of the financial sector are developing over time to gather the increasing protection needs of the consumers. The following measures may be considered as part of on-going efforts to expand financial infrastructure & improve the security & soundless of the financial sector.

Economists said that it will be wise on the part of the government to expand the existing social safety net. Economists said a controlling system can be launched in the rural areas to overcome the crisis.

The New Deal programmed for workers aged Twenty five plus has been running for a short of time period. Nonetheless less than 15% of participants have moved into employment. In some areas only one human being in ten has accepted through the programmed into either a subsidized job or non-subsidized employment.

In the first part of GCR we have included the PESTLE Analysis of Russia Country to know the overall development of Russia.

In the second part of GCR we have included the study of various sector in Russia like Automobile, Telecommunication, Banking, Insurance, Agriculture, and Petroleum and had also compared with Indian Economic states. We found that they are little bit underdeveloped country then India.

Index

Part 1

PESTLE Analysis

Political Analysis of Russia:

In the 13th century, a weakened and fragmented Kiev was overrun by a Mongol attack. The Mongol occupation, which lasted until 1480, provided the environment for a new state, Muscovy, to come out and hide Kiev. The 18th century ended with another powerful sovereign, Catherine II (the Great, r. 1762–96), who further extended the empire & attempted political & social reform. By the 1st half of the 19th century, Russia was one of the most powerful countries in Europe. In 9 years as president of Russia (1991–2000), Yeltsin oversaw a baffled alteration that ended the power of socialism and brought uneven reforms in the economic, political, & social realms.

In 1613 Muscovy ended a period of political and economic hardship by naming as Tsar Mikhail Romanov (r. 1613–45), whose family would rule Muscovy & then Russia for the next 300 years. After a series of weak rulers, Peter I (the Great, r. 1682–1725) emerged at the end of the 17th century as a powerful power for change. In a series of wars, political reforms, & extensive contacts with the West, Peter laid the base of the Russian territory. Russia occupies much of eastern most Europe & Northern Asia- stretching from Norway to the Pacific marine and from the Black Sea to the Arctic Ocean. area of 17,075,200 square km Japan over the southernmost four Kuril Islands; with Ukraine over the maritime boundary in the Kerch Strait north of the Black Sea; and with other Caspian littoral states over control of offshore resources. 10% of the country is swampland; about 45% is wooded. Russia's principal rivers are the Amur, Irtysh, Lena, Ob', & Volga. In 1613 Muscovy ended a period of political and economic hardship by naming as Tsar Mikhail Romanov (r. 1613–45), whose family would rule Muscovy & then Russia for the next 300 years. After a series of weak rulers, Peter I (the Great, r. 1682–1725) emerged at the end of the 17th century as a powerful power for change. In a series of wars, political reforms, & extensive contacts with the West, Peter laid the base of the Russian territory. Russia occupies much of eastern most Europe & Northern Asia- stretching from Norway to the Pacific marine and from the Black Sea to the Arctic Ocean. area of 17,075,200 square km Japan over the southernmost four Kuril Islands; with Ukraine over the maritime boundary in the Kerch Strait north of the Black Sea; and with other Caspian littoral states over control of offshore resources. 10% of the country is swampland; about 45% is wooded. Russia's principal rivers are the Amur, Irtysh, Lena, Ob', & Volga.

About 1 million populace of Russia are citizens of former countries. In 2006 the approximate rate of net passage was 1.03 persons per 1,000 populaces, compared with a rate of 0.9 in 2004. Between 2002 & 2004, the rate had decreased by 55%. In 2005 net voyage was 107,000, an increase of 7.5%s over 2004.

In 2004 the average age was 37.7 years, an increase of 3 years since 1989, indicating a gradually aging populace. In 2006 only 14% of the populace was younger than 15 years of age, and 14% was older than 64. Life suspense was 60.5 years for men, 74.1 for women—one of the largest life expectancy differentials by 104
sex in the world. Some 53.7% of the populace was female. The birth-rate was 9.9 per 1,000 populace; the fatality rate was 14.7 per 1,000 populace. child death was 15.1 per 1,000 live births, and the average number of children born per woman of childbearing age was 1.3.

According to the 2002 survey, the major cultural groups were Russians (representing 80% of the whole), Tatars, Ukrainians, Bashkir's, Chuvash, Chechens, & Armenians, each of which accounted for at least 1 million populations. According to the 2002 census, 99.5% of the populace above age 10 was educated. Health care is free in standard, but in exercise sufficient conduct increasingly depends on prosperity & private physical condition care is gradually more required. Doctors generally are poorly skilled & insufficiently paid; most hospitals are in poor situation—many lack running water and sewerage, & waiting lists are long. There is a frequent deficiency of nurses, dedicated personnel, & medical supplies & equipment. Allocation of facilities & medical personnel is highly slanted in favour of urban areas, especially politically powerful cities. Russia's high relation of hospital beds to populace—12.1-1,000 in 1991, is because outpatient care is not emphasized as much as in the West. In 2004 there were 4.9 health centres per 1,000 residents.

POLITICAL STABILITY IN RUSSIAN POLITICAL LIFE

Becoming one of the significant factor in consolidation of democratic system process within the stability perspective, March 2000 elections was decisive in post communist era and democratic transition of the Russian Federation. During the presidency period in 2000 to 2008, Vladimir Putin had official the political stability in Russian political life and had emphasised the importance of loyalty, however this process can be seen as a differentiation from the democratisation intend, due to the deviation in conditions of federalism and the administration of democratic areas by Putin supervision. The impact of the Putin on consolidating democracy and the effect of his policies will be examined in this report.

Economical Analysis of Russia:

Russia has undergone significant changes since the collapse of the Soviet Union, moving from a globally-isolated, centrally-planned economy to a more market-based and globally-integrated economy. Economic reforms in the 1990s privatized most industry, with notable exceptions in the energy and defense-related sectors. The protection of property rights is still weak and the private sector remains subject to heavy state interference. Russian industry is primarily split between globally-competitive commodity producers. In 2011, Russia became the world's leading oil producer, surpassing Saudi Arabia; Russia is the second-largest producer of natural gas; Russia holds the world's largest natural gas reserves, the second-largest coal reserves, and the eighth-largest crude oil reserves.

Russia is the third-largest exporter of both steel and primary aluminum. Other less competitive heavy industries remain dependent on the Russian domestic market. Russia's reliance on commodity exports makes it vulnerable to boom and bust cycles that follow the highly volatile swings in global commodity prices. The government since 2007 has embarked on an ambitious program to reduce this dependency and build up the country's high technology sectors, but with few results so far. The economy had averaged 7% growth in the decade following the 1998 Russian financial crisis, resulting in a doubling of real disposable incomes and the emergence of a middle class. The Russian economy, however, was one of the hardest hit by the 2008-09 global economic crisis as oil prices plummeted and the foreign credits that Russian banks and firms relied on dried up.

According to the World Bank the government's anti-crisis package in 2008-09 amounted to roughly 6.7% of GDP. The Central Bank of Russia spent one-third of its $600 billion international reserves, the worlds third largest, in late 2008 to slow the devaluation of the ruble. The government also devoted $200 billion in a rescue plan to increase liquidity in the banking sector and aid Russian firms unable to roll over large foreign debts coming due. The economic decline bottomed out in mid-2009 and the economy began to grow in the third quarter of 2009.

However, a severe drought and fires in central Russia reduced agricultural output, prompting a ban on grain exports for part of the year, and slowed growth in other sectors such as manufacturing and retail trade. High oil prices buoyed Russian growth in 2011 and helped Russia reduce the budget deficit inherited from the lean years of 2008-09. Russia has reduced unemployment since 2009 and has made progress on reducing inflation since 2010. Russia's long-term challenges include a shrinking workforce, a high level of corruption, difficulty in accessing capital for smaller, non-energy companies, and poor infrastructure in need of large investments.

Russia GDP Growth Rate

The Gross Domestic Product (GDP) in Russia expanded 0.10 % in the 2nd quarter of 2012 over the before quarter. Historically, from 2003 up till 2012, Russia GDP Growth Rate average 1.2 % reaching an all time high of 3.4 % in December of 2007 & a record low of -4.8 % in March of 2009. The Gross Domestic Product (GDP) growth rate provides an amalgamate measure of changes in value of the goods & services produced by an economy. The Russian economy is the economy can be said as commodity-driven.

Payments from the fuel & energy sector in the form of customs duties & taxes accounted for almost half of the federal budget's revenues. it shows that during the past decade, poverty & unemployment declined steadily & the middle class continued to expand.

Monetary Policy

From many of the past decade, Russia had experience persistent inflation, which gradually declining from 85% in late 1998 to 9% by the end of 2006. However, a combination of surging international food & energy prices & looser monetary and fiscal policy pushed the Consumer Price Index (CPI) to 11.9% by the end of 2007, and up to 15% in starting of 2008. The Central Bank of Russia (CBR) monetary policy tended to be limited to managing the ruble‟s exchange rate against a bi-currency basket of dollars & euros. The CBR intervened to keep the ruble stable during times of volatile international commodity prices & also to do the management of inflation. In years of record high oil prices, the Central Bank would typically purchased dollars to prevent real appreciation of the ruble. These interventions initially had not much effect on inflation, as they were mostly sterilized through the budget surpluses & demand for rubles grew in a robust era of economic growth. By 2007, fiscal policy & the balance of payments were the actual drivers of monetary policy, particularly as much large capital inflows due to increased borrowing by Russian banks & corporations caused the money supply to swell & added to inflationary pressures. Inflationary pressures eased at the end of 2008 as energy & commodity prices collapsed & international credit flows virtually stopped, causing money supply growth to halt. Inflation began decelerated in 2009 to about 8.8% compared to 13.3% the previous year, owing to residual effects of the economic downturn, and remained stable at 8.8% in 2010. Inflation rose again in 2011, hitting 9.5% in June, but since then it has started a downward trend and was 8.2% in late of August 2011. While the CBR continues to intervene in the exchange rate, it allows the ruble more flexibility & volatility than previously.

