EDUCATIONAL AND CULTURAL SYSTEM

&

“IRON AND STEEL INDUSTRY”

OF PHILIPPINES

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Part I

EDUCATION AND CULTURAL SYSTEM OF PHILIPPINES

EDUCATION SYSTEM OF PHILIPPINES

During the period of governance of Spain and the United States, education in the Philippines changed radically, mostly modeled on the system of education in the United States of the time. After gaining independence in 1946, the system were no longer automatically applied in the Philippines, which has since moved in various directions of its own.

Filipino children may enter preschool at the ages of three to four, starting from nursery, and kindergarten. At the ages of six to seven, children enter elementary school for six or seven (on selected schools) years. This is followed by the high school, for four years. Students may then sit for the College Entrance Examinations (CEE), after which they may enter tertiary schools for two to five years.

History and development

- **Ancient times**

In pre-Spanish times, education was informal unstructured in some areas. Children were provided more vocational training but less academics by their parents and in the houses of their tribal tutors. They were using a unique system of writing known as the babying. When the Spanish arrived in Manila, they were surprised to find a population with a literacy rate higher than the literacy rate of Madrid.

- **Spanish period**

Main article: Philippines education during Spanish rule

Under the Spanish colonizers, education of indigenous population was initially left to religious orders, with primary education being overseen by parish friars who generally tolerated the teaching of only religious topics. The friars, recognizing the value of a literate indigenous population, built printing presses to produce material in baybayin. The friars, made tremendous efforts to educate the native population by them learning the local languages and the baybayin script to better communicate with the locals. The Spanish missionaries established schools immediately after reaching the islands and wherever they penetrated, church and school went together. There was no Christian village without its school and all young people attended.

The Augustinians opened a school in Cebú in 1565. The Franciscans in 1577 immediately took to the task of teaching the natives how to read and write, besides industrial and agricultural techniques. The Jesuits in 1581 also mainly concentrated on teaching the young. They were followed by the Dominicans in 1587, who started a school in their first mission at Bataan.

❖ First Republic

The defeat of Spain by American forces paved the way for a new government. The schools maintained by Spain for more than three centuries were closed for a short period but were reopened on August 29, 1898 by the Secretary of Interior. The Burgos Institute in Malolos, the Military Academy of Malolos, and the Literary University of the Philippines were established. A system of free and compulsory elementary education was established by the Malolos Constitution.

❖ American period

Main article: Philippines education during American rule

Further information: Thomasites

An adequate secularized and free public school system was established during the first decade of American rule upon the recommendation of the Schurman Commission. Free primary instruction that trained the people for the duties of citizenship and avocation was enforced by the Taft Commission per instructions of President William McKinley. Chaplains and non-commissioned officers were assigned to teach using English as the medium of instruction.

After World War II

In 1947, by the virtue of Executive Order No. 94, the Department of Instruction was changed to "Department of Education." During this period, the regulation and supervision of public and private schools belonged to the Bureau of Public and Private Schools.

❖ Marcos era

In 1972, the Department of Education became the Department of Education and Culture by Proclamation 1081.

Following a referendum of all barangays in the Philippines from January 10–15, 1973, on January 17, 1973 President Marcos ratified the 1973 Constitution by Proclamation 1102. The 1973 Constitution set out the three fundamental aims of education in the Philippines, to:

- foster love of country;
- teach the duties of citizenship; and
- develop moral character, self discipline, and scientific, technological and vocational efficiency.[12]

On September 24, 1972, by PD No 1, the Department of Education, Culture and Sports was decentralized with decision-making shared among thirteen regional offices.[13]

In 1978, by the Presidential Decree No. 1397, the Department of Education and Culture became the Ministry of Education and Culture.

❖ Fifth Republic

On February 2, 1987, a new Constitution for the Philippines was ratified. Section 3, Article XIV of the 1987 Constitution contains the ten fundamental aims of education in the Philippines.

In 1987 by virtue of Executive Order No. 117, the Ministry of Education, Culture and Sports, became the Department of Education, Culture and Sports . The structure of DECS as embodied in EO No. 117 remained practically unchanged until 1994.

The trifocal education system of the Philippines

In August 2001, Republic Act 9155, otherwise called the Governance of Basic Education Act, was passed transforming the name of the Department of Education, Culture and Sports (DECS) to the Department of Education (DepEd) and redefining the role of field offices (regional offices, division offices, district offices and schools). RA 9155 provides the overall framework for (i) school head empowerment by strengthening their leadership roles and (ii) school-based management within the context of transparency and local accountability. The goal of basic education is to provide the school age population and young adults with skills, knowledge, and values to become caring, self-reliant, productive and patriotic citizens.

In January 2009, DepEd signed a memorandum of agreement with the United States Agency for International Development to seal $86 million assistance to Philippine education, particularly the access to quality education in the Autonomous Region in Muslim Mindanao (ARMM), and the Western and Central Mindanao regions.

In 2005, the Philippines spent about US$138 per pupil compared to US$1,582 in Singapore, US$3,728 in Japan, and US$852 in Thailand.

School grades

There are three stages of compulsory education in the Philippines. These are:

- Preschool and elementary — consists of 7 years of education.
- Junior high school — consists of 4 years of education.
- Senior high school — consists of additional 2 years of education

Level/Grade	Typical age	Notes
Preschool		
Various optional programs	Under 6	Not compulsory; usually done in barangays
Nursery	3–4	—
Kindergarten	4–5	—

Preparatory	5–6	Not compulsory
Elementary school		
1st Grade	6–7	—
2nd Grade	7–8	—
3rd Grade	8–9	—
4th Grade	9–10	—
5th Grade	10–11	—
6th Grade	11–12	—
7th Grade	12–13	Only in some schools, equivalent to 1st Year
Junior high school		
1st Year (Freshman)	12–13	—
2nd Year (Sophomore)	13–14	—
3rd Year (Junior)	14–15	—
4th Year (Senior)	15–16	—
Senior high school		
1st Year	16–17	On process, already implemented in some schools
2nd Year	17–18	On process, already implemented in some schools
Post-secondary education		
Tertiary education (College or University)	Ages vary (usually four years, referred to as Freshman, Sophomore, Junior and Senior years)	—
Vocational education	Ages vary	—
Graduate education		
Adult education		

Primary school

Primary school in the Philippines, more commonly known as "elementary school" or "gradeschool" (Filipino: paaralang elementarya, sometimes mababang paaralan) consists of six levels, with some schools adding an additional level (level 7). The levels are grouped into two primary subdivisions: primary-level, which includes the first three levels, and intermediate-level, which includes the last three or four levels.

Primary education in the Philippines covers a wide curriculum. The core subjects (major subjects) include Mathematics, Sciences, the English and Filipino languages, and Makabayan (Social Studies, Livelihood Education, Values). Other subjects include Music, Arts, and Physical Education. Starting at the third level, Science becomes an integral part of the core subjects. On December 2007, Philippine president Gloria Macapagal Arroyo announced that Spanish is to make a return as a mandatory subject in all Filipino schools starting in 2008. That announcement has not yet come into effect. In private schools, subjects include Mathematics, English, Science, Social Studies, Basic Computer, Filipino, Music, Arts and Technology, Home Economics, Health, Physical Education, and in Catholic schools, Religion or Christian Living. International schools and Chinese schools have additional subjects, especially in their language and culture.

Secondary education

Secondary school in the Philippines, more commonly known as "high school" (Filipino: paaralang sekundarya, sometimes mataas na paaralan), consists of four levels largely based on the American schooling system as it was until the advent of the comprehensive high schools in the US in the middle of last century. The Philippine high school system has not moved much from where it was when the Philippines achieved independence from the US in 1946. It still consists of only four levels with each level partially compartmentalized, focusing on a particular theme or content.

Technical and vocational education

Technical and vocational education is offered to enhance students' practical skills at institutions usually accredited and approved by TESDA. Institutions may be government operated, often by provincial government, or private. The vast majority are privately operated and most call themselves colleges. They may offer programs ranging in duration from a couple of weeks to two year diploma courses. Programs can be technology courses like automotive technology, computer technology, and electronic technology; service courses such as caregiver, nursing aide, hotel and restaurant management; and trades courses such as electrician, plumber, welder, automotive mechanic, diesel mechanic, heavy vehicle operator. Upon graduating from most of these courses, students may take an examination from TESDA to obtain the relevant certificate or diploma.

Tertiary education

Tertiary education in the Philippines is increasingly less cosmopolitan. From a height of 5,284 foreign of students in 1995–1996 the number steadily declined to 2,323 in 2000–2001, the last year CHED published numbers on its website.

Other schools

There are other types of schools such as private schools, preparatory schools, international schools, laboratory high schools and science high schools. Several foreign ethnic groups, including Chinese, British, Americans, Koreans, and Japanese operate their own schools.

Chinese schools

Chinese schools add two additional subjects to the core curriculum, Chinese communication arts and literature. Some also add Chinese history, philosophy and culture, and Chinese mathematics. Still, other Chinese schools called cultural schools, offer Confucian classics and Chinese art as part of their curriculum. Religion also plays an important part in the curriculum. Some chinese schools were founded by American Evangelists such as: Hope Christian High School in Sta. Cruz, Manila; Jubilee Christian Academy in Quezon City; Grace Christian College in Quezon City.

Islamic schools

In 2004, the Department of Education adopted DO 51 putting in place the teaching of Arabic Language and Islamic Values for (mainly) Muslim children in the public schools. The same order authorized the implementation of the Standard Madrasah Curriculum (SMC) in the private madaris (Arabic for schools, the singular form is Madrasah)

CULTURE OF PHILIPPINES

Culture Name

Filipino

Orientation

- **Identification.**

  The Republic of the Philippines was named the Filipinas to honor King Philip the Second of Spain in 1543. The Philippine Islands was the name used before independence.

- **Location and Geography.**

  The Republic of the Philippines, a nation of 7,107 islands with a total area of 111,830 square miles (307,055 square kilometers), is located on the Pacific Rim of Southeast Asia. Two thousand of its islands are inhabited. Luzon, the largest island with one-third of the land and half the population, is in the north. Mindanao, the second largest island, is in the south. The Philippines are 1,152 miles (1,854 kilometers) long from north to south. The width is 688 miles (1,107 kilometers). There are no land boundaries; the country is bordered on the west by the South China Sea, on the east by the Philippine Sea, on the south by the Celebes Sea, and on the north by the Luzon Strait, which separates the country from its nearest neighbor, Taiwan. The closest nations to the south are Malaysia and Indonesia. Vietnam and China are the nearest neighbors on the mainland of Asia.

- **Demography.**

The estimated population in July 2000 was eighty-one million. The average life expectancy is sixty-seven years. Four percent of the population is over age sixty-five. The most populous area is Metropolitan Manila, where eight million to ten million people live.

- **Linguistic Affiliation.**

The official languages are Filipino, which is based on Tagalog with words from other native languages, and English. Since only 55 percent of residents speak Filipino fluently, English is used in colleges, universities, the courts, and the government. The country's seventy to eighty dialects are derived from Malay languages. Three dialects are of national importance: Filipino English includes many Australian and British terms. It is a formal language that includes words no longer commonly used in American English. Spanish was taught as a compulsory language until 1968 but is seldom used today. Spanish numbers and some Spanish words are included in the dialects.

- **Symbolism.**

National symbols have been emphasized since independence to create a sense of nationhood. The Philippine eagle, the second largest eagle in the world, is the national bird. Doctor Jose Rizal is the national hero. Rizal streets and statues of Rizal are found in most towns and cities. Several municipalities are named for Rizal. The most prominent symbol is the flag, which has a blue horizontal band, a red horizontal band, and a white field. The flag is flown with the blue band at the top in times of peace and the red band at the top in times of war. Flag ceremonies take place once a week at all governmental offices. Schools have a flag ceremony each morning. All traffic stops while the flag is being honored. The national anthem is sung, a national pledge is recited in Filipino, and the provincial hymn is sung.

History and Ethnic Relations

- **Emergence of the Nation.**

Early inhabitants are believed to have reached the area over land bridges connecting the islands to Malaysia and China. The first people were the Negritos, who arrived twenty-five thousand years ago. Later immigrants came from Indonesia. After the land bridges disappeared, immigrants from Indo-China brought copper and bronze and built the rice terraces at Benaue in northern Luzon. The next wave came from Malaysia and is credited with developing agriculture and introducing carabao (water buffalo) as draft animals. Trade with China began in the first century C.E. Filipino ores and wood were traded for finished products.

- **National Identity.**

Filipinos had little sense of national identity until the revolutionary period of the nineteenth century. The word "Filipino" did not refer to native people until the mid-nineteenth century. Before that period, the treatment of the islands as a single governmental unit by Spain and the conversion of the population to Catholicism were the unifying factors. As a desire for independence grew, a national flag was created, national heroes emerged, and a national anthem was written. A national language was designated in 1936. National costumes were established. The sense of a national identity is fragile, with true allegiance given to a kin group, a province, or a municipality.

- **Ethnic Relations.**

Ninety-five percent of the population is of Malay ancestry. The other identifiable group is of Chinese ancestry. Sino-Filipinos are envied for their success in business. They have maintained their own schools, which stress Chinese traditions.

Urbanism, Architecture, and the Use of Space

The architecture of the islands shows Spanish influence. Spanish brick churches built during the colonial era dominate the towns. The churches are large and different from traditional construction. It is difficult to imagine how the indigenous population in the seventeenth century was able to build them.

Seaports and government centers had a larger proportion of Spanish buildings with wide verandas and tiled roofs. Towns destroyed during the liberation campaign in World War II, especially in central and northern Luzon, were rebuilt using wood. Areas of Manila destroyed during World War II have been restored to their historical Spanish appearance. Newer buildings in Manila range from standard multistory offices to Western-style gated housing areas for the affluent, to tenements and shacks.

Food and Economy

- **Food in Daily Life.**

  Filipinos do not consider it a meal if rice is not served. Plain steamed rice is the basis of the diet. Three crops a year are harvested to provide enough rice for the population, and the government keeps surpluses stored for times of drought. Salt water and freshwater of fish and shellfish are eaten daily, served either fresh or salted. Fish, chicken and pork are usually fried, although people are becoming more health-conscious and often choose alternative methods of cooking. Garlic is added to food because it is considered healthful. Filipino food is not spicy. All food is cooked on gas burners or wood or charcoal fires and is allowed to get cold before it is eaten. Rice is cooked first, since it takes longer. When it is ready, rice will be placed on the table while the next items of the meal are prepared and served.

- **Food Customs at Ceremonial Occasions.**

  Léchon, a suckling pig that has been roasted until the skin forms a hard brown crust, is served at important occasions. The inside is very fatty. Strips of the skin with attached fat are considered the best pieces. The importance of the host and the occasion are measured by the amount of léchon. served. Blood drained from the pig is used to make dinuguan

- **Basic Economy.**

  Agriculture, forestry, and fishing are the occupations of 40 percent of the thirty million people who are employed. Light manufacturing, construction, mining and the service industries provide the remainder of employment opportunities. The unemployment rate is over 9 percent. Fifty percent of the population lives below the poverty line. The Asian financial crisis resulted in a lack of jobs, and the drought period of the El Niño weather cycle has reduced the number of agricultural positions.

- **Land Tenure and Property.**

Nineteen percent of the land is arable and 46 percent consists of forests and woodlands. Deforestation by legal and illegal loggers with no tree replacement has reduced the number of trees. Large amounts of arable land remain in the hand of absentee landowners who were given land grants during the Spanish colonial period.

- **Commercial Activities.**

The local market is a key factor in retail trade. Larger municipalities have daily markets, while smaller communities have

- **Major Industries.**

Metropolitan Manila is the primary manufacturing area, with 10 percent of the population living there. Manila and the adjacent ports are the best equipped to ship manufactured goods. Manufacturing plants produce electrical and electronic components, chemicals, clothing, and machinery. The provinces produce processed foods, textiles, tobacco products, and construction materials. Manufacturing in the home continues to be common in remote areas.

- **Trade.**

Rice, bananas, cashews, pineapple, mangoes, and coconut products are the agricultural products exported to neighboring countries. Exported manufactured products include electronic equipment, machinery, and clothing. The United States, members of the European Union, and Japan are the major trading partners. Imports consists of consumer goods and fuel. The country has mineral and petroleum reserves that have not been developed because of the mountainous terrain and a lack of funding.

- **Division of Labor.**

In rural areas, lack of mechanization causes the entire family to work in the rice fields. Planting rice seedlings, separating them, replanting, and changing water levels in the fields are done by hand and are labor-intensive. Crops such as tobacco, corn, and sugarcane demand full family participation for short periods during the planting and harvest seasons.

In the cities, traditional roles common to industrialized countries are followed. Men perform heavy physical tasks, while women work as clerks and teachers and in health care.

Social Stratification

- **Classes and Castes.**

Filipinos believe in the need for social acceptance and feel that education can provide upward mobility. Color of skin, beauty, and money are the criteria that determine a person's social position. Light coloring is correlated with intelligence and a light-skinned attractive person will receive advancement before his or her colleagues. Family position and patron-client associations are useful in achieving success. Government officials, wealthy friends, and community leaders are sponsors at hundreds of weddings and baptisms each year. Those connections are of great importance.

- **Symbols of Social Stratification.**

Money to buy consumer goods is an indicator of power. Wealthy people lead western lifestyles. They travel abroad frequently and pride themselves on the number of Westerners they have as friends. Since few people outside Manila have a family car, owning a vehicle is a clear statement of a high social level. Houses and furnishings show a person's social position. Upholstered furniture instead of the traditional wooden couches and beds, rows of electrical appliances that are never used and area rugs are all important.

Political Life

- **Government.**

The country has a republican form of government that was developed during the commonwealth period. It contains three branches: executive, legislative, and judicial. The first constitution, based on the United States Constitution, was written in 1935. When President Marcos declared martial law in 1972, that constitution was replaced by another one providing for a head of state, a prime minister, and a unicameral legislature. The president had the power to dissolve the legislature, appoint the prime minister, and declare himself prime minister.

- **Leadership and Political Officials.**

Charges of corruption, graft, and cronyism are common among government officials at all levels. People accept cronyism and the diversion of a small percentage of funds as natural. Rewriting the constitution to eliminate term limits and establishing a strong two-party system are the reforms that are discussed most often. Politicians move from party to party as the needs of their constituencies dictate because the political parties have no ideologies.

- **Social Problems and Control.**

The formal system of law mirrors that of the United States. A police force, which has been part of the army since 1991, and a system of trials, appeals, and prisons are the components of the apparatus for dealing with crime. Theft is the most common crime. Because the Philippines has a cash economy, thieves and pick-pockets can easily gain access to thousands of pesos.

- **Military Activity.**

The armed forces consist of an army, a navy, a coast guard, and an air force. The army includes the Philippines National Police; the navy includes the marines. Military service is voluntary. Public respect for the military is high. Military expenditures account for 1.5 percent of the gross domestic product. Current military activity is focused on terrorist activity in Mindanao. The oil-rich Spratly Islands in the South China Sea are an area of concern that is monitored by the navy.