Government Spending/Taxation

The Russian federal budget ran growing surpluses from 2001 to 2007, as the government taxed & saved much of the rapidly increasing oil revenues. The government overtakes its tax system for both i.e. corporations & individuals in 2000-01, introducing a 13% flat tax for individuals & a unified tax for corporations, which lead to improvement in overall collection. Responding to demands from the oil sector, the government tried to reduce the tax burden on oil production & exports, but only with marginally. Tax enforcement of disputes continues to be uneven & also unpredictable. In 2007 the federal budget surplus was 5.5% of GDP, where as in 2008 the government ended the year with a surplus of 4.1% of GDP. Although the government revised its budget projections during 2009 to reflect lower oil prices & the effects of the economic crisis, by the end of the year with a budget deficit amounting to 7.9% of GDP, which it financed from the Reserve Fund, out of all one of the government‟s two stabilization funds. The government‟s anti-crisis package in 2008 & in 2009 amounted to about 6.7% of GDP, as per the World Bank estimates. The package i.e. provided support to the financial sector & enterprises--through liquidity injections to banks and tax cuts/fiscal support to enterprises--as well as modest support for households and small & medium enterprises (SMEs) & increased unemployment benefits. By the end of 2010, as there was improvement in economic conditions, due to same Russia had lowered its budget deficit to 3.9% of GDP. As the was relatively high oil prices through the almost 1st half of the year, many officials believed there would not be a budget deficit for 2011.

Population

Russia's population was 142.9 million as of August 2011. Life expectancy remains low as compared to developed countries, averaging 63.03 years for men where as 74.87 years for women in 2011. The UN predicts that Russia may lose 1/3rd of its population by the 2050.major causes of death Cardiovascular diseases, cancer, traffic accidents, and violence among working age men. Many premature deaths are attributed to much more of i.e. excessive alcohol consumption & smoking. A truly healthy Russia will require serious improvements in the health sector & some major changes in current cultural norms. To combat the looming demographic crisis, in October 2007 then-President Putin approved the concept of demographic policy for the years 2008-2025. The program aims to increase life expectancy, reduce mortality, increase the birth rate, improve the population's health, and develop a sound migration policy. The government instituted the National Priority Health Project and "mother's capital" in order to slow the population decline. These programs had short-term success; Russia's natural population decline, the absolute difference between births and deaths, diminished from more than 800,000 in 2005 to approx 200.000 in 2010, as the birthrate grew from 10.2 to 12.5 per 1,000 in the same period. In April 2008, the government had sign the World

Health Organization's Framework Convention on Tobacco Control, then it was approved i. e a tobacco control policy in September 2010 designed to reduce extremely high smoking rates. Results of the 2010 Global Adult Tobacco Survey showed tobacco is the 3rd-leading cause of premature death in Russia, amounting to 17% of all deaths. Nearly 40% of Russia's adult population, or almost 44 million people, are smokers, more than any other country surveyed on a per capita basis.

Social Analysis of Russia:

Russia is founded in the twelfth century, the Principality of Muscovy, was able to emerge from over 200 years old of Mongol domination (13th-15th centuries) & to slowly conquer & absorb abounding principalities. In the early 17th century, a new-fangled Romanov Dynasty continued this policy of expansion all over the Siberia to the Pacific. Under ruled the year the between 1682-1725, control was expand to the Baltic Sea & the country was famous a name the Russian Empire. About the 19th century, lot of the defensive acquisitions was made in Asia & Europe. Overpower the time of the Russo-Japanese War of the year 1904-05 contributed to the Revolution of year Russia 1905, which resulted in the formation of a parliament & other reforms in all over the Russia. Repeated overwhelming effect of the Russian army in World War 1 led to extensive rioting in the major cities of the Russian Empire & to the overthrow in the year of 1917 of the imposing household. The Communists under Vladimir LENIN seized power soon after & reformed the USSR. The brutal rule of Iosif STALIN (1928-53) strengthened Communist rule & Russian dominance of the Soviet Union at a cost of 10 millions of lives. The Soviet economy & and power society be idle in the following decades until General Secretary Mikhail GORBACHEV (1985-91) introduced openness & perestroika (restructuring) in an attempt to update socialism, but his initiatives inadvertently released forces that by December of the year 1991 splintered the USSR into Russia & 14 other independent republics. After that Russia has shift its post-Soviet democratic ambition in favor of a centralized semi-authoritarian state whose legality is buttressed, former President PUTIN's genuine popularity in parties, carefully managed national elections, & the careful management of Russia's extra wealth and energy management, Russia had harshly disabled a Chechen breaking-development movement, even if violence still occurs throughout the North sides of Russia.

In terms of area view, Russia is the world's biggest country ranked by the world critic nation the capital of Russia is Moscow. With a total area of 1,70,75,200 kilometers overview of Russia, Russia covers about one-eighth of the world's l& surface. The world's second-largest country Russia is sixty percentage larger than, Canada. But, like Canada, much of Russia's territory is located above the 50th parallel, at their subarctic & arctic weather conditions are prevalent. Until the full name of Russia the Union of Soviet Socialist Russia is and **“Soviet Union"** is called. In the year of 1991 century the Russian Soviet Federated Socialist Republic was the largest & dominant administrative component of the Soviet Union. In the month of August of the year 1991, the Russian Republic was one of the 15 countries that announce independence from the Soviet Union and their stat are called as one country also.

The social structure of the Soviet Union was characterized by self-perpetuation & limited movements. Provide to higher education, a precondition to political & social advancement, was little by little constrained in the prewar decades effects. The socalled period of stagnation that coincided with the long tenure of (CPSU) Chief Leonid. Brezhnev had social as well as political connotations. Moreover, the lazy economy of that period reduced opportunities for social mobility, thus further widen the gap between the nomenclatures & emphasize differences among social groups & the rest of society.

Population

The population of Russia was estimated at 14,60,01,176 (July 2000 est.) by official of U.S. government sources. According to official figures is that the Russian population growth rate is negative, declining at a rate of 3 % a year by year by year. The birth rate was at 9 births per 1,000 persons in the year of 2000. The death rate was at 13.8 deaths per population per year stable not changeable. The declining population in Russia is taking place in the presence of a net in-flow of migrant. Transfer to Russia averaged 1.38 migrant per year 1,000 persons during the year of 2000. The migration into Russia is self-possessed heavily of migrants from the 14 countries of the former USSR that attach Russia but became independent states in late 1991.

Russia's population is approximately 80% a cultural Russian. The remaining 20 % is made up of a wide variety of culture groups of Russia counting Tatar, Ukrainian, Belarusian, Moldavian, Kazakh, & many others. Approximately three-fourths of the population of Russia is living in urban. Moscow, Russia's capital & largest city, is home to some 9 million people live at their. Russia has a well-educated population with near universal literacy which is followed by world.

Russia have assert their right to greater cultural autonomy &, sometimes, political autonomy Many of the majority groups inside. A minority area within Russia occupied largely by the Chechen people proclaimed independence from Russia in the year of 1994. Russian troop crushed the separatist movement for this situation. Russia proclaimed victory over the break with area of Chechnya in the year of 1996, but the war erupted again in the year of 1997. The brutal Chechen war has left much of this corner of Russia in ruins & has contribute to an ethnic terrorist movement against Russia. Chechnya lies in one of Russia's most economically strategic regions, crosswise which passes oil & gas pipelines transport energy resources to European & world markets. Independence in Chechnya would result in these pipelines declining under the control of Chechnya quite than Russia.

Languages

Common official language throughout Russia understood by 99% of its current inhabitants in Russia & extensive in many adjacent areas of Asia & Eastern Europe. nationwide. Subdivisions of Russia have additional official languages (see their respective articles). There are more than 100 languages spoken in Russia in a different area but one common language are used at all over the used.

Life expectancy

In Russia different areas, Russian male & females' life expectation since 1950;

Total population: 66.46 years

Male: 60.11 years

Female: 73.18 years (2012 est.)

The difference of age live gape of man and women (women live in Russia 9–12 years longer than men) is one of the biggest in the world. The average difference in the world is 5 years in most of country. Alcoholism among men is believed to explain much of the large difference in Russia. As year of 2011, the average life expectation in Russia was 64.3 years for males average age & 76.1 years for females average age. In the late 1950 century, the (USSR) claimed a higher life expectancy than the United States and most of country, but the Soviet Union has lagged behind Western countries in terms of humanity & life expectancy since the late 1960 century. The life expectancy was about 70 in 1986, prior to the transition-induced disturbance of the healthcare system to provide by Russia. The disorder in the early 1990 century caused life expectancy in Russia to little by little decrease while it was steadily expanding in the rest of the world. Newly however, Russian life expectancy has oppose begun to rise. Between 2006—2011 year the male life expectancy in Russia rose by almost 4th years, increasing the overall life expectancy by nearly 4 years to 70.3.

Literacy

Russia's free and government focus on literacy is more broad & in-depth educational system, current at birth with almost no changes from the Soviet Union, has produced approximate 100% literacy. 97% of children receive their compulsory 9-year basic education or complete 11-year education in Russian. Further languages are also used in their respective republics, for instance Tatar 1%, Yakut 0.4% etc also used that literary for that area available.

Approximate 3 million students attend Russia's 519 institutions of higher education in Russia & 48 universities are available for that. As a result of great importance on in all sector like science & technology in education, Russian medical, mathematical, scientific, & space & aviation research is generally of a high order.

Services

Service sector play a important role in Russia's previously underdeveloped services sector has played an the social calamity of the collapse of the USSR, manufacturing & industrial sectors. The service sector employed 55 % of the workforce & contributed 59 % of GDP in the year of 1999, according to the CIA *World Fact book.* Vital service industry include financial services; advertising, marketing, & sales; tourism; & **retail** trade all kinds of services are important at their.

Tourism

Two type of tourism are availed in Russia Foreign & domestic tourism was centrally managed during the Soviet Union. In the year1991 the tourism industry was updated & today is one of the most important branches of the service sector in russia, both in terms of total income & numbers of workers. The number of tourist companies has grown from several state tourist organizations in 1991 to several hundred in the larger Russian city nowadays. Most tourist firms are small and effective, employing fewer than fifteen people, function as together operators & agencies. Operators are those firms that develop their own tourist routes tour set over area. Tourist agencies market the existing routes recognized by operators. Most travel transactions involve the domestic market, offering travel services within Russia either for foreigners or for domestic travelers. Providing services for Russians traveling overseas is a smaller but more profitable market.

Social development of Russia country

•Gap civil society remains embryonic but pressures for 'independence' grow higher but unsuccessful social spending consistent income.

• Existing corruption & growing disparity Quality of life worsen & social services close to fall down because of high social tension.

•To reduced variation Greater involvement of the population in political life Easy of Social expenditure & improved efficiency of social areas.

Social Condition of Russia country

In the year of 2006 Russian confederation became a new country. While emergency in the year of 1998 several important problems were solved as security & national ruler. The outside politic position was strengthened, also was achieved internal stability, & as well the macroeconomic situation better dramatically.