Social Welfare and Change Programs

Land reform has been a concern since independence. Spanish and American rule left arable land concentrated in the hands of 2 percent of the population and those owners will not give up their land without compensation. Attempts made to provide land, such as the resettlement of Christian farmers in Mindanao in the 1950s, have not provided enough land to resolve the problem.

Marriage, Family and Kinship

- **Marriage.**

  Marriage is a civil ceremony that is conducted city offices. A religious ceremony also is performed. The ceremony is similar to those in the United States with the addition of sponsors. Principal sponsors are friends and relatives who have positions of influence in the community. The number of principal sponsors attests to the popularity and potential success of a couple. It also reduces a couple's expenses, since each principal sponsor is expected to contribute a substantial amount of cash. Members of the wedding party are secondary sponsors who do not have to provide funds.

- **Domestic Unit.**

  The extended family is the most important societal unit, especially for women. Women's closest friendships come from within the family. Mothers and daughters who share a home make decisions concerning the home without conferring with male family members. One child remains in the family home to care for the parents and grandparents.

- **Inheritance.**

Inheritance laws are based on those in the United States. These laws provide that all children acknowledged by a father, whether born in or out of wedlock, share equally in the estate. Females share equally with males.

- **Kin Groups.**

Because of the closeness of the immediate family, all familial ties are recognized. Anyone who is remotely related is known as a cousin. Indigenous tribes live in clan groups. Marriage into another clan may mean that the individual is considered dead to his or her clan.

Socialization

- **Infant Care.**

Infants are raised by family members. Young children are sent to live with their grandparents or aunts for extended periods. People who live outside the country leave their children with the family for the preschool years.

- **Child Rearing and Education.**

Children are seldom alone in a system in which adults desire company private school has its own color. Boys wear white shirts and dark pants. Women teachers are given a government allowance to purchase four uniforms to wear Monday through Thursday. Men wear dark pants and a barong, a lightweight cotton shirt, or a polo shirt. Female teachers are addressed as ma'am (pronounced "mum"). Male teachers are addressed as sir. These titles are highly prized and are used by teachers in addressing one another.

- **Higher Education.**

A college degree is necessary to obtain positions that promise security and advancement. Approximately two million students attend colleges and universities. Each province has a state college system with several locations. The University of the

Philippines, located in Manila, is a public university that is regarded as the best in the country. Private colleges are found in the major municipalities.

Religion

- **Religious Beliefs.**

The Philippines is the only Christian nation in Asia. More than 85 percent of the people are Roman Catholic. The rosary is said in the home at 9 P.M. , just before the family retires for the night. Children are introduced to the statue of "Mama Mary" at a very early age.

- **Religious Practitioners.**

Religious leaders are powerful figures. Business and political leaders court Cardinal Jaime Sin because of his influence with much of the population. Local priest and ministers are so highly respected that requests from them take on the power of mandates. A family considers having a son or daughter with a religious career as a high honor. Personal friendships with priests, ministers, and nuns are prized. Clerics take an active role in the secular world. An example is Brother Andrew Gonzales, the current secretary of DECS.

- **Rituals and Holy Places.**

The major rituals are customary Christian or Muslim practices. Sites where miracles have taken place draw large crowds on Sundays and feast days. Easter is the most important Christian observance. On Easter weekend, the entire Christian area of the country is shut down from noon on Maundy Thursday until the morning of Black Saturday. International flights continue and hospitals are open, but national television broadcasts, church services, and shops and restaurants are closed and public transportation is sparse. People stay at home or go to church. Special events take place on Good Friday. There are religious processions such as a parade of the statues of saints throughout the community.

- **Death and the Afterlife.**

A twenty-four-hour vigil is held at the deceased person's home, and the body is escorted to the cemetery after the religious ceremony. The tradition is for mourners to walk behind the coffin. A mausoleum is built during the lifetime of the user. The size of the edifice indicates the position of the builder.

Mourning is worn for six weeks after the death of a family member. It may consists of a black pin worn on the blouse or shirt of the mourner or black clothing. Mourning is put aside after one year. A meal or party is provided for family members and close friends one year after the burial to commemorate recognize the memory of the deceased.

Secular Celebrations

New Year's Day is more of a family holiday than Christmas. It is combined with Rizal Day on 30 December to provide time for people to go home to their province. Midnight on New Year's Eve brings an outburst of firecrackers and gunfire from randomly aimed firearms.

Other national secular holidays are Fall of Bataan Day, an observation of the Bataan Death March in 1942 on 9 April. Labor Day is celebrated on 1 May. Independence Day on 12 June celebrates freedom from Spanish rule. It is celebrated with fiestas, parades, and fireworks. Sino-Filipinos celebrate the Chinese New Year, which is not a national holiday, in January or February. In Manila, fireworks and parades take place throughout Chinatown. Muslims celebrate Islamic festivals.

Arts and Humanities

- **Support for the Arts.**

The government provides support for institutions such as the National Museum in Manila. Libraries exists in colleges and universities. The best collections are in Manila. Museums are located in provincial capitals and in Manila. The Cultural Center of the Philippines in Manila is a center for the performing arts that opened in 1970. It is a multibuilding complex created under the direction of former first lady Imelda Marcos, who encouraged musicians to enter the international community and receive additional training. Nongovernmental organizations preserve the folk heritage of the indigenous groups.

- **Literature.**

Literature is based on the oral traditions of folklore, the influence of the church and Spanish and American literature. Filipino written literature became popular in the mid-nineteenth century as the middle class became educated. The greatest historical literature evolved from the independence movement. José Rizal electrified the country with his novels. During the early years of American control, literature was written in English. The English and American literature that was taught in the schools was a factor in the kind of writing that was produced. Writing in Filipino languages became more common in the late 1930s and during the Japanese occupation. Literature is now written in both Filipino and English. Textbooks contain national and world literature.

- **Graphic Arts.**

The Filipino Academy of Art, established in 1821, shows early art reflecting Spanish and religious themes. Juan Luna and Felix Hidalgo were the first Filipino artists to win recognition in Europe at the end of the nineteenth century. Contemporary artists use a variety of techniques and mediums to reflect social and political life. Crafts reflect the national culture. Each area of the country has specialties that range from the batik cotton prints of the Muslim areas to the wood carvings of the mountain provinces of Luzon. Baskets and mats are created from rattan. Textiles are woven by hand in cooperatives, storefronts, and homes. Banana and pineapple fiber cloth, cotton, and wool are woven into textiles. Furniture and decorative items are carved. Silver and shell crafts also are created

Sex and violence are major themes in films, which are often adaptations of American screen productions. American films are popular and readily available, and so high-quality Filipino films have been slow to develop.

- **Performance Arts.**

Drama before Spanish colonization was of a religious nature and was intended to persuade the deities to provide the necessities of life. The Spanish used drama to introduce the Catholic religion. Filipino themes in drama developed in the late nineteenth century as the independence movement evolved. Current themes are nationalistic and reflect daily life.

PART II

IRON AND STEEL INDUSTRY

INDIAN IRON AND STEEL INDUSTRY

The history of steel-making in India can be traced back to 400 BC when the Greek emperors used to recruit Indian archers for their army who used arrows tipped with steel. Many more evidences are there of Indians' perfect knowledge of steel-making long before the advent of Christ. Archaeological finds in Mesopotamia and Egypt testify to the fact that use of iron and steel was known to mankind for more than six thousand years and that some of the best products were made in India. Among the widely-known relics is the Iron Pillar near Qutab Minar in Delhi. The pillar, built between 350 and 380 AD, did not rust so far ----- an engineering marvel that baffles the scientists even today. Yet another engineering feat is the famous Sun Temple at Konark in Orissa, built around 1200 AD, where steel structurals were used for the first time in the world.

These were the halcyon days when India flourished in all directions and when its prosperity was a matter of envy for the foreigners. But as ill luck would have it, India's prosperity gave way to poverty after the advent of the foreign rule. India's indigenous industry languished because of a deliberate policy of the colonial rulers to make the country only a supplier of raw materials.

Steel Role plays a vital role in the development of any modern economy. The per capita consumption of steel is generally accepted as a yardstick to measure the level of socio-economic development and living standards of the people. As such, no developing country can afford to ignore the steel industry

ROLE IN ECONOMY

For modern India's iron and steel industry August 27, 1907 was a red-letter day when the Tata Iron and Steel Company (TISCO) was formed as a Swadeshi venture to produce 120,000 tonnes of pig iron. The TISCO plant at Sakchi (renamed Jamshedpur) in Bihar, started pig iron production in December 1908 and rolled out its first steel the following year. TISCO had expanded its production capacity to one million tonnes ingot by the time the country achieved freedom. The Tatas, as Gandhiji said, represented the "spirit of adventure" and Jamsetji Tata, in the words of Jawaharlal Nehru," laid the foundation of heavy industries in India". The British rulers disfavoured this and other attempts to start indigenous industry. It was chiefly with the help of American experts that the Tatas started their industry. Its childhood was precarious but the war of 1914-18 gave it a fillip. Again it languished and was in danger of passing into the hands of British debenture holders. But nationalist pressure saved it. In 1918, soon after the war, Indian Iron and Steel Company (IISCO) was formed. The then Mysore government also decided to start an iron works at Bhadravati. While IISCO started producing pig iron at Burnpur in 1922, the Mysore Iron and Steel Works took about 18 years to start its plant. Meanwhile, the Bengal Iron Works went into liquidation and merged with IISCO. The Steel Corporation of Bengal (SCOB) formed in 1937, started making steel in its Asansol plant. Later in 1953, SCOB merged with IISCO.

It was decided that new units would be started exclusively by the government in the public sector without disturbing the existing ones in the private sector. Eighteen industries, including heavy castings and forings of iron and steel, ferro alloys and tool steel were covered by the third category and the rest of the industries by the fourth. In sum, the government committed itself to the development of basic steel industry while the private sector was to benefit through the establishment of downstream units which would use pig iron, billets, blooms and flat products to be made by the public sector steel plants.

The Government's Industrial Policy had undergone changes ____ once in 1956 and then in 1991. The resolution modified in 1956 brought changes in the category pattern and listed more industries for the public sector than did the earlier one, though it was not harsher towards the private enterprise. In the new industrial policy announced in 1991 iron and steel industry, among others, was included in the list of industries reserved for the public sector and exempted from the provision of compulsory licensing. With effect from May 24, 1992 iron and steel industry was included in the list of 'high priority' industry for automatic approval for foreign equity upto 51% (now 74%). Export-import regime for iron and steel has also undergone major liberalisation. The freight equalisation scheme was withdrawn removing freight disadvantage to States located near steel plants.

The new policy has already borne fruit. The finished steel pdroduction in India has gone up from mere 1.1 million tonnes in 1951 to 23.37 million tonnes in 1997-98 despite overall economic slow-down in the country.

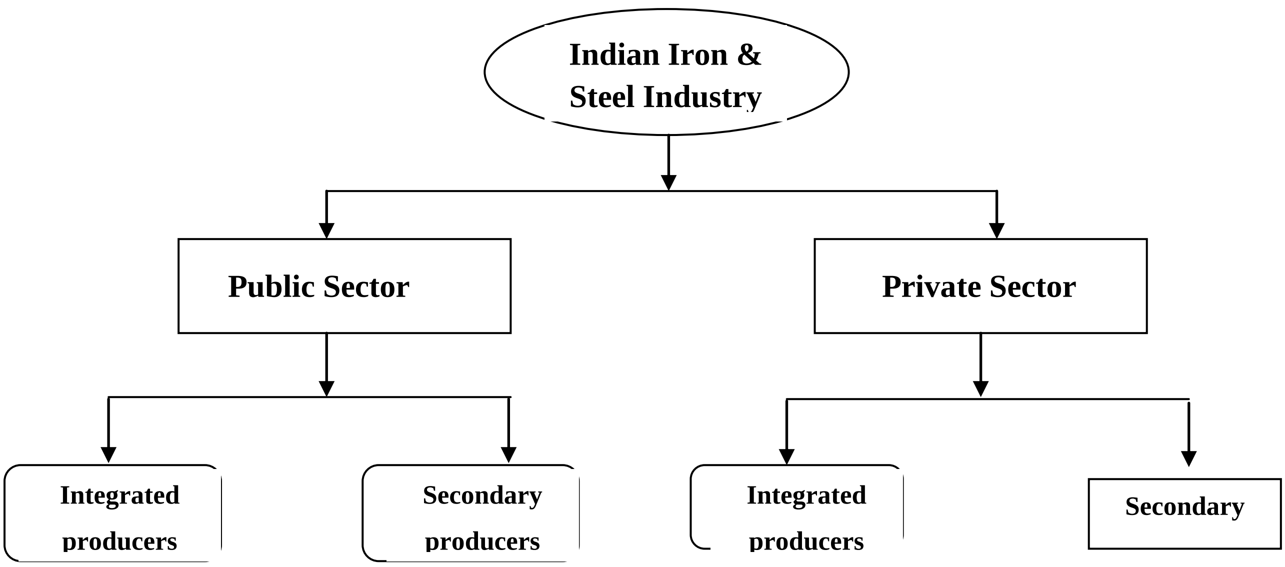
It has been estimated that the demand for finished steel in 2001-02 would touch 38.68 million tonnes and the projected availability of 38.01 tonnes is almost adequate to meet the domestic demand along with export of six million tonnes. Similarly, by 2006-07, the final year of the tenth plan, the demand for finished steel would be around 48.80 million tonnes, providing adequate surplus for meeting the projected export potential of nine million tonnes.

However, there is hardly any scope for complacence over the fact that India continues to be the 10th largest steel producer in the world. In 1997 India's per capita steel consumption was only 22 kg which was much below the world average of about 126 kgs. Even if the domestic demand grows up from 34.5 million tonnes to 100 million tonnes in 2025 the industry is unlikely to catch up with the production in the developed countries.

The redeeming feature is the cost competitiveness of Indian steel in the global market. According to World Steel Dynamics, the total cost of steel production in the USA is $510 per metric tonne while in Japan it is $550, in Germany $557, in Canada $493 and in India it is $497. This is because of high material cost due to high excise and import duties. Reduction of cost on these accounts will make Indian steel more competitive in the world market. Indian steel can reasonably expect a good market in the neighbouring countries now that the Asian economy is looking up

STRUCTURE OF INDUSTRY

Indian Iron and Steel Industry can be divided into two main sectors Public sector and Private Sector. Further on the basis of routes of production, the Indian steel industry can be divided into two types of producers.



Integrated producers:

Those that convert iron ore into steel. There are three major integrated steel players in India, namely Steel Authority of India Limited (SAIL), Tata Iron and Steel Company Limited (TISCO) and Rashtriya Ispat Nigam Limitedd (RINL).

Secondary producers:

These are the mini steel plants (MSPs), which make steel by melting scrap or sponge iron or a mixture of the two. Essar Steel, Ispat Industries and Lloyds steel are the largest producers of steel through the secondary route.

ROLE OF INDUSTRY

The Role of Iron and Steel Industry in India GDP is very important for the development of the country. In India the visionary Shri Jamshedji Tata set up the first Iron and Steel manufacturing unit called Tata Iron and Steel Company, at Jamshedpur in Jharkhand. Iron and steel are among the most important components required for the infrastructure development in the country.

Role of Iron and Steel Industry in India GDP-Facts

- The Iron and Steel Industry in India is one of the fastest growing sectors
- The demand drivers for the Indian Iron and Steel industry are increase in the activities of the automobiles industry, real estates industry, transportation system, aircraft industry, ship building industry, etc.
- India ranks 5th in the world in terms of production of steel
- The amount of crude steel produced in 2006-07 was 50.71 million tonnes
- The amount of finished steel produced in 2006-07 was 51.9 million tonnes
- The production of finished steel was increased by 16.52%
- The production of finished carbon steel was 24.8 million tonnes in the year 2006-07
- It is expected that India would become the second biggest producer of steel within the year 2016 and the production per year would be 137 million tonnes
- The exports pertaining to the steel industry was 6.26 % during the period 2006-07

Role of Iron and Steel Industry in India GDP-Consumption

- The domestic consumption of steel has grown by12.5% in the past three years
- The domestic steel consumption in the year 2006-07 was 41.14 million tonnes
- The average growth rate of the Indian Iron and Steel Industry is 11.36%
- The construction projects all over India are major consumer of steel
- The per capita consumption of steel in India is 35kgs
- As the per capita consumption of steel is lower than other countries, so the steel industry has huge opportunities in the future

Role of Iron and Steel Industry in India GDP-Growth in Future

- The Arcelor Mittal, which is the largest steelmaker in the world, has plans of establishing two Greenfield steel projects with capacity of 12 million tonnes annually, in India
- Acerinox SA, one of the important stainless steel manufacturers in collaboration with Nisshin Steel, Japan is setting up a steel plant in India
- The Tata Steel ranks 5th in the world steel production and the company have plans of expanding its capacity by the year 2015
- SAIL, India's biggest producer of steel has plans of increasing the production to 24.98 million tonnes annually
- Sinosteel Corp, China are planning to invest US$ 4 billion to set up a 5 million tonnes capacity Greenfield steel plant
- The acquisition of the Corus, the Anglo-Dutch steel manufacturer by the Tata Steel
- The Algoma Steel, Canada was acquired by Essar Global for US$ 1.63 billion

PHILIPPINES IRON AND STEEL INDUSTRY

The iron and steel industry in the Philippines started with the establishment of the country's first nail – making plant by the government – runn National Development Company. The plant was later sold to Marcelo Steel Corporation in 1949. Two years later, Philippine Blooming Mill began the rolling of bars operationsint he country and built the first open – hearth furnace in pasig with a holding capacity of 40 tons in 1952. During the same year, Marcelo Steel established the first domestic scrap melting plant that utilized electric arc furnaces

Pipe and tube making was pioneered locally by Republic Steel Tubes in 1957 using German – made electric resistance weld tube mills. Super Industrial Corporation was second in line in 1964 with Japanese – made induction welded tube mills, followed by International Pipe Industries (IPI) in 1968, which introduced spiral – welded pipes.

In the area of GI sheets, Puyat Steel established plain and corrugated GI sheet production in the Philippines in 1956, cold – rolling mill operations were initiated by Southern Rolling Mills in 1960. Iligan Integrated Steel Mills, Inc. [IISMI, later renamed National Steel Corporation (NSC)] and Elizalde Steel Rolling Mills (ELIROL) followed suit with the completion of their cold rolling mills in 1968.

Another Elizalde – owned company, the Elizalde Iron and Steel Company (ELISCO) initiated tinplating operations in 1962 using Japanese manufactured hot – dip tinning lines. IISMI also started manufacturing tin plates in 1969 utilizing the US – built Ferrostan line. In 1976, ELISCO bought the tinplate plant of NSC and was renamed Elizade Steel Consolidated

The only hot rolling mill in the country was run by NSC with a capacity of 350000 metric tons (mt)/year of hot – rolled sheets and coil until its closure in 1999.