Resources for development are used in the first time in that decades use in country of russia. Of course not at one time & not as much as needed. But in summer season of 2006 took place a significant event –,after being for long time a country-borrower, Russia twisted into a country-creditor. The big recession of economy of 90 century was stopped; the sequences of the difficulties were partly overcome in country of Russia which is trying to minimum difficulties.

Although the country has many problems, to overcome Problems were arises like a education, healthcare & demography were every day in centre of attention of the Government whole year of 2006. So for to shove of those problems government introduced new modified programmers for a solution. The combination of two factors – politic priority & project form of organization – allowed achieving the effective coordination at federal, regional & local levels and all level of the people benefit in that ways. In whole the problems & difficulties were defined clearly & correctly.

Technological Analysis of Russia:

From the above studied report it can be concluded that Russia has undergone significant changes since the collapse of the Soviet Union, moving from a globally-isolated,centrally-planned economy to a more market-based and globally-integrated economy. Economic reforms in the 1990s privatized most industry, with notable exceptions in the energy and defense-related sectors. The protection of property rights is still weak and the private sector remains subject to heavy state interference. Russian industry is primarily split between globally competitive commodity producers.

In 2011, Russia became the world's leading oil producer, surpassing Saudi Arabia; Russia is the second-largest producer of natural gas; Russia holds the world's largest natural gas reserves, the second-largest coal reserves, and the eighth-largest crude oil reserves. Russia is the third-largest exporter of both steel and primary aluminum. Other less competitive heavy industries remain dependent on the Russian domestic market. Russia's reliance on commodity exports makes it vulnerable to boom and bust cycles that follow the highly volatile swings in global commodity prices.

The government since 2007 has embarked on an ambitious program to reduce this dependency and build up the country's high technology sectors, but with few results so far. The economy had averaged 7% growth in the decade following the 1998 Russian financial crisis, resulting in a doubling of real disposable incomes and the emergence of a middle class. The Russian economy, however, was one of the hardest hit by the 2008-09 global economic crisis as oil prices plummeted and the foreign credits that Russian banks and firms relied on dried up. According to the World Bank the government's anti-crisis package in 2008-09 amounted to roughly 6.7% of GDP.

The Central Bank of Russia spent one-third of its $600 billion international reserves, the worlds third largest, in late 2008 to slow the devaluation of the ruble. The government also devoted $200 billion in a rescue plan to increase liquidity in the banking sector and aid Russian firms unable to roll over large foreign debts coming due. The economic decline bottomed out in mid-2009 and the economy began to grow in the third quarter of 2009.

However, a severe drought and fires in central Russia reduced agricultural output, prompting a ban on grain exports for part of the year, and slowed growth in other sectors such as manufacturing and retail trade. High oil prices buoyed Russian growth in 2011 and helped Russia reduce the budget deficit inherited from the lean years of 2008-09. Russia has reduced unemployment since 2009 and has made progress on reducing inflation since 2010. Russia's long-term challenges include a shrinking workforce, a high level of corruption, difficulty in accessing capital for smaller, non-energy companies, and poor infrastructure in need of large investments.Russia has also grown and expands the sector of industry as it provides complete range of mining and extractive industries producing coal, oil, gas, chemicals, and metals; all forms of machine building from rolling mills to high-performance aircraft and space vehicles; defense industries including radar, missile production, and advanced electronic components, shipbuilding; road and rail transportation equipment; communications equipment; agricultural machinery, tractors, and construction equipment; electric power generating and transmitting equipment; medical and scientific instruments; consumer durables, textiles, foodstuffs, handicrafts. Industrial production is grown by 4.7% (2011 est.).

During the 2000s, Russia has become a big agricultural importer, especially of meat and processed foods, and a major grain exporter. Even more so, Russia, Ukraine, and Kazakhstan together are now a very large grain exporting region.

Russia likely will recover from its current economic crisis within a year or two. Its agricultural import growth thereupon should resume, though probably at a lower rate than in past years. One reason for import growth will be rising consumer income, and another expected reason will be renewed appreciation of the ruble in real terms. Russia is likely to return to the precrisis situation where its large exports of oil and natural gas put upward pressure on the ruble's exchange rate. A strong ruble will hurt the price competitiveness of all other domestically produced tradable goods, including agricultural products. Whether Russia's grain exports keep rising largely depends on whether the productivity-enhancing improvements in farm management during the 2000s continue, as driven by the —new operators. Russian policy statements and actions during the 2000s show stronger interest in reviving the livestock sector than in exploiting the country's potential as a grain exporter, and especially reveal dissatisfaction with large meat imports. Policies therefore could expand to curb agricultural imports, particularly of meat. Such policies would resist the economic forces driving Russia's growing role in world agricultural markets.

Russia has also expands its export business in various countries like Germany, Netherlands, US, China and Turkey. Russia is exporting various commodities like petroleum and petroleum products, natural gas, metals, wood and wood products, chemicals, and a wide variety of civilian and military manufactures which helps Russia to develop well. It was $400.4 billion in 2010 and where it increased to $498.6 billion in 2011est.From the figure we can conclude that Russia has developed its export sector also.

Legal Analysis of Russia:

Russia also officially known as the Russian Federation is a country in northern Eurasia. At 17,075,400 square kilometers (6,592,800 sq mi), Russia is the largest country in the world, covering more than one-eighth of the Earth's inhabited land area. Russia shares borders with Norway, Finland, Estonia, Latvia, Lithuania and Poland (both via Kaliningrad Oblast), Belarus, Ukraine, Georgia, Azerbaijan, Kazakhstan, China, Mongolia, and North Korea. It also has maritime borders with Japan by the Sea of Okhotsk, and the U.S. state of Alaska across the Bering Strait. Russia has the world's largest reserves of mineral and energy resources and is the largest producer of oil and natural gas globally. Russia has the world's largest forest reserves and its lakes contain approximately one-quarter of the world's fresh water.

The Russian economy is the world's ninth largest by nominal GDP and sixth largest by purchasing power parity, with the 3rd largest nominal military budget. Russia is one of the world's fastest growing major economies.

Since the turn of the 21st century, higher domestic consumption and greater political stability have bolstered economic growth in Russia. The country ended 2008 with its ninth straight year of growth, averaging 7% annually between 2000 and 2008. Real GDP per capita, PPP (current international $) was 19,840 in 2010. Growth was primarily driven by non-traded services and goods for the domestic market, as opposed to oil or mineral extraction and exports

Investment Climate:

Conducting business may be impeded by burdensome regulatory regimes, inadequate intellectual property rights, inconsistent application of laws and regulations, lack of transparency, excessive government interference in business maters and other market access barriers. The Russian regions have at their disposal a variety of measures for improving the regions’ attractiveness to foreign investors, including:

- Establishing an organizational structure for cooperation with foreign investors;
- Providing financial and tax incentives;
- Modernizing and developing infrastructure;
- Making use of public-private partnerships (PPPs).

Regional investment activity highlighted the fact that foreign direct investment (FDI) into Russia is highly concentrated: Moscow, St. Petersburg, Sakhalin and Arkhangelsk attract significant funds while 37 regions attracted less than USD 100 million of FDI during 2006-2010.

Innovation & Modernization:

The Russian President has already declared that Russia’s goal is to gradually change from an oil-oriented economy to a technology –oriented one.

To reach this goal, Russia will increase the

- Hi-technology sector’s input into GDP,
- Increase the proportion of innovative products out of total production output,

 Enlarge R&D spending and promote commercialization of Russian innovative products
 Russia provides an extensive list of tax concessions for companies with a high degree of intellectual capital

As the result of these efforts, recognized global leaders in hi-technology like Intel, Nokia, Cisco, Microsoft, Siemens and Boeing already signed memorandums of understanding with Skolkovo Foundation.

Starting Business In Russia:
Below are the options available for a foreign person for doing business in Russian country.
 Direct Sales -A foreign entity (FLE) that sells goods to customers located in the Customs Union directly from abroad.
 Distributorship Contracts - An FLE may conclude a distributorship contract with a Russia company to sell goods in Russia.
 Representative Office or Branch - An RO or branch is not a Russian legal entity but is a legal part of the FLE, and, therefore, the head office bears full responsibility for the obligations and actions of the RO pr branch.
 Russian Subsidiary - The most common business structures in Russia are Limited Liability Companies (LLC) and Joint Stock Companies (JSC).

Economic Relationship:

A recently passed law introduces a new legal form for commercial legal entities – economic relationships. This legal form is designed for companies involved in innovative activities.Taking into consideration that the new law is effective 1 July 2012, certain practical aspects of commercial activities and managing economic partnerships are unclear. Therefore, there is currently no practice related to establishing (including registering) economic partnerships in Russia.8

Foreign Investment Law
Foreign investments are regulated both on a federal and region level. According to the federal law on foreign investors to conduct business activities in Russia and their rights dispose of profits gained in Russia cannot be less favorable than nation investor's. Certain limitations are required for to protect constitutional guarantees, the health, rights and lawful interests of citizens, or state defense and security measures. Non-Russian state companies may perform some transactions after obtaining approval from state authorities.

Russian Regions And Special Economic Zones
Russian regions have adopted regulations that establish tax concessions for investors. Currently, the majority of investment tax concessions relate to profits tax and property tax. Investment tax concessions are normally granted for a period not exceeding the investment project payback period, and the amount of the tax saving gained cannot exceed the amount of initial investment under the project. Regional

authorities can establish additional conditions for granting concessions. Operation and abolishment of the free economic zones are referred to in the national legislation, i.e. law that provides for four types of special economic zone i. e. Technological implementation, Industrial and development, Tourist and recreational and Port. Most Russian regions have adopted regulations establishing tax concessions for certain investment activities.

Other Business Issues

Licensing is carried out on a federal and regional level. The decision to grant or deny a license is generally made within forty-five days after the authorities receive the application and all accompanying documents. Regulations on the licensing of certain activities may stipulate shorter processing periods. Performing a regulated activity without the appropriate license may cause significant penalties and other consequences. The penalties and other consequences depend on specific circumstances.

Land and other natural resources may be owned privately. They can also be owned by state or municipal authorities or held under other ownership conditions. Legislation adopted at the regional level, the Russian Land Code regulates the purchase of land. In practice, it is still rather difficult to acquire land in Russia from state or municipal authorities. Owners of buildings, however, according to federal law have the exclusive right to purchase or the rent land plots underlying and surrounding their buildings.