INDUSTRY PROFILE

The iron and steel industry can be categirized into upstream and downstream sectors. The upstream segment involves iron making, steel makings, and billet, ingot and sab castings. On the other hand, the downstream sector includes the intermediate sector, which involves processing of semi – finished iron and steel products into finished products (i.e., rolling, forming, drawing and finishing) and industries that are major consumers of iron and steel products, such as construction, metalworking and engineering, shipbuilding and repair, vehicle assembly, appliance manufacturing and packaging

PHILLIPPINES TRADE, EXPORT AND IMPORT

Historically, the Philippines have been an important centre for commerce for centuries for its ethnic minority, namely, the Chinese who were also its first occupants. The archipelago has also been visited by Arabs and Indians for the purpose of trading in the first and early second millennium. As of 21st century, the country is member in several international trade organizations including the APEC, ASEAN and WTO

Since 1980s, the Philippines have opened their economy to foreign markets, and established a network of free trade agreements with several countries. The United States is one of the Philippines top trading partner. In 2010, according to US Department of Commerce dad, trade between the Philippines and US amounts to US$15.4 billion. US is also the Philippines largest foreign investor, with foreign direct investment close to US$6 billion at the end of 2009.

Under the new Aquino administration, the government plans to open up the country to more foreign investment in industries such as business processing operations, mining and tourism. However, this move may be hindered by restrictions such a prohibition of foreign ownership of land and public utilities

IMPORT OF IRON AND STEEL INDUSTRY

Given the limited steel production in the country compared with demand, the Philippines has been relying increasingly on imports to meet its domestic demand. Imports of iron and steel products reached 3.2 million MT and are distributed among several countries, with the Russia as the main trading partner providing 61% of our external supply of billets and 38.2% of total imports. Other major trading partners include Ukraine and Japan with 17.0% and 4.2% shares, respectively. Minor players include Korea with 7.8%, where we import most of our cold rolled coils (27%), India with 5.8% and Taiwan with 5.0%. The rest of the countries accounts for a total of 12%. Although posting a modest increase of 2.1% annually since 1994, incremental growth in steel imports has slowed down since 1996, prior to the Asian financial crisis of 1997.

EXPORT OF IRON AND STEEL INDUSTRY

The exports on iron and steel products covering the period from 1994 – 1999 showed the Philippines was hardly a player in the Southeast Asian trade with trade volume of 0.03 million MT in 1999, the second smallest next to Vietnam with only 6,000 MT. The rest of the countries at the time were producing at the 0.6 million MT – 2.5 million MT mark. Malaysia was the consistent lead exporter in the region, but its shares have been diminishing with Thailand as the emerging growth center in the region

POLICY CLIMATE

1) Power, Infrastructure, and Auxiliary Facilities. Entitles each enterprise to generate its own electricity, build – operate – and transfer, and other contracts, and provide infrastructure under BOT arrangement.

2) Financing Facilitation of financing for iron and steel plant operations.

3) Tax and Duty Exemption on Imported Machinery. Exemption from all customs duties payable on the importation of equipment, machinery and accompanying spare parts, subject to certain conditions.

4) Tax Credit on Domestic Capital Equipment. Tax cedit equivalent to the national internal revenue taxes and customs duties on imported machinery, equipment and accompanying, spare parts for the purchase of domestically manufactured machinery, equipment, and spare parts.

5) Other Loans Provision of loans, credits and indebtedness from foreign private institutions or funds sources shall be made available for the use in the operations of the steel plant. In addition, the Central Bank of the Philippines shall give priority to the applications made by certified enterprises to foreign currency loans; debt – assets and debt - equity conversion and other transactions that may receive approval by the Central Bank. Finally, interest income from loans with maturity of five years or more from financial institutions shall be except from all national internal revenue taxes.

6) Rational Tariff Incentives and Protection Scheme. A rational tariff incentive and protection scheme that will enhance the viability of their on and steel industry shall be recommended by the National Economic and Development Authority.

7) Other Incentives, In addition to those already mentioned, other incentives applicable under the Omnibus Investment Code, laws creating export processing zones, other laws and those that may be given to similar enterprises in the future shall also apply

INDUSTRY COMPETITIVENESS CLIMATE

Industry performance is closely tied with current economic/political issues and industry expectations. In a broad sense, firm – level competitives for the past decades has been influenced (and hindred) by internal industry factors, infrastructure, and governance. Some of the problems faced by the sector during the start of the establishment of a local basic steel industry in the country in the 1940s have been resolved while others have persistently plagued the industry and hampered its progres, either as minor or major obstacles.

The local steel industry is comprised of a variety of players. There is a production network of steel producers from primary to intermediate to finished steel products. Competitiveness in each of the levels of this production network is important, especially when the success of the industry relies on the performance of both the steel – user. To get a clearer picture of what assails the local steel industry, entrepreneurs representing different levels of the steel production network were interviewed about their perceptions of the severity of various apparent problems faced by the local industry.

The assessment that follows in organized into five main groups:

1) Production inputs and infrastructure
2) Tax a nd trade regulations
3) Market uncertainty
4) Market malpractices
5) Governance.

SUMMARY AND CONCLUSION

The Filipinos were literate even before they were colonized by Spain, the United States of America, and Japan. They may no longer be physically colonized but the ballooning economic debt, for which they may not have fully benefited, curtails their freedom. More than 32 percent of the population lives below poverty level as of 1997. Their innate desire for knowledge has been reinforced by the hope that good education can provide upward economic mobility. Steps for the realization of this hope has been codified into the constitution of the Philippines, which categorically states that the highest budgetary priority shall be given to education.

Faced with a lack of employment opportunities in their home country, at least 4.5 million of the well-educated labor force have sought and found work in other countries. They have sent their earnings back to their families and relatives in the Philippines. Overseas remittances in 1997 had amounted to US$4.5 billion. This amount, however, does not rebound for the benefit of education or the people of the country. Debt servicing in the form of interest payments for the same year amounted in excess of US$4.5 billion, which comprised the majority of the annual budget, at 40 percent. However, the ingrained resilience of the Filipinos has produced a population with 95 percent literacy despite adverse times. The over-populated country has turned the manpower section of the population into its biggest export and income-earner. The Filipinos may yet learn lessons from their economic bondage and realize that education can provide not only upward economic mobility but also economic empowerment.

We investigate India's and Philippine's iron and steel sector from various angles. We develop economic as well as engineering indicators for productivity growth, technical change and energy consumption that allow us to investigate savings potentials in specific energy use a swell as carbon dioxide emissions. We discuss our findings within a broader context of structural and policy changes in the sector. The economic analysis shows that productivity has been decreasing over time. The decline in productivity was caused largely by government protection regarding prices and distribution of steel and by inefficiencies in integrated steel plants that were reserved to the public sector. With liberalization of the iron and steel industry productivity increased substantially to positive growth rates.

We further introduce cost effective and low cost potentials for reducing energy consumption as well as carbon emissions. In comparing Indian energy consumption to best practice energy consumption we show that energy savings of about 50% could be achieved. However, the implementation of initiatives towards energy efficiency is being hampered by barriers both of general and process specific nature occurring at the macro and micro level of the economy.

The analysis reveals that energy policies in general and price based policies in particular are efficacious for overcoming thee barriers in giving proper incentives and correcting distorted prices. Through theremoval of subsidies energy prices would come to reflect their true costs, while environmental taxes could be imposed to intrnalize the external costs (including environmental costs) of energy consumption, in the short term, energy price increases would push less prductive and inefficient mostly smaller units out of the market resulting in overall sectoral efficiency and productivity improvement. In order to improve energy use and thus carbon emissions on a long run basis, substantial additional investments in energy efficiency technologies for existing and new plants have to be made. Therefore, sectoral policies should be devoted the promotion of such investments. An optimal policy strategy would consist of a mix of regulatory and price based incentives within a set political and economic framework.

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FINANCIAL MARKET

&

MECHANICAL PARTS AND MACHINERY TOOLS IN PHILIPPINE

INDEX

PART-1
FINANCIAL MARKET
OF
PHILIPPINES

DEMOGRAPHIC PROFILE OF PHILIPPINES

The Philippines, is one of the country which is generally famous for the Republic of the Philippines and it is located in Southeast Asia in the western Pacific Ocean. In its north side the Luzon Strait lies Taiwan .There is the South China Sea sits Vietnam in west side. There is a one sea of the southwest named “Sulu Sea” which is situated between the country and the island of Borneo Besides this, the Celebes Sea in the south which distinguishes from other islands of Indonesia. Celebes Sea is built in the east by the Philippine Sea. It is included 7,107 islands. Mainly there are three categories of the Philippine and it is differentiated according to the geography wise like Luzon, Visayas, and Mindanao. Manila is the capital city of Philippine.

The population is high in Philippine. it contain 94 million people so it has got place in the world record being the most populated country and got 12th rank in it. Less than 50% population lives overseas. Before many years ago in its ancient time, one group of Negritos was the first inhabitants of archipelago. They were believed in Austronesian peoples by whom they influences from Malay, Hindu, and Islamic societies.

The Philippines is an archipelago’s country which contain 7,107 islands. It has big area of land like 300,000 square kilometers (116,000 square miles) of island bodies of water. Due to its 36,289 kilometers (22,549 miles) of coastline, it has got 5th rank of coastline of their country in the world. There is one metropolitan area named Manila which contain more population like24 million among twelve areas and achieve 11th position in the world.

The Philippines people follow Philippine nationality. It has the estimated 92.2 million populations. People of Philippines include Ethnic groups and mostly they are Malay and Chinese. They believe in different religions like Roman Catholic 80.9%, Muslim 5%, Evangelical 2.8%, Iglesia ni Kristo 2.3%, Aglipayan 2%, other Christian 4.5%, other 1.8%, unspecified 0.6%, none 0.1%They speak Filipino Languages.