Transfer price should be viewed as a price that is subject to monitoring by the tax authorities. The tax authorities monitor prices to ensure that they are established for commercial purpose and not for to reduce the tax burden. Taxpayers are required to keep transfer pricing documentation as evidence that the prices used are within an arm's length price range. Keeping transfer pricing documentation about controlled transactions to the tax authorities are required for all controlled transactions.

Environmental Analysis of Russia:

The evolution of environmental management in Russia had several distinct phases. In the mid & late 1990s, regulatory & institutional frameworks rapidly expanded. At that stage, environmental policies were largely guided by the global environmental plan, most importantly by the outcomes of the Rio Summit & the emergence of sustainable growth. During the same period, the activism of the non governmental sector was encouraged & NGOs were actively involved in environmental planning.

Environmental planning in Russia was solely based on general principles & stipulations of environmental law rather than on quantitative & time-bound policy targets, established through sound policy analysis & stakeholder consultations. This model of environmental management could not ensure sufficient accountability for lack of progress thus failing to bring about environmental improvements.

Russia is faced with significant challenges. Their magnitude can be illustrated by the fact that about 15 percent of the country's territory (Figure 1) suffers from exposure to high levels of ambient pollution. In many industrial centres (e.g. Dzerzhinsk, Irkutsk, Kemerovo, Krasnoyarsk, Novokuznetsk, Norilsk, & Cherepovtsy), the rates of morbidity & mortality exceed 1.5-3 times the national average. The population has been increasingly concerned about the growing level of environmental pollution. According to the opinion polls, more than 83 percent of the country's mature population are concerned about the environmental situation; more than 55 percent of respondents assess the environmental situation in their places of residence as "unfavourable", "unfortunate", or "critical".

The law-making segment is the most stable within the institutional framework. There is a wide range of actors involved in law making: the Federal Assembly1, Russia's President, the government & line ministries, as well as related actors in sub-national & local governments. Also, the Constitutional Court, the Supreme Court, & the Supreme Court of Arbitration have the right to initiate laws. Other stakeholders include researchers, lawyers & practitioners who act as experts or provide feedback on the quality of the draft laws, etc. This diversity of authorities & stakeholders, generally, plays a constructive role in balancing competing interests, although it might have participated for fragmentation & inconsistency of the legal framework, discussed in the subsequent chapter.

There are three types of executive bodies were instituted:

- **Federal ministries**, which are policy-making bodies.
- **Federal services,** which are federal executive authorities.
- **Federal agencies,** which can offer public services & manage state property.

Within the institutional framework, law enforcement authorities & courts have been growing in importance & a trend has emerged of a revival of special law enforcement entities acting to ensure environmental law execution, in particular, of environmental militia & environmental prosecutors' offices. Courts of arbitration &

common law courts are becoming more active. Finally, despite efforts to increase the transparency & integrity of environmental authorities, corruption among officials is still a concern. The forms of fraud vary significantly. In the environmental sector, cases are common where public (or municipal) officials combine their office with setting up, or serving at, business entities.

Many of the standards are judged to be overly-ambitious therefore unachievable due to their “zero risk” philosophy. If decisions are to be taken based on risk management, new ambient standards should be enacted for different locations, with many of the regulated polluting substances limited to those that can be successfully monitored. Unfortunately, the delay in reforming the MAC system maintains intact the Soviet practice of imposing on regulatory requirements but then neglecting compliance with them.

The economic mechanism of environmental protection in Russia relies on both incentive elements & coercive equipment, with the latter somewhat prevailing. Most common are: environmental charges & taxes covering a very large number of air & water pollutants, solid waste generation, as well as fines for environmental offences & claims for environmental damage. Guaranteeing loans, reduced interest on loans, etc. are of limited use. In the past, there were problems with adequate computation of the charges: enterprises often provided their discharge information late to the environmental authorities and, in some cases, underreported their pollution. There was a lack of administrative control over the charge computation process: environmental authorities did not have resources to compare actual discharges with the numbers submitted by the enterprises as the charge base. This damages the system of pollution charges & contributed to the poor collection of the revenue.

The design of economic instruments for environmental protection in its current form does not implement the Polluter-Pays-Principle. Though, the environment authorities have long been reluctant to engage in drastic reforms of this system as it provides them with a small but steady source of revenues that they are afraid to lose once the number of parameters subject to pollution charges is reduced. Permitting of environmental pollution continues to be medium-specific & focuses mostly on costly end-of-pipe solutions. Emission limit values (ELVs) set by permits are derived from EQS using modelling software. Since EQS are quite stringent, sometimes, the ELVs are technically unfeasible. Unlike some OECD countries, the legal system allows authorities to prescribe such conditions thus creating a fertile ground for corruption, mostly because of the link between ELVs & the numerous pollution charges (see the next section).
In order to overcome the problem of ELV feasibility, the tools of “temporarily agreed emission limit values” has been utilised. The temporary limits can be set when the permit requirements have to be achieved gradually. unhappily, adherence to compliance schedules has been hardly enforced. In recent years, the environmental authorities in Russia have come to realise the deficiencies of the Sovietlegacy single-medium permitting & have started a reform process. They have been keenly discussing the need to move from setting facility-specific ELVs to spectral & process-based principles of standard-setting.

The idea of process-based environmental regulation presumed taking into account both technical factors & environmental quality standards (combined approach), the actual implementation of the new system could be undermined by gaps & inconsistencies in the existing regulatory framework. If MACs remain at their current unrealistically stringent levels, they would almost always outweigh ELV standards & will become the main factor in setting permit conditions. To ensure a true reform of permitting, improved MAC & physical planning systems are also needed. Due to limited outcomes of traditional command-and-control instruments, new approaches are being implemented in Russia in order to promote higher environmental performance of the regulated community. These include a number of voluntary approaches, in specific adoption of environmental management systems (EMS). Promotion of EMS certification from the view of ISO 14000 standards, training of company management & staff, & development of guidelines is done by a range of stakeholders, such as consulting companies, research institutes & universities, &NGOs.

Part 2

Sectorial Study

Agricultural Sector Russia:

One of the biggest obstacles to successful economic development of the Russian market is the absence of a modern and efficient tax system and the lack of reliable data. Foreign capital always seeks predictability, especially in terms of projected tax obligations. The lack of a stable fiscal regime is the number one reason dollar level of foreign direct investment in Russia is very low compared to other emerging markets. A common and frequent concern expressed by foreign companies is the fear (real or perceived) of an unstable system, uneven, unreliable and unpredictable taxes in Russia. As a result, the capital that could be invested in Russia is in contrast, in other countries that are perceived as enjoying more stable tax systems. For Russia, it's time to introduce tax breaks and other incentives to the end of the year for companies using international accounting methods as part of a new trade reform plan. For example, companies that follow these international accounting standards () will have their income tax fell by, say, a five percent ... or maybe they will receive other privileges. Most Russian companies developed national accounting practices used to calculate tax levels. West say Russian accounting Accountants has limited use of business planning and investment. Then, we have established some suggestions and concerns about public finances in transition economies:

Before making changes to the tax system officials have to think very carefully to prevent unwanted changes. For example, the VAT law has been changed 13 times since its enactment. Appropriate fiscal reform also solve another problem in Russia - its chronic budget deficit. Inappropriate country's system of tax collection has been unable to keep pace with the increase in public spending, leading to a budget deficit of 6.3 percent of GDP in the first half of this year. According to Mr. Stuart Brown, Eastern European economist at Paribas Capital Markets, while fiscal policy has been lax in Russia, monetary policy has had to bear the burden of reducing inflation. The result has been high real interest rates. No wonder then that many leading companies are looking abroad for capital. Reducing the budget deficit, to reduce the "crowding out" in the country and allow fiscal policy to take some of the load on the control of inflation, therefore, should be a priority for the Russian government. The problem is that tax evasion and a culture of non-payment in Russian industry hamper efforts to improve revenue collection.

A good method to deal with breaches would be the implementation of a unified computer system for controlling income and expenditure of the federal budget and extra-budgetary funds of the State, which must contain taxpayer registration system and gather information on payments taxes and customs duties, banking transactions and payments, as well as data on the location and use of federal budget resources. But it is still difficult to implement. First, Russia has high qualified specialists in database and management information systems (MIS). Second, it requires the purchase of expensive mainframes which is crucial obtained under (60 percent - percent) of income. It is also important to decide what kind of tax information will be the first to be put into the database. The State Tax Service of the Russian Federation recently began this process by requiring all taxpayers to enter a personal identification number of the taxpayer (PTIN) in payments and settlement documents and other levies imposed beginning 1 August 1995. The rule of January 1, 1996, provides that a PTIN must be included in all settlement payments and documents. Also State Tax Service of Russia is stepping up efforts to stop commercial banks from hiding income from the tax authorities. The Revenue Service recently found that banks failed to transfer 3 billion rubles to the state on time, and have used legal means to hide their income. With the tax information system centralized information would be easier to see the taxpayers and prevent tax evasion.

Some services should be funded by taxes on local beneficiaries. "Local taxes" are those over which local authorities have some control. Levied to assign? The question is not easy for Russia. In many market economies, the central government controls those considered most redistributive taxes, such as taxes on income and corporation tax cyclical, leaving the more stable revenue sources applied to a consumer base locally or assets. For example, some federal systems (the U.S., Switzerland, Canada) allow subnational corporate taxes would be better for the federal government to set the corporate tax. For economies in transition, considerations of both the administrative complexity and the efficient allocation sub taxed suggest that companies should be avoided today. Allow small subnational governments in many transition economies to set corporate tax rates (or adjust the tax base) allow substantial tax competition and tax differentiation of the company, influence the location decisions Company perhaps undesirable directions.

The development of a social safety net more efficient and effective in perhaps the most immediate and difficult task to achieve in the Russian Federation. Apart from cultural reasons noted above, economic growth can not occur without social stability will not happen until Russia can design an effective system of coverage. Some of the possible ways to improve this critical area are: diversification of the tax base of social programs, redesign the system of sub-federal relationship-national who has made the last bear an unfair amount of cargo - unfair because regional differences and exacerbated by Soviet planning - and make stronger efforts to reduce delays which is a difficult task because of the temptation to cover methods needs based emission costs.

Russia: Description Agricultural

The Russian agricultural sector strives to rebuild, as it transforms from a command economy to a more market-oriented system. After the breakup of the Soviet Union in 1991, large state farms had to deal with the sudden loss of heavy government subsidies. Cattle inventories fell, lowering the demand for feed grains and cereal area fell by 25 percent in less than ten years. The use of mineral fertilizers and other costly inputs fell, pushing yields lower. Most farms could no longer afford to purchase new machinery and other capital investments. After ten years of decline, Russian agriculture began to show signs of modest improvement. As in Ukraine, the transition to a more market-oriented has introduced an element of fiscal responsibility, which has resulted in increased efficiency, farmers try to maintain productivity while struggling with scarcity of resources. Official data indicate a recovery in grain yield in Russia in recent years, and despite the good harvests in 2001, 2003 and 2004 are due in large part to the favorable climate, most analysts agree that the gradual improvement continue.

The main crops

Wheat accounts for more than half of Russian grain production with an average annual production of 40 million tons. Planted area typically ranges from 23 to 26 million hectares. Winter wheat comprises approximately one third of the total wheat, but half of the total production due to its enhanced performance. About 70 percent of Russia's wheat is classified as food grade or milling quality, and 30 percent as feed-grade. The combination of reduced feed demand and several bumper harvests since 2001 has led to a sharp increase in wheat exports and decreasing imports.

Barley is the second important Russian grain with the average production of about 16 million tons from 10 million hectares. Spring barley constitutes 95 percent of the area of barley and 90 percent of output. Barley is used primarily as a feed grain, despite a growing brewing industry has driven demand for malting barley. Russia produces about 500,000 tonnes of malting barley to the demand of about 1.2 million tons per year of beer.

Plants Russia million acres of corn, but less than 20 percent is harvested for grain. The rest is chopped silage, usually in August. The corn silage area was reduced by 60 percent during the 1990s, from around 10 million hectares to less than 4 million. Com for the area gain may fluctuate from year to year depending on weather conditions, with the bottom during dry years, but usually ranges between 0.6 and 0.8 million hectares. (The USDA does not calculate the area and production of corn for silage. Officer USDA estimates corn are corn grain only.) Smaller grains include rye, oats, buckwheat and millet.

Sunflower Seeds is the main oilseed crop of Russia, and Russia is one of the leading producers in the world. Due to a combination of high prices, low cost of production relative to wheat, and the growing demand, sunflowers have become one of the most profitable crops constantly. (See sunflower seed production in Ukarine and Russia) Few soybeans are grown in Russia, with the planted area of about 0.5 million hectares and production of 0.4 million tonnes. About half of the soybeans grown in Russian Amur Oblast, in the district of the Far East. Russia produces 0.3 to 0,400,000 tons of soybean meal and imports an additional 0.3 million tonnes.

Crop Production Regions

The main agricultural region of Russia extends from the Central District of European Russia, on the border of Ukraine and Belarus, western Siberia 3000 miles to the east. Of the nearly 200 million hectares of agricultural land in the country, approximately 120 million are planted to row crops (mainly grains, annual or perennial forages, sunflower, potatoes and vegetables) or temporarily fallow. The rest is devoted to permanent pasture or pasture.

CropRotation

Russian Farmers use a variety of crop rotation schemes, some of them four or more crops, some only two. A crop rotation of six years in the area of winter cereals often include two consecutive years of wheat and a season of "clean fallow", in which no crop is planted. An example of a six-year rotation would winter wheat, winter wheat, sunflowers, spring barley, corn, and fallow. Wheat fallow almost always follows. According to farm managers, allowing wheat harvest to benefit from reduced weed infestation (cultivated fields several times during the fallow season). Fallow also helps replenish soil moisture. Some include crop rotation several consecutive years of forage crop: fallow, two years of winter wheat and perennial forage four years. The perennial forage is usually alfalfa, farmers will receive three fifty-seven cuttings per year, five if the crop is irrigated. In southern provinces - Krasnodar, for example - clean fallow is often omitted and crop rotation will likely include sugar beet and / or sunflower major regional industrial crops: winter wheat, winter barley, sugar beet , winter wheat, winter barley, sunflower and corn.

In the spring wheat region, typical rotation may offer wheat two consecutive years, a year of spring barley, oats one year, and a year of "clean fallow", in which no crop is planted. A seven-year rotation will likely incorporate an additional year of wheat and an additional year of barley or oats. Some include rotations of four consecutive years of wheat. The length and sequence of rotation can vary, but the selection of crops is quite limited. Some researchers question the value of including a slot in the rotation fallow, but most agricultural managers in the driest regions of production are including a year off, citing the benefits of increased subsoil moisture for postretirement benefits wheat crop.

Banking Sector Russia:

The empirical evidence on various aspects of relationship banking is not entirely satisfactory in most cases, a fact that can be attributed in part to the difficulty of defining the relationship banking in practice. However, it seems that almost none of the theoretical arguments about the merits and demerits of the ratio of the banking relationship can be easily refuted on the basis of empirical evidence, though not overwhelmingly supported either.

Relationship banking can reduce the information asymmetry between a business and its creditors, so the relationship bank (and other creditors) willing to give easier access to credit, which allows the company to mitigate liquidity problems in their asset activities. Based on this in sequence, relationship banks are willing to provide functions of business insurance customers. This may take the form of adjusting the terms of the loan according to the situation of cyclical business, or give a more intense attention to client companies in difficult financial times. Here, relationship banks can play a key role in business management.

At the first sign of a serious deterioration in the performance of a customer, the bank relationship begins to intervene in business management, usually sending a banker on the board to help the company better manage problems financial difficulties. Depending on the severity of the situation, the banker can design a corporate restructuring plan and guide its implementation. This contingent effect corporate governance, can provide a flexible and informal roles played by the market for corporate control or bankruptcy proceedings.

Empirical evidence also seems to show the risks of association banking. Creditor banks be likely to discourage risk taking by client companies, and this may limit the full realization of the growth potential of companies. In addition, a company may be informationally captured by your banking relationship, making it hard to turn to other sources of funds and forcing the company to pay monopoly rents to the bank.

When a bank relationship is also a shareholder of a company in financial difficulties, can influence business decisions in their interest, so other creditors less willing to extend additional credit due to potential conflicts of interest.

As a result, the net effect on business efficiency is ambiguous, not only theoretically but also empirically. Moreover, the roles of relationship banks seem better played under certain financial market conditions faced by corporate clients.

For example, when the capital market is deregulated, give companies easier access to cheap capital, relationship banks may lose its control over companies and little monitoring is to be undertaken. Also, in the existence of advantage price bubbles, relationship banks can relax their vigilance and security functions, and may not be able to meet its obligations implied in the face of huge corporate defaults or financial crisis. As corporate financing changes the environment, the customer base of banks also changes.

At such times, banks tend to be tense in monitoring activity, as they have to maintain vigilance inactive customers (for existing loans or guarantees) plus intensifying specific investments related to the new clients.

Bank-based corporate governance is certainly an option for Asian economies. The capital market-based Anglo-American model requires many system support institutions: legal, accounting, auditing, credit rating, investment consulting, investment banking, disclosure and other rules of fair trade, internal corporate governance mechanism, and a market for business control, to name a the minority.

It would take a lot of time and effort to build these institutions, and there is no guarantee that this model works, as is well attested by the number of accounting offenses resulting in collapse of Enron, WorldCom and other large corporations. While the above institutions are also required for any form of corporate governance, market-based model requires a much stronger institutional basis.

Therefore, Asian countries may be recommended to make the best use of banks for business management, along with efforts to strengthen the institutions of the capital market. High institutional dependence on bank loans in most Asian economies also puts banks in an ideal position to play a role in corporate governance.

A major obstacle in this role of Asian banks is bad corporate governance of the banks themselves. When banks are controlled by the government, common interference by bureaucrat or politicians limits the possibilities of relationship banking. For banks that are owned and controlled by business groups based on family, relationship banking is likely to be oriented toward maximizing family benefit.

Corporate power in broadly held banks also tend to be very poor due to the characteristics of the banking industry takeover threats are usually absent, is typically oligopolistic market with limited competition and banks suffer from moral hazard because the expectation of government bailout. Many banks are only in the hands of the government in the countries affected by the Asian crisis. One of the challenges is how to strengthen corporate governance in these banks and what government ownership structures and governance should be introduced when it was privatized in the future.

Deregulation and increased competition in the financial markets is often considered a threat to the banking relationship. However, once the bank has established relationship between a bank and its corporate clients, the relationship is likely to remain as bank informational advantage can be maintained with modest extra effort. In situations where competition is mainly in the capital market, banking relationship may be even more valuable, especially for small and medium enterprises and companies of young people without adequate access to risk capital.

More importantly, with the transition to a system of universal banking, banking relationship can continue to make use of the advantages of information about their customers in the securities business, although it can no longer rely on bank loans. A universal banking system requires enhanced prudential regulation to address the growing reach of the banks abuse of conflicts of interest. The challenge is substantially greater if banks are controlled by the family based conglomerates. Relationship banking is under stress when client companies or banks are in financial trouble. To better help a client company in financial difficulties, the bank relationship have to intervene in management by sending a banker corporate board. The banker faces a conflict of interest, which has a fiduciary duty to the two owners of the company and the bank. This conflict and the consequent possibility of liability for losses by other interested parties may limit the much needed bank corporate governance function. To address this problem, an effective mechanism of coordination among creditors is needed. Relationship banking can be a curse when the bank cannot meet its obligations implied due to their financial problems.

Telecommunication Sector Russia:

Telecommunications played a important role in their economic growth. In particular, the mobile telecommunications industry is experiencing very rapid market development joint with speedy technological modify. Yet, much work require to be done in arrange to catch up with the telecommunications systems, infrastructure and technology of industrial nations. Ordinary market character among these four markets take in little diffusion fault for mobile, Internet, and fixed-line services and no 3G licenses were issued in any of these four markets until 2007. Moreover, Russia Brazil, & India conducted the privatization of the telecommunications sector in the 1990s. Political and economic issues in adding to badly definite authoritarian regimes have prohibited these markets from realizing their factual possible in the worldwide market.

An significant subject for telecommunications organizations is the development of their efficiency and effectiveness in arrange to turn out to be more aggressive and gainful. A broad selection of experiential studies on output and effectiveness in the telecommunications commerce are available, but no learning has calculated and compared equipped competence among mobile operators. To our finest information, this is the 1st study that calculated the operational competence and compared the act of 10 leading mobile operators in Brazil, India, and Russia, China. The input-oriented DEA approach was practical to calculate and measure up to the operational competence of these mobile operators. Full amount income was used as the production changeable in the DEA model is and the key variables are no. of employees,and capital expenditure ,total assets. Partial factor productivity (PFP) procedures were computed in arrange to examine essential indicators of output of the mobile operators such as income per employee (RPE), and revenue per capital expenditure (RPC) revenue per total asset (RPA). This learn has some attractive result; in exacting, incomplete issue output (PFP) established that 3 of the four Brazilian mobile operators, namely, Vivo, TIM and Oi showed amazing output ratios and the nationalized operator China Unicom had the uppermost RPC among BRICs.