CAPITAL MARKET OF PHILIPPINES

This is one of the oldest capital markets of Philippines in Asia. The establishment year of the Manila stock exchange was 1927. After that boom period came in 1970 by doing trade in oil stock. Competition was starting another stock exchange an enemy financial group set up in 1963. Due to this establishment of another financial group disputes arise so that the government had to generate the two exchanges and combine those in 1994 to create the Philippines stock exchange (PSE).With the purpose of encourage its amalgamation into other international stock market, the Philippines market has a moment ago create a number of reforms like liberalization and privatization (since 1985) arose than after launching of American depository receipt (ADR) and country funds (1989). So that Philippines stock market has achieved its expected growth after its liberalization period.

PRIMARY MARKET

The primary market is a market in which new shares are issued and sold to the public for the investment of first time. In the primary market, company raised capital by the selling stock to the public who had done investment through an initial public offering [IPO].

For example, if San Miguel Corporation thinks to raise equity funds, it will raise the capital from the primary market. When the company has sold the stock to the public for the first time, it is called an initial public offering (IPO).

SECONDARY MARKET

The secondary market is the market in that securities are purchased and selling is done after they have been issued to the public in the primary market. In the same way, if you make up your mind to buy existing shares of San Miguel Corporation, you cannot buy them straightforwardly from the issuing company to any further extent from the when they have been sold to the investors for the period of the IPO. People who had invest money only those have ability to purchase these shares from existing shareholders who are keen to sell their shares. And while continuing those processes and doing this it become secondary market transaction.

SECURITIES AND EXCHANGE COMMISSION (PHILIPPINES)

One of the exchange commission is Philippines Securities and Exchange Commission (Filipino: komisyo sa mga panagot at palitan) which is generally recognized as SEC and another which is known as Philippine state commission liable for various securities laws and modifying the securities industry.SEC is an agency inside the Philippine Department of Finance which under the whole stock exchange. Its headquartered is located in metro manila under Mandaluyong city which is managing all this stock exchange related work.

- **HISTORY**

In the year 1986, congress parties have formed the SEC which is the crucial part of the securities act (1983). When the United States Congress shaped the United States Securities and Exchange commission at that time this type of situation happened within just two years. Ricardo Nepomuceno was the first commissioner of the security exchange commission. When Japanese occupation was there at that time, security exchange commission would not be in function. During the Japanese occupation, though fighting with these circumstances, it was coming in its operation during 1947.

- **FUNCTIONS**

The security exchange commission which is keeping under section 5 of the security regulation code and it is working certain important functions. Most of contain major areas through which this operation is done.

- The SEC regulates all over the registration business entities in the country. It specifies the suspension and revocations of their registrations which underlying the certain condition.
- It frames the several policies which are helpful to security market.
- SEC can command over their functioning and giving consent of the security registration statements which include all the details about rules and regulation.
- Power to investigate violations of securities laws and to impose sanctions for such violations

- SEC has to power to issue subpoenas, punish for contempt, and issue cease and desist orders in furtherance of its law enforcement mission through its function.

SECURITIES AND EXCHANGE COMMISSION (SEC)

The security exchange commission includes certain authority and regulations which is formulated by the Commission shall have the powers and functions provided by the Securities Regulation Code under Presidential Decree (PD) No. 902-A it is as amended the Corporation Code, the Investment Houses Law, the Financing Company Act and other existing laws.

There are various powers and functions Under Section 5 of the Securities Regulation Code, Republic Act (RA) 879, through which the Commission work in forming this.

- SEC has the authority to handle all the formalities of its jurisdiction and constant attention to over all the corporations, partnerships or associations .In that field all these corporations, partnership and association are the grantees who give the grants to primary franchises or a license or sanction issued under government laws and regulations.
- Another power of SEC to originate policies and recommendations. This is emphasis on various issues related to the securities market. Besides this it is helpful to suggest Congress and other government agencies on whole concept of market of securities and it give support to recommend legislation and amendments because it is construct certain conditions related to this commission.
- It give more focus on grant, eliminate, postpone, withdraw or essential amendments in the statement of registration under certain guideline and licensing applications in the part of commission.
- The main important area is to standardize, examine or oversee the activities of persons who are liable for to ensure agreement in the various level of commission.
- SEC is liable to run, scrutinize or capture the initial work of exchanges, clearing agencies and other SROs which are built upon the necessary conditions and formalities.
- It has another power and function to focus on sanctions for the violation of some laws and the rules, regulations and order included in the content of security exchange commission.

- It is supported to take active interest for any preparation, commend, amend or repeal rules, regulations and orders, and issue opinions and it give proper guidance on related matters of commission and analysis compliance with such rules, regulations, and orders included in the procedure of commission.
- SEC provide all the Enlist the aid and guidance to act as deputy other condition regarding and all enforcement agencies of the Government. Civil or military is also focused very precisely. There are another private institutions, corporation, firm, association or persons given the place for the accomplishment of its powers and functions under this Code of commission.
- SEC induces the officers of any registered corporation or association. It is useful to call meetings of stockholders and members within its supervision of condition.

PHILIPPINE STOCK EXCHANGE

Type	Stock exchange
Location	Pasig City, Philippines
Founded	December 23, 1992
Owner	The Philippine Stock Exchange, Inc
Currency	Philippine Peso
No. of listings	253 (2010)
Market Cap	8.9 trillion (2010)

Everything have different identity whether it is persons, things, animals or any things Same way here Philippines stock exchanges is well-known as *Pamilihang Sapi ng Pilipinas. It is called the primary stock exchange* in the Philippines country. It is the one of the biggest stock exchanges among all the stock exchanges. It is located in Southeast Asia. In order to achieve good position ,it has also get another chance to grow more and achieved the longest position in southeast Asia in 1927.There are two portion of Philippines market .One is in the Pasig city in which its headquarter is located and another is situated in Makati city of central business city.

In 1992 the two parts like The Manila Stock Exchange and the Makati Stock Exchange were continued in different position even though trading the same stocks of the same companies. Philippine Stock Exchange (PSE) is the national stock exchange of the Philippines. The major index for PSE is the PSE Composite Index (PSEi). It contains thirty (30) listed companies.

WORKING OF THE PSE

The board is selected one president and chief executive officer. It is regulated by the members who are not broker. In this the president is main person and he is the part of professional management. He is responsible to form the new policies of board and confirms that the stock exchange is worked effectively and without any distraction. There is also one confirmation done and It provide the information for the members that listed companies and the system PSE is operated to make sure that in the Philippines stock market is work according to the perfect guide lines and the principles of equality, simplicity, professionalism, faith and honesty. Moreover, it is helpful to create certain rules and formalities of the Philippines stock exchange and analyze its execution and confirm that the protection is given to the investor who had invested their money in their stock exchange. Furthermore it also provides confirmation that the exchange follows all the legal norms and guidelines under the corporation code and the revised securities act which are fulfilled effectively.

In the Philippines stock exchange trading is start from 9:30 am to 1:00 pm daily which is the very short time than all the stock exchanges of Asia. New system and rule is accepted in the Philippines stock exchange that from January 2012 that trading will be start from proficiently and a trading extension which shall be implemented on January 2012 the trading will start at 9:30 am till 12:00 pm. In addition to that 1 hour or half an hour recess break will be provided and trading shall continue at 1:30 pm till 3:30 pm according to their provision.

THE PHILIPPINES DEALING EXCHANGE

Type	Stock exchange
Location	Makati city, Philippine
Founded	April , 2001
Owner	Philippine Dealing & Exchange Corporation
Currency	Philippine Peso

- **PDEX Trading Platform and Systems**

  PDEx began trading operations in Government Securities in March 2005, with a Negotiable Dealing System for the Inter – Dealer Market. The System was enhanced with the introduction of Straight through Processing [STP] in September 2006. The STP facility generates settlement instructions from trades in the centralized transactions data base in the Trading System and publishes them into a secure website for the Operations Personnel of Trading Participants to reconcile and authorize. Once authorized, the settlement instructions are sent through to the Bureau of the treasury (BTr), which operates the Delivery versus Payment Services for the Government Securities, with the Bangko Sentral Pillinas (BSP, the Philippine Central bank). The facility eliminates the need for the Operational Personnel to re-enter trade – related settlement instructions into a separates system. An Auto – Matching System. An Auto Matching System was also launched in November 2006, to complement the trading of Government Securities on Negotiated Dealing System. This system allows trading participants to enter live Bid and Offer order secretly into a Central Order Book.

- **Governance**

  In July 2006, the Philippine Dealing & Exchange Corporation (PDEx) was granted registration as a Self – regulatory (SRO) by the Securities & Exchange Commission (SEC) the Inter – Dealer Market. In November 2007, the SEC expanded the SRO registration of PDEx to cover the Inter – Professional Market.

FOREIGN EXCHANGE MARKET

The Bangko Sentral ng Philippine (BSP) maintains a floating exchange rate system. Exchange rates are determined on the basis of supply and demand in the foreign exchange market. In the Philippines, peso – dollar trading among Bankers Association of the Philippines (BAP) member banks and between these banks and the BSP member banks which participate in the peso- dollar trading use an electronic Platform called the Philippine.

The us dollar and Philippine peso legs of the PDS transactions are settled in a Payment versus payment (PvP) electronics systems for the local interbank spot and forward foreign exchange market. The PvP links two real time gross settlements system – the BSP's Philippine Payments and settlements systems (PhilPass) for the peso transaction and the Philippine Domestic dollar Transfer System (PDDTS) for dollar transaction with the Philippine Depository and Trust Corporation (PDTC) as designed clearing entity for the peso – dollar transactions of commercial banks under the BAP. The PDDTS is a local clearing and electronic communications system operated by the BAP, the Philippine Clearing Houses Corporations (PSSC) and Citibank, Manila. The PDDTS provides the banking industry with a facility to move US dollar funds from one Philippine bank to another on the same day without having to go through correspondents banks in the US.