In difference, Indian mobile operator's output ratios are usually short compared to other BRICs mobile carriers. constant with the result of the PFP, the outcome of empirically implementing DEA come up to point to that the 2 leading Brazilian mobile operators, Vivo and TIM, were completely well-organized during the whole phase of study. The 4th major Brazilian mobile operator, Oi, and the 2nd main Chinese carrier, China Unicom showed extraordinary development and achieved entirely competence in the later on stage of study. The technical competence of Russian mobile operators showed inconsistency in excess of the period, but the Russian most important mobile operator, MTS, proved to be more competent than its competitor Beeline. Overall, Indian mobile operators were the smallest amount competent among BRICs operators in the stage of study. amusingly, the result of this study established that full prepared competence can be achieved by operators with big revenues, such as China Unicom, as well as by others with average and small revenues, such as Vivo, TIM and Oi. This implies that the range of the operator is not forever an pointer of full competence.

Potential study and comparisons may be helpful provided that the position of data were accessible over longer periods of time. A additional appropriate set for production variables would be to separate whole income into voice income and facts income, since entirety income cannot reproduce technology difference character of mobile operators. But this was not possible because most of the operators below learning did not issue data income. As for key variables, a extra appropriate set for no. of employees would be to divide total no. of employees into Research & Development employees and service employees. remember that 3G licenses were issued newly in these countries. If 2G and 3G revenues become obtainable in the future, potential researches could be done to improved reproduce technology modify and technical efficiency.

In India, TRAI Act was amended in January 2000, to remove some of the shortcomings experiential previous. The legislation expected at, *inter alia*, defense of benefit of service providers and customers of telecom sector. With this alteration, recommendatory functions were divided from enforcement functions. A divide Telecom Disputes Settlement and Appellate Tribunal (TDSAT) was locate up with both unique and appellate power. It became compulsory for the middle government to seem for previous recommendations of the TRAI previous to opening of original services. TRAI's authority to subject instructions was limited to only its enforcement functions. straight petition to the Supreme Court of India alongside an order of TRAI was provided for. Thus, impartiality of Indian telecom regulatory government was ensured from side to side dependence on many agencies for disagreement decree. TRAI had a established evidence of maintaining impartiality. It had challenged more than a few decisions of the administration of India.

American conceptions of telecommunications-based warfare have been trained by the faith that the United States is the head in networking and telecommunications technologies. If the United States retains the guide today, that guide is narrow and may vanish, even if the United States puts huge resources into staying in front. This result will be a purpose of human resources and capital. Europe,and India, China jointly particularly be more important than the United States in human possible and capital resources. Many of the technologies urbanized by these countries are at smallest amount as good as those intended and artificial by American companies (think 3G). And they are indisputably dual-use technologies.

Russian Satellite Communications Company (RSCC), Russia's state satellite operator, and Eutelsat Communications (Euronext Paris: ETL) today announced the autograph of a Memorandum of Understanding (MOU) that will get bigger their ancient planned corporation in satellite communications.

MTNL

MTNL is an Indian Government-owned telephone service supplier in the cities of Thane,Mumbai, New Delhi, and Navi Mumbai in India. The company was a control awaiting 2000, when the telecom sector was terrified unlock to other service providers.

MTNL has been aggressively provided that links in both Mumbai and New Delhi areas and the competence of the company has radically better from the existence when one had to stay years to get a phone link to currently when one can get a connection in even hours. Pre-activated Mobile connections are available at lots of places crossways both Metros. MTNL has also unveiled very gainful Broadband Internet access plans

(TriBand) under attack at homes and small businesses. At current MTNL enjoy's the main of the market share of ISP services in Delhi and Mumbai.

MTNL ongoing 3G services in India under the name of "MTNL 3G Jadoo" Services accessible take in Video call, Mobile TV and Mobile Broadband with high pace data connectivity up to 2 Mbit/s speed from 11th December 2008, receiving India 3G map of the globe. MTNL plans to offer 3G services across India by mid-2009.

MTNL is planning to upgrade its 3G network to HSPA+. At present 3G network is HSDPA (High Speed Downlink Access) with download speeds up to 3.6 Mbps and uploads speed upto 384 Kbps. After upgradation download speed upto 21.1 Mbps and upload speed upto 5.76 Mbps will be supported by the network.

Further, MTNL is also planning to expand its radio network & BSS (2G & 3G) for providing better service experience to its esteemed customers. In order to support higher data rates, the mobile backhaul network is also being upgraded. MTNL has planned to upgrade / replace its existing TDM Microwave links / equipments in Delhi and Mumbai to support Hybrid functionality (TDM+IP) with 100 Mbps throughput per link and purchase new Hybrid Microwave links (100 Mbps & 200 Mbps links upgradeable to 400 Mbps with or without XPIC functionality) for the upcoming new sites.

IDEA Cellular

Idea Cellular is a chief GSM mobile service operator with pan India licenses. With a consumer base of over 36 million in 15 service areas, operations are almost immediately predictable to begin in Orissa and Tamil Nadu-the 1st ladder in as long as pan India services cover over 90% of India's telephony possible.

IDEA Cellular is division of the Aditya Birla Group, India's 1st truthfully international corporation. The group operates in 25 nations, and is anchored by over 100,000 workers belonging to 25 nationalities. The Group has been adjudged 'The Best Employer in India and among the Top 20 in Asia' by the Hewitt-Economic Times and Wall Street Journal Study 2007.

Spice Telecom

Spice Telecom is the brand name of Spice Communications Limited, a mobile phone service provider in India. Spice Telecom is now in use in the states of Punjab (India)& Karnataka that is., in 2 circles of 23 Telecom Circles of India.

The market allocate of Spice had fallen down in Karnataka, after their competitors weaned left lots of of its consumers with good quality service. In spite of inferior tariffs Spice could not recover the market share. Now it is hoped that Idea would change it all.

Now Spice Telecom have a consumer base of 4.4 Million subscribers in both circles.

Bharat Sanchar Nigam Limited

BSNL is a public sector telecommunication business in India. It is India's major telecommunication business with 24% market share as on March 31, 2008. Its head office are at Bharat Sanchar Bhawan, Harish Chandra Mathur Lane, Janpath, New Delhi. It has the rank of Mini Ratna, a rank assigned to reputed public sector companies in India.

Universal Telecom Sevices **:** Fixed wireline services & Wireless in Local loop (WLL) using CDMA Technology called bfone and Tarang in that order. As of December 31, 2007, BSNL has 81% marketshare of permanent lines.

Cellular Mobile Telephone Services :

BSNL is main supplier of Cellular Mobile Telephone services by GSM stage under the brand name CellOne. Prepaid cellular services of BSNL are be acquainted with as Excel. As of March 31, 2007 BSNL has 17% share of mobile telephony in the nation.

Internet : BSNL provides internet services from side to side dial-up link (Sancharnet) as Prepaid as Postpaid & ADSL broadband (DataOne). BSNL has approximately 50% market share in broadband in India. BSNL has intended violent crush in broadband for recent monetary year.

Intelligent Network (IN) : BSNL provides IN services like televoting, toll free calling, premium calling etc.

Reliance Communications

On the 30th December 2008, Reliance Communications became the 1st telecom operator in the past of Indian telecommunications to at the same time open its GSM services in 14 circles, namely **Andhra Pradesh, Chennai, , Haryana, Jammu & Kashmir, Karnataka, Kerala, Maharashtra, Delhi, Gujarat, Mumbai, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh(East & West)** thereby establishing itself as a pan-India worker.

It before now operates GSM services in 8 circles namely, Bihar, Himachal Pradesh, Kolkata, Madhya Pradesh, North Eastern states, Orissa, Assam ,West Bengal.

TATA Indicom

Tata Teleservices spearheads the Group's presence in the telecom sector. included in 1996, Tata Teleservices was the 1st to launch CDMA mobile services in India with the Andhra Pradesh circle.

The company acquired Hughes Telecom (India) Limited [now renamed **Tata Teleservices (Maharashtra) Limited]** in December 2002. With a whole Investment of Rs 19,924 Crore, Tata Teleservices has shaped a Pan India attendance increase across 20 circles that includes **Andhra Pradesh,Gujarat, Chennai J & K, Karnataka, Delhi, Maharashtra, , North East, Tamil Nadu, Mumbai ,Orissa, Bihar, Rajasthan, Punjab, Haryana, Himachal Pradesh, Uttar Pradesh (E), Uttar Pradesh (W), Kerala, Kolkata, Madhya Pradesh and West Bengal**

Aircel

Aircel is a mobile phone service supplier in India. It offers both prepaid and postpaid GSM cellular phone reporting all through Kerala,Orissa, Assam ,Tamil Nadu (including Chennai), Andhra Pradesh, North East India, , West Bengal (including Kolkata), Jammu and Kashmir, Bihar , Himachal Pradesh & MumbaiIt is India's 7th largest GSM mobile service supplier with a subscriber stand of over 17 million. It has a market share of 6.3% among the GSM operators in the nation.

Entry and exit in telecommunication sector in India

India's telecommunications sector is one of the most open in the world today – with no limits on the number of players in any service in the sector. A barrier to entry might be the unavailability of radio frequencies those are required to run mobile services. Otherwise a player may seek any license & expect to receive it in reasonable time of a few weeks. Leaving the sector is not as easy but still relatively straight foreword

On the other hand, for easy entry to perform its economic role in ensuring robust competition, much more than "low entry barriers" are required. Unless the distortions in the market due to a patently anomalous licensing regime are removed, the role of free entry will be limited.

Still, the relatively low barriers in most parts of the telecommunication business in India have not, in fact, resulted in much new entry. Rather, it has catalysed consolidation through mergers & acquisition.

The biggest threat to competition in the telecommunications market today is the distortions in the market caused by the different government agencies. While this is not entirely due to lack of coordination between these agencies, the role of such coordination can not be underestimated.

There are 2 levels at which coordination is necessary between:

(1) TRAI and the competition commission of India

(2) TRAI and wireless planning coordination (WPC) wing.

The role of the TRAI in issues relating to competition is limited by section 14 of its legislation, the telecom regulatory authority of India Act 1997, which denies it jurisdiction in all matters that would go to the monopolies & restrictive Trade practices commission (MRTPC). The MRTPC was India's only competition regulator.