The PDS has both on – line, real time and end of the day batch netting transfer capabilities with final settlement on the same day. This compares favorably with the most sophisticated domestic funds transfer system around the world in terms of flexibilities of delivery and settlement finality. Trading at the PDS starts at 9:00 am and ends at 4:00 pm. A lunch break is 12:00 am to 2:30 pm.

BANKING AND FINANCE IN THE PHILIPPINES

Banking and finance are two crucial systems in any country. All the management and supervision of national banking system is handled by the Central Bank (BSP) of the Philippines. Insurance Commission and the Securities and Exchange Commission are two commissions that manage nonbank financial intermediaries such as private insurance companies.

There are many banks in the Philippines Most of the biggest local banks are Metropolitan Bank and Trust (Metrobank), Bank of the Philippine Islands, Equitable-PCI Banking Corporation, Land Bank of the Philippines, Philippine National Bank, Development Bank of the Philippines, Rizal Commercial Banking Corporation, Banco de Oro, Allied Banking Corporation, and China Banking Corporation. They are determined biggest on basis of their size, expansion. They are working under specific standard and procedure and legal norms of the Philippines. The working procedure is done within particular management system.

An additional to that there are 32 other universal and commercial banks in the Philippines. Out of all the thirty two (32) banks, four of the banks are those banks in that government has power to handle and also control those banks. There is no any private player come in to that field. The four banks are: the **Land Bank of the Philippines**, **the Philippine National Bank, the Development Bank of the Philippines, and the Al-Amanah Islamic Bank.**

Moreover, in the Philippines the different banks are also organizing according to the special procedure. The banking sector contains **93** thrift banks and they follow in this particular field like **Savings and mortgage banks, Stock savings and loan associations, Private development banks, and Micro-finance institutions .**Another rural banks are available in Philippines .Their numbers are 771.The advantage is that the universal and commercial banks and the largest thrift banks have given permission and licenses so that these three banks are functioning under foreign-currency deposit units .So that by seeing these figures we conclude that Philippines banking sector is in a very good condition.

There are many foreign banks are in service. They are the banks which are in opposition to local banks .Also they are take active interest in investment banking, asset management, and foreign-exchange and derivatives trading. Although occurring Asian financial crisis in 1997–98, the banking sector’s situation was somewhat safe. After that in 2001 asset quality has enhanced so gradually it would come in to better condition. Another side In July 2005, nonperforming loans reduced into the single digits which would be recorded in to 9.3 percent. In October 2001 half the peak level is done 18.8 percent .So by seeing this little improvement, it create optimistic effect of the Special Purpose Vehicle Act of 2002. It is one of the act that is gave various allowances and incentives to financial institutions who provide certain funds to the investor and also give returns to them .This is helpful to diminish non-performing assets. The several movements are done in commercial banking. It is related to consolidation and reformation. So it has developed a growth structure in that.

In the Philippines people invest in the stock market is very less .Approximately less than 1 percentage is done. The Filipino investors normally choose the bond market because of safety is good and in that foreign investors do not have proper self-reliance in the stock market. The Philippine Composite Index (PHISIX) it contain 34 listed issues, in place of the country's most significant companies and PHISIX is one of the most vital and essential index. In Philippines the chief financial centers are situated in Manila city .Cebu is the place where the Philippine Stock Exchange is situated.

FINANCIAL MARKET OF INDIA

In India, Financial market have got essential place in the mind of the people. Commonly, there are two portion of financial market. Money market and capital market are the part of the financial market. Primary market is the market in which new securities are issued. Secondary market deals with securities which are previously issued.

PRIMARY MARKET

Primary market is the important part of security market. In this market, shares are issued for the first time. It is doing the movement from the listed company to the investors the person who has invested in the stock market. One procedure is applied in which the companies and the issuers who issue the stocks are obtaining capital by contributing their stocks to investors who bring the capital in the market. Primary market in which selling of new stock or bond issue, Companies, governments or public sector institutions can acquire fund .It is generally operated all the way through an association of securities dealers. The procedure of selling new issues to investors is known as underwriting process. First time offering of the securities is called Initial Public Offering [IPO]

SECONDARY MARKET

Secondary market deals with securities which are already exist in the market. Stock market plays a vital role in the secondary market. Secondary market in which investors can buy or sell securities which are listed on the stock exchange. Secondary market is highly liquid and transparent. It is the efficient platform for trading in securities. Secondary market comprises of equity market and debt market.

SECURITIES AND EXCHANGE BOARD OF INDIA - SEBI

SEBI Security and exchange board of India is the authoritarian organization for the investment market in India. The intention of forming of this board is to keep constant and competent markets. It is done by making new rules and regulation in the marketplace of India.

Government of India set up Security and Exchange Board of India (SEBI) in 1988.In that an executive resolution was passed and then after it was consequently get place like a fully autonomous body (a statutory Board) in the year 1992.It was done with the moving of the Securities and Exchange Board of India Act (SEBI Act) on 30th January 1992.This (SEBI) has got place instead of Government Control. A legal and independent authoritarian board has given clear tasks so that it is helpful to cover mutually expansion & directive of the market in that an self-governing authority has been established. In contradiction with this is a optimistic result of the Securities Scam of 1990-91 of SEBI.

The basic objectives of the Board were identified as

- The main purpose of SEBI is to defend the interests of investors who had done investment in the securities. This is the useful to support the stock and financial market of easily.
- The another important objective is to encourage the growth of Securities Market so that dealing with the security market is done easily and effectively as well as efficiently.
- It is helpful to control the securities market. This is helpful to support market easily and no any misuse of securities is done because there is a proper control and supervision is keep.
- There are contain certain matters related there or supplementary there to because there are various laws and norms related to the matters so it is formulated in a effective manner.

There are various measures named comprehensive regulatory measures which are launched by SEBI .It is according to the arranged listing norms, the eligibility limit, and the policy of obligations and the regulations of conduct. This is useful to for special intermediaries similar to, bankers to issue, merchant bankers, brokers and sub-brokers, registrars, portfolio managers, credit rating agencies, underwriters and others. The structure is framed according to the legal rules and regulations, risk identification and risk management systems for Clearing houses of stock exchanges, surveillance system etc. This is fruitful to dealing in securities and it is both secure and clear to the last investor.

INDIAN STOCK MARKET

Indian stock market is broad. It includes 22 stock exchanges in India. In the 1875 first Bombay Stock Exchange (BSE) started with official trading .It is the stock market which is one of the oldest markets in Asia. Before some times , there has been a quick variation is done in the Indian securities market, particularly in the secondary market .The stock market has became restructured and new due to highly developed technology and online-based transaction. In Indian capital market so many companies have In terms of the number of companies programmed and listed of whole market capitalization so that the Indian equity market became huge relation to the country's point of monetary advancement. In March 1990 the figure of listed companies are 5,968.And in May 1998 it became 10,000.So we can see the difference here and conclude that within 8 year the numbers of companies became double rate and market capitalization has developed approximately 11 times during the same period. Thus assumption about stock market is broader.

As above said in 1998, Board of India Security Exchange Board of India, a regulatory and autonomous body was set up in. Though the regulations were framed properly, troubles came nonstop .There are many problems like connecting to disclosure criteria, be deficient in of broker capital adequacy, and poor guideline of merchant bankers and underwriters. After that the Security Exchange Board of Indian Act has given permission of giving SEBI regulatory body in 1992. India has seen a fantastic modification in the secondary market for equity in the Indian stock market.

- **BOMBAY STOCK EXCHANGE**

There are two parts of stock market are done i.e. BSE and NSE. In that BSE stands for Bombay Stock Exchange. It is the one of the oldest market in the country as well as in Asia. It is situated at Dalal Street, Mumbai, in India. In the early hour's days, Bombay Stock Exchange was recognized as "**The Native Share & Stock Brokers Association."** The establishment of BSE is in the year 1875 and getting the position of first stock exchange in the whole country. It is formulated by the government. After that in 1956, Government of India has given everlasting acknowledgment to BSE below the Securities Contracts (Regulation) Act, 1956. In the olden days to till now, it acts a fundamental responsibility in the progress of the country's capital market of India. It has got popularity in the whole world and it's recognized as "**SENSEX"** The organization set up of the Bombay stock exchange is in 1875. There is something like 4,800 Indian companies have registered on the stock exchange. The positive result has got that is done with a important trading capacity. Another name is for the **BSE SENSEX** (**SENSETIVE INDEX**), is the **"BSE 30"**It is an extensively used market index in India and Asian stock market.

- **NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)**

Another part of the stock market is **NSE**. In the year of 1993 the **National Stock Exchange of India Ltd. (NSE)** established. It is one of the is the largest stock exchange in India and a favorite exchange system for doing equity trade and it is liability and derivatives instruments by investors in this stock exchange of NSE. There are approximately 850 trading members in National Stock Exchange and it is dealing in excess of 1000 equity shares and 2500 debt securities of that trading. Moreover, NSE has given traded in various derivatives products like index futures, index options, stock futures, stock options and interest rate futures. So, by seeing this figure that we can say that it is going very speedy increasing financial market of India. The numbers of stock exchanges are 23 of trading securities in NSE. So that here we conclude that the National Stock Exchange of India (NSE) is the leading and mainly superior exchange with 1016 companies listed and 726 trading members of it.

- **OVER THE COUNTER EXCHANGE OF INDIA (OTCEI)**

Over the counter exchange of India is important play very important part while trading in to the stock market**.** In 1990 below the Companies Act 1956, **OTCEI** was integrated in 1990. Unit Trust of India, Industrial Credit and Investment Corporation of India, Industrial Development Bank of India, SBI Capital Markets, Industrial Finance Corporation of India, General Insurance Corporation and its subsidiaries and Can Bank Financial Services shaped OTCEI which is the initial display based exchange in the whole nation.