Automobile Sector Russia:

Automotive production is a significant industry in Russia, directly employing around 600,000 people or 1% of the country's total work force. Russia was the world's 15th largest car producer in 2010, and accounts for about 7% of the worldwide production. In 2009 the industry produced 595,807 light vehicles, down from 1,469,898 in 2008 due to the global financial crisis. The largest companies are light vehicle producers AvtoVAZ and GAZ while KAMAZ is the leading heavy vehicle producer. Eleven foreign carmakers have production operations or are constructing plants in Russia. As of August 2012 Russia is the largest car market in Europe.

Insurance Sector Russia:

Future Scope In Russia

From protection to savings products

Currently, life insurance in Russia represents less than 2% of the total insurance market, which netted €1 trillion in premiums last year. But, with a growing middle class, the players currently in the market believe that the potential could be vast. Rosgosstrakh, the former state provider of life insurance, predicts the insurance sector will double in the next five years, with life insurance being at the forefront of this development.

“The need for life insurance is certainly there, but we must be careful about how we predict the development,” says Vat Solace, the CEO of the Russian business of Czech-based General PPF, a €13.8 billion life insurer that was jointly formed by Italy’s General group and private financial group PPF.

“The middle class is in the range of 20 to 25 million strong, and is going to continue to grow, so there is clear potential. But it is going to be a steady increase rather than a sudden jump.”

The majority of life policies sold in Russia concentrate on the protection side of the business – such as term life products or credit protection – with savings components playing a very small role. Those within the industry believe this represents a cultural distrust of long-term financial instruments, which has its origins in the late 1990s. Under the former communist system, the state provided everyone with life insurance cover, but the break-up of the Soviet Union and high inflation in the 1990s meant many people received nothing. Moreover, in 1998, Russia defaulted on its debt, forcing countless banks to close and costing millions of people their life savings.

“People don’t understand [savings] products,” says consolation. “Even if they do buy them, every time they get into some sort of financial trouble, as we saw last crisis, the lapse rate shoots up dramatically, because life policies are the first thing that people drop."

Unit-linked policies are particularly popular in countries in Central and Eastern Europe, and some argue that this has been one of the main driving forces behind the development of the market. In Poland, for example, unit-linked policies account for 80% of the life insurance market, according to Taxco, which provides information to the insurance industry. In other countries, such as Hungary, Slovakia and the Czech Republic, the size of the market is smaller but still significant.

"In the past, unit-linked business has been one of the drivers of mature markets," says Yuriy Galushko, market manager for the Russian business of Scor, a €28 billion French reinsurer. "It is important for the market to have this additional locomotive, which will help to develop the life insurance sector and consequently reinsurance."

A couple of years ago, a group of the largest life insurers on the market, banded together to convince the Russian government of the value of introducing unit-linked policies on to the market in order to strengthen the sector. Insurers are still waiting for some sign that the government is prepared to lift the restriction on unit-linked policies. In the meantime, some companies, such as Allianz Rosno Life, have been trying to engineer their own equivalent products, which combine capital protection with the potential for a high upside.

"It is a structured note wrapped within an insurance policy," explains Alexey Rudenko, the company's chief operations officer. "The main difference between this product and the unit-linked policies available elsewhere is that we cannot transfer the credit risk to the client. So we're using our capital to give a hard guarantee, while at the same time constructing the upside. We cannot purchase the entire structure from an investment bank because of the limitations already discussed."

The product is backed by mutual funds of between five and 10 years. Rudenko says longer maturities would be harder to sell, since stock market investors tend to have short-term investment horizons, but adds that Allianz is currently working on a longer term product.Other companies, such as Reso Guarantee, are less charmed with offering unit-linked type products.

“I think it will be another good product for the market, but I can’t say it will increase our sales ten-fold,” says Melik-Peshaeva, whose company, Reso Garantia, has so far not been part of the lobbying effort. “In my view, most people who buy life insurance want to have the biggest guarantee possible. If they want unit-linked policies, they will go to an investment fund.”

Life insurers argue that another thing that could help develop the market would be to offer tax incentives. Tougher tax laws were introduced in Russia at the end of the 1990s, in order to stamp out tax evasion schemes.

While the Kremlin may appear lukewarm when it comes to relaxing tax laws or controls over unit-linked policies, one piece of legislation that has made it through the political apparatus is to quadruple the amount of charter capital that life companies are required to hold.

This new law, which was adopted last April, will become effective in January 2012. Instead of having to hold capital equal to 60 million rubles, life insurers will now be required to hold 240 million rubles. Reinsurance companies will have to hold twice this amount.

The move has been widely seen as an attempt by the government to bolster confidence in the financial services industry in general and the insurance sector in particular, following the global financial crisis, which badly shook investors. While such an aim is broadly welcomed, the move has prompted many insurers to reassess their capital needs to see if they will still be able to cope after the introduction of the new law.

“It was a big discussion on the market last year, because it is a very big leap for Russian companies,” says Melik-Peshaeva from Reso Garantia. “We may see some mergers and acquisitions on the market during 2011, as Russian firms seek compliance with the requirement.”

Such an injection of capital could come from foreign companies, which are displaying an ever-greater interest in the market. A couple of years ago, Reso Garantia ceded 36.7% of its shares to Axa, although Melik-Peshaeva did not say whether this was linked to the need for more capital.

Another disincentive for Russians to take out life insurance savings policiesis that, for the time being, life insurers find it difficult, if not impossible, to compete with the savings rates that banks can offer. Bank returns of 12% are not unheard of, while life insurers struggle to offer yields more than 6% or 7%. But many participants in the market believe the rates banks can offer are mispriced and will come down over time.

Guaranteeing the investment

Having lived for so long under a communist regime, where the state provided for retirement income, Russian investors tend to be habitually prudent. This means that, when they take out a life insurance policy, they like to have some peace of mind that they are going to get an adequate return for their investment. However, the rate that life insurers are able to guarantee tends to be quite low.

Current legislation forbids life companies from discounting their liabilities at a rate of more than 5%. This deters many insurers from offering guarantees significantly above this rate, because the difference would be locked in as a loss. In practice, many insurers offer a guarantee significantly lower than this – 3% tends to be fairly typical – because they are unable to offer more in the current climate.

"It is very difficult at the moment," says Melik-Peshaeva. "To be interesting for our customers, we should guarantee 4% or 5%, but it is always a struggle with our financial department because they say we can't guarantee 4% in the current environment, since we don't know what things will be like in five years' time." Allianz Rosno Life's Rudenko, though, thinks a high guarantee is not the only way to woo potential customers.

"We are striving to show stable investment returns in excess of the guaranteed rate and distribute actual returns to policyholders via profit participation," says Rudenko. "We see historical returns or our track record as a more important competitive factor compared to the guaranteed rate. Instead of offering extra percentage points on the guarantee, we are trying to construct a class of products that really links the performance to the base assets and allows our clients to earn significantly more than the guarantee."Rudenko says that, over the past four years, the yield in US dollars (which makes up the bulk of the company's portfolio) has never fallen below 6%.

Developing market

As the Russian market has developed, more financial instruments have emerged that help life companies meet their long-term liabilities. Rudenko says that they now have all the means necessary to meet their needs, although Russian euro bonds and US-nominated debt on the Russian market have only a few durations.

"This tends to drive up price rather than influence product design," says Rudenko. "Duration mismatch leads to a higher cost of embedded value and guarantees." The availability of financial instruments on the market means that all the tools are there for proper risk management of products. What is lacking is the acceptance of life insurance as a way for Russians to meet their long-term financial aspirations.

"We believe that growth is going to come because we have the fundamentals on the market," says consolation. "I have seen some estimates of 40–50% annual growth, but if we are ever to see figures like those we are going to need some help from changes to the legislation. I believe that, in the long-run, the government will see that it is actually better to place the responsibility of retirement in the hands of the people. Until that time comes, I expect we will see double-digit growth, but not as high as some have suggested.”

Future Scope In India

Insurance is one of the fastest growing sector in India. Hardly 6 % of the population of the country has covered by life Insurance. The diffusion is as low as 0.9 % in general insurance. Health Insurance has reached to merely 3 % of the population. In country like USA, where the population is @ 35 Crores, there are more than 6000 companies are engaged in insurance business In India, population is more than 110 crores and hardly 52 companies are working in Insurance Sector. If we assume that only 50% population is insurable, still we need 10,000 companies to cater the need of 55 Crore people.

Only Life Insurance sector has grown to certain extent and people say that I wish to purchase LIC policy for my car or LIC policy for stocks in my factory. Only compulsory policies of general insurance sector have been sold like motor policies and fire and industrial policies. Large number of general insurance products are not even known to the employees of general insurance companies. Thanks to electro mechanical equipments, scientific development and commercialization of medical profession, health insurance penetration has reached to 3 % of population. Still this number is very poor comparing to developed countries. Central Government has targeted Life Insurance Penetration to 40 %, Health Insurance at 30 % and General Insurance at 15 % of the population by 2030. This will create very huge potential for development in insurance Sector.

Approval of Bill of 49% FDI in Insurance sector is long awaited. Once it is enacted, the number of insurance companies may rise to @ 150 to 200 in next 7-8 years. There is immense potential for insurance industry to grow. At present there are 24 Life, 27 Non Life and 1 Reinsurance, thus total 52 Insurance companies are in insurance business. Out of this, 4 companies are working exclusively as Health Insurance Companies.

334 insurance broking companies, 800+ corporate agents and thousands of banks have entered in insurance business. Third Party Administer (TPAs) Companies in Health Sector are 29 and TPAs growing in Automobile and Legal Sector.

The specialized functions in insurance sector are slowly outsourced and lot many new companies will enter in this area. International insurance surveyors, loss assessors, adjuster, underwriters, claim settlers, have already entered in India and expanding their business activities. Even the world insurance and finance giants like Warren Buffet, Lloyds, Munich Re, Swiss Re, have entered in India.

Health insurance is developing as sep air branch of Insurance. It is expected that the number of health insurance companies will be equal to the number of life insurance companies in near future. Banc declaration is also developing as Separate branch of Insurance. People is India have more faith in banks than insurance agents. Many banks have already entered into insurance business and lot more in pipeline. Banks find insurance as growth vehicle. At present only GIC of India is the reinsurance company in the country. But government is now thinking over allowing many more international reinsurance companies in India. In few years, we may find 5 independent branches of insurance in India as Life, General, Health, Banc assurance & Reinsurance.

India is becoming Insurance Hub of the world. Giant insurance companies from across the globe are outsourcing core insurance functions to India. IT infrastructure in the country and new generation Indian Talent are attracting world insurance business for core functions for cost effective solutions. Indian software companies are leading in this race.

Even BPO in Insurance Sector is growing very fast. All this require technical and domain skills sets of Insurance functions. This IT, ITES and BPO business in Insurance Sector from outside India is expected to rise to 1000 Billion US $ by 2025 It is believed that next boom is in insurance sector. Insurance will play key role in boosting economy further. In India, next 25 years will be dominated by Insurance Sector. The growth is expected at horizontal as well as vertical levels. It will be from inside the country and from outside the country.

With an annual growth rate of 15-20% and the largest number of life insurance policies in force, the potential of the Indian insurance industry is huge. Total value of the Indian insurance market (2004-05) is estimated at Rs. 450 billion (US$10 billion). According to government sources, the insurance and banking services' contribution to the country's gross domestic product (GDP) is 7% out of which the gross premium collection forms a significant part. The funds available with the state-owned Life Insurance Corporation (LIC) for investments are 8% of GDP.

Till date, only 20% of the total insurable population of India is covered under various life insurance schemes, the penetration rates of health and other non-life insurances in India is also well below the international level. These facts indicate the of immense growth potential of the insurance sector.

The year 1999 saw a revolution in the Indian insurance sector, as major structural changes took place with the ending of government monopoly and the passage of the Insurance Regulatory and Development Authority (IRDA) Bill, lifting all entry restrictions for private players and allowing foreign players to enter the market with some limits on direct foreign ownership.

Though, the existing rule says that a foreign partner can hold 26% equity in an insurance company, a proposal to increase this limit to 49% is pending with the government. Since opening up of the insurance sector in 1999, foreign investments of Rs. 8.7 billion have poured into the Indian market and 21 private companies have been granted licenses.

Innovative products, smart marketing, and aggressive distribution have enabled fledgling private insurance companies to sign up Indian customers faster than anyone expected. Indians, who had always seen life insurance as a tax saving device, are now suddenly turning to the private sector and snapping up the new innovative products on offer.

The life insurance industry in India grew by an impressive 36%, with premium income from new business at Rs. 253.43 billion during the fiscal year 2004-2005, braving stiff competition from private insurers. RNCOS's report, "**Indian Insurance Industry: New Avenues for Growth 2012**", finds that the market share of the state behemoth, LIC, has clocked 21.87% growth in business at Rs.197.86 billion by selling 2.4 billion new policies in 2004-05. But this was still not enough to arrest the fall in its market share, as private players grew by 129% to mop up Rs. 55.57 billion in 2004-05 from Rs. 24.29 billion in 2003-04.

Though the total volume of LIC's business increased in the last fiscal year (2004-2005) compared to the previous one, its market share came down from 87.04 to 78.07%. The 14 private insurers increased their market share from about 13% to about 22% in a year's time. The figures for the first two months of the fiscal year 2005-06 also speak of the growing share of the private insurers. The share of LIC for this period has further come down to 75 percent, while the private players have grabbed over 24 percent.

There are presently 12 general insurance companies with four public sector companies and eight private insurers. According to estimates, private insurance companies collectively have a 10% share of the non-life insurance market.

Though the focus of this market research report is on the potential growth on the Indian Insurance Sector, it also talks about the market size, market segmentation, and key developments in the market after 1999. The report gives an instant overview of the Indian non-life insurance market, and covers fire, marine, and other non-life insurance. The data is supplied in both graphical and tabular format for ease of interpretation and analysis. This report also provides company profiles of the major private insurance companies.

Petroleum Sector Russia:

The demographics of Russia is about the demographic features of the population of the Russian Federation, including population growth, population density, ethnic composition, education level, health, economic status and other aspects. The Russian economy had a good first half of the year 2012, with strong domestic demand as the main driver of growth. Key economic indicators were near or at record levels: the current account surplus stayed high and the Central Bank of Russia added to its reserves, helping to bolster market confidence. While many countries in Europe were struggling with large public debt and high fiscal deficits, Russia's public debt was no more than 10 present of GDP and the fiscal balance was in surplus. Inflation and unemployment rates both declined to the lowest level in two decades. As people's purchasing power improved and unemployment fell, fewer people were in poverty than at any time since the beginning of the economic transition in early 1990s.

A trade association, also known as an industry trade group, business association or sector association is an organization founded and funded by businesses that operate in a specific industry. An industry trade association participates in public relations activities such as advertising, education, political donations, lobbying and publishing, but its main focus is collaboration between companies, or standardization. Associations may offer other services, such as producing conferences, networking or charitable events or offering classes or educational materials. Many associations are non-profit organizations governed by bylaws and directed by officers who are also members.

There have been regular bilateral exchanges at the highest levels. Dr.Manmohan Singh, Prime Minister, paid an official visit to Russia on 15 – 17 December 2011 for the 12th Annual Summit. During the visit, India-Russia CEOs' Business Meeting was presided by the Prime Minister Manmohan Singh and President Dmitry Medvedev. He was accompanied by Principal Secretary to Prime Minister, National Security Adviser, Foreign Secretary, Ambassador of India to the Russian Federation and Secretary, DIPP. The business delegations were led by Shri Ravi Kant, Managing Director, TATA Motors, from the Indian side and Mr. S.V. Kirienko, General Director, ROSATOM from the Russian side. Agreements signed during the visit to further strengthen bilateral economic cooperation.

Indian Oil began operations in 1959 as Indian Oil Company Ltd. The Indian Oil Corporation was formed in 1964, with the merger of Indian Refineries Ltd. Indian Oil is the biggest oil producer and marketer Oil's product range covers petrol, diesel, LPG, auto LPG, aviation turbine fuel, lubricants, naphtha, bitumen, paraffin, kerosene etc. Extra Premium petrol, Extra Mile diesel, Servo lubricants, Indane LPG cooking gas, Auto gas LPG, Indian Oil Aviation are some of its prominent brands.

Russian oil production will probably peak in the next few years as the gains from new oil fields are offset by falling output from brownfield sites, according to Fitch Ratings.The ratings agency said Russia posted another post-Soviet oil production record in 2012, but added that significant new exploration, in particular on the Russian continental shelf, would be required over many years to increase output further.

The foreign policy concept of the Russian Federation is a system of views on the content and main areas in the foreign policy activities of Russia.

The legal basis of this concept consists of the Constitution of the Russian Federation, the Federal laws, other legislative acts of the Russian Federation that regulate the activity of Federal bodies of state power in foreign policy, generally recognized principles and norms of international law, and international treaties of the Russian Federation, as well as the Concept of National Security of the Russian Federation that was approved by Decree No. 24 of the President of the Russian Federation on January 10, 2000.

Throughout the transition period, Russia was pursuing energy policy composed of a set of responses to external developments. In the wake of 2008 crisis, the government expedited formulation of a new long-term energy strategy targeted at creation of a comprehensive energy policy enhancing Russia’s sustained development. Externally, Russia's 2009 decisions to postpone its WTO accession and refrain from the ECT ratification, sounded alarmingly. However, Russia's policy course taken in the overall setting was not entirely destructive. By proposing a conceptual framework for the international energy cooperation (April 2009), Russia has demonstrated its will to become an actor of the global energy governance. Recent transformations in Russia's energy policy can be read in the context of the country's pursuance to conceptualize its vision of energy security in a more holistic manner. Based on understanding about Russia's multirole status (producer, exporter, importer, consumer, and transiter) on energy arena, this work features Russia's foreign energy policy content's complexity, shows its diversity over space, and depicts its flexibility over time. This examination is undertaken through the prism of Russia's energy relations within three geographical loci: Europe, Central Eurasia, andNortheast Asia.

Trade policy governs exports from and imports into a country. It isone of the various policy instruments used by a country to attain her goals of economic development. This policy is thus; formulate keeping in view, the national priorities for economic development andthe international commitments made by the country. It is essential that the entrepreneurs and the export managers understand the trade policy as it provides the vital inputs for the formulation of their business growth strategies. In India, the trade policy Le., export-import policy is formulated by the Ministry of Commerce, Government of Indian terms of section 5 of the Foreign Trade (Development and Regulation) Act, 1992 Besides, the Government of India also announced on January 30,2002 a Medium Term Export strategy, to guide the formulation the Export-Import Policy: 2002 - 07 with the, objective of achieving a share of 1 % in world trade by the end of 2006 - 07 from the present I share of 0.6% (2000 - 01). The text of this strategy is given as Appendix VII at the end of the book. The present Export -Import Policy was announced on 31.3.2002 for a period of 5 years with effect from 1.4.2002 to 31.3.2007 co-terminus with Tenth Five Year Plan. It covers both the trade in merchandise and services. Thepresent chapter explains legal framework affecting foreign trade of India particularly with reference to

Export-Import Policy; 2002 - 2007.It also discusses the preferential trading arrangements affecting exports and imports of India.

Government control import of non-essential items through an import policy. At the same time, all-out efforts are made to promote exports. Thus, there are two aspects of trade policy; the import policy which is concerned with regulation and management of imports and the export policy which is concerned with exports not only promotion but also regulation. The main objective of the Government policy is to promote exports to the maximum extent. Exports should be promoted in such a manner that the economy of the country is not affected by unregulated exports of items specially needed within the country. Export control is, therefore, exercised in respect of a limited number of items whose supply position demands that their exports should be regulated in the larger interests of the country.

In other words, the policy Aims at (i) Promoting exports and augmenting foreign exchange earnings; and (ii) Regulating exports wherever it is necessary for the purposes of either avoiding competition among the Indian exporters or ensuring

Various problems have been held responsible for the poor level of bilateral trade between India and Russia. Some of these general barriers to bilateral trade and the suggested steps to overcome them are as follows.

In response to the tariff problems indicated by the Russian side the Indian side states that tariffs for both agricultural as well as non-agricultural goods are well within the WTO Bound Rates. The duties for certain items as indicated above are not correct and are inclusive of Countervailing (CV) Duties. The CV Duties (which are not the ant subsidy CV duties as in WTO terminology) are imposed on imported goods at the same rate as the central excise duty levied on domestically manufactured goods .These duties are WTO compatible and are not within the purview of any RTA. Further, the Indian side highlighted that:

The future of Indian petroleum industry has good potential but it needs developmental activities in this sector to strengthen itself.

The world at present is experiencing a lot of changes of mammoth proportions. The Petroleum Industry inIndia is one of the harbingers of huge economic growth. The arena for business has now gone global since trade boundaries are fast dissolving. These developments present India with tremendous opportunities in the future to be one of the major players in the export of petrochemical intermediaries.