COMPARISONS BETWEEN PHILIPPINES AND INDIAN FINANCIAL MARKET

	PHILIPPINES FINANCIAL MARKET		**INDIAN FINANCIAL MARKET**
1.	securities and exchange commission (SEC) is handle all regulation of Philippines financial Market.	**1.**	Securities and exchange board of India (SEBI) is handle all regulation of Indian financial Market.
2.	There are two portion of nationalized stock exchanges in Philippines like 1) Philippine Stock Exchange (PSE) 2) Philippine Dealing Exchange (PDEx)	**2.**	There are two nationalized stock exchanges in India like. 1) National stock exchange (NSE) 2) Bombay stock exchange (BSE)
3.	The usually Trading is start from 9:30 a.m. to 12:00 noon.	**3.**	The usually Trading is start from is 9:00 a.m. to 3:30 noon.
4.	There are 253 listed companies under the Philippine Stock Exchange.	**4.**	There are more than 9000 companies are listed on the Indian stock exchanges.
5.	Cycle of settlement is T+3 days in Philippine.	**5.**	Cycle of settlement T+2 days in India.
6.	The major index for PSE is the PSE Composite Index or PSEi It contains thirty (30) listed companies.	**6.**	The index of BSE is SENSEX. It contains 30 companies. The index of NSE is NIFTY .It contain 50 companies.
7.	The currency in Philippines is Peso.	**7.**	The currency in India is the Indian Rupee.

PART-2
MECHANICAL PARTS
AND
MACHINERY TOOLS
OF
PHILIPPINES

MEANING OF MACHINE TOOLS AND MECHANICAL PARTS

➢ MACHINE

A machine is a tool consisting of one or more parts that is constructed to achieve a particular goal. Machines are powered devices, usually mechanically, chemically, thermally or electrically powered and are frequently monitored.

➢ MACHINE TOOLS

A machine tool is a machine for shaping or machining metal or other rigid materials, usually by cutting, boring, grinding, shearing, or other form of deformation. Machine tools employ some sort of tool that does the cutting and shaping.

Examples of machine tools are broaching machines, drill press, gear shaper, hobbling machine, hone, lathe, screw machine, milling machine, sheet metal, saws, planer and grinding machine.

➢ MECHANICAL PARTS

Mechanical parts are widely used assembly of mechanical system. The broad range of mechanical parts include small bearing, timing pulleys, timing belts, moulds, dyes, seals, o-rings, ball joints, universal joints, ball transfer, plain balls, etc.

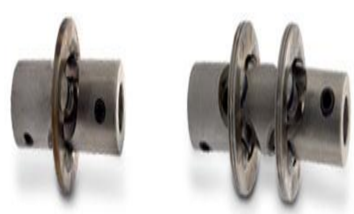
- **Casting**

- **Molding**

- **Bearings**

- **Ball screws**

- **Universal joints**



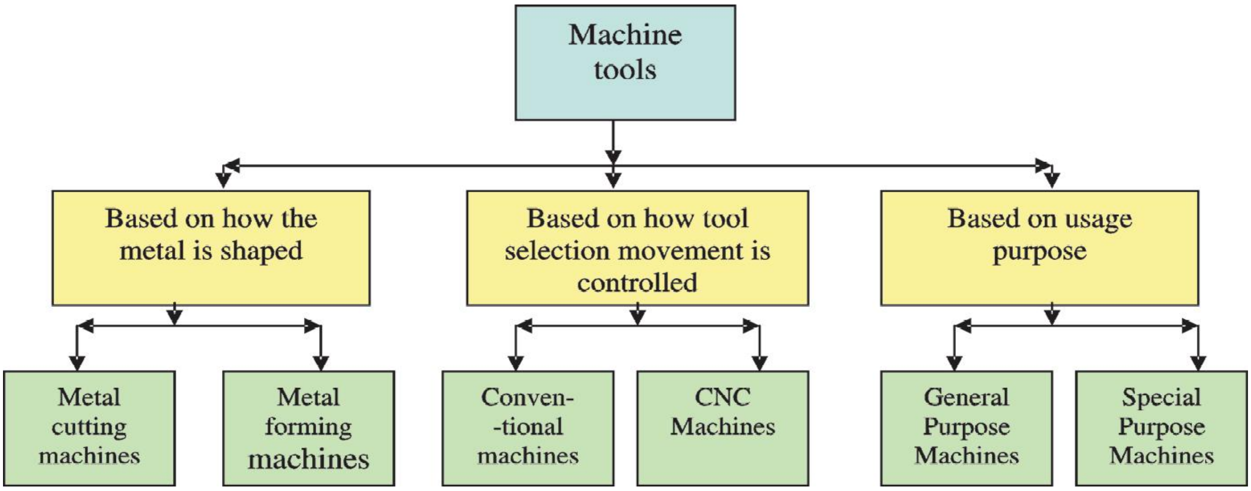
- **Gears**

- **Timing belts**

- **O-rings**

- **Electromechanical limit stops**

CLASSIFICATION OF MACHINE TOOLS SECTOR



TYPES OF MACHINE AND RELATED COMPONENTS

Classification	Machines
Simple machines	Including plane, wheel and axle, lever, pulley, wedge and screws
Mechanical components	Axle, bearing ,belts, buckets, fastener, gear, key, link chain, racks and pinion, roller chain, Rope, Seals, Spring, Wheel
Clock	Atomic clock, chronometer, pendulum clock Quartz clock
Compressors and Pumps	Archimedes screw, Educator-jet pumps, pups, Tromp, Vacuum pump.
Heat pump	Absorption refrigerator, Thermoelectric refrigerator, Regenerative cooling
Linkages	Panthograph, Cam, Peauceillier – Lip kin.
Turbine	Gas turbine, jet engine, steam turbine, Water turbine, wind generator, Wind mills.
Aerofoil	Sail, Wing, Rudder, flap, propeller
Electronic devices	Vacuum tube, Transistor, Semiconductor and computer
Robots	Actuator , Servo, Servomechanism, stepper motor, Computer
Miscellaneous	Vending machine, Wind tunnel, check weighting machine.

ECONOMIC OVERVIEW OF PHILIPPINE

The Philippine GDP grew by 3.71% in 2011 and despite current economic climate achieved a 1.6% year on year growth as of the 2^{nd} quarter of 2009. At the same time as external trade continued to suffer from the high Peso and strong oil prices, domestic demand is supported by investor support (bullish stock market) and customer support as well as significance level of remittance from the estimated 10 million overseas filling workers. Remittance level reached USD 17 billion in 2008 and has grown by 3% as of June 2009. In terms of trade, export make up about 34% of the Philippine's GDP.

Overseas companies see the Philippines are the best location for the call center and BPO operation. Opportunities exit particularly in the development of infrastructure projects including power, water, construction, oil and gas and environmental technologies. There are also opportunities in education and training, financial services, healthcare and consumer goods.

Philippines involved in the business of manufacture, supply and export. These companies deal with various items in the domain of agriculture, electrical accessories, consumer goods, energy, furniture, crafts, etc. These includes special offering of each of the companies so that buyers and sellers easily get the products of their choice. Being a developing country, Philippines have assembled the latest technology and equipments into its products and they have obtained position in the global market scenario. The buyers and sellers also get face to face with the global market conditions which enable them to get the best possible deal. With increasing demands and rise of several companies facilitating the trade leads and business offer for the buyers and sellers

In the Philippines, the metals and engineering industry involves a variety of prospectus and opportunities to transform metal into various downstream products that could be part of other industry and finished products. These products include the following: manufacture of metal products, electrical machinery and appliances, non electrical machineries such as those used for agriculture, metal working and other process machinery and transport equipment.

PHILLIPINE INDUSTRIES

Industrial production is centered on the processing and assembly operation of the following:

Food, beverage, tobacco, rubber and plastic products, textiles and textile products, clothing and footwear, leather products, pharmaceutical, paints, wood and wood products, paper and paper products, paintings and publishing, furniture and fixtures, small appliances and electronics .Newer industries particularly production of semiconductor and other intermediate goods for incorporation into consumer electronics are important components of Philippines export and are located in special export processing zones.

- **TOP 10 INDUSTRIES IN PHILIPPINES**

1) Agriculture – Coconuts, Corn, Rice, etc.
2) Labors / OFWs
3) Tourism – Balikbayans, Koreans, Americans, etc.
4) Local land development
5) BPOs – Call centers
6) Telecommunications – Smart, Globe, Sun, Nanox, etc.
7) Electronics – Texas Instruments, etc.
8) Mining
9) Furniture / Handicraft
10) Finished Foods – Jollibee, Chowking, Universal Robina, etc,

PHILLIPINE MACHINE TOOL INDUSTRIES

In Philippine, in the face of problems and need for support from both the government and private sectors, machine shop owners formed an association whereby they can collectively present their cases and communicate among themselves and the industry(metal fabricators) they hope to serve. The estimated membership of the association is approximately a thousand.

The import figures reveal the potential of the machine tools industries in the country in terms of growth and the valuables contribution to the economy, among which are:

1) Dollar savings presently estimated at 7.5 $ million annually.
2) Added employment
3) Technological growth
4) Use of local materials or serves as a substantial customer of the basic metal industry

SWOT ANALYSIS OF PHILIPPINES MACHINE TOOL INDUSTRY

➢ **Strength**

- Highly educated population
- Substantial foreign investment
- Location near key ports
- Strategic location in Asia
- Well developed infrastructure

➢ **Weaknesses**

- Scarcity of labor
- Disorganization of some sectors
- High cost of power
- Unclear policies labor and land ownership
- Lack of government funds to support industry initiatives
- Shortage of mechanical parts and machine tools
- Limited industry new entrants decaling manicuring base
- High cost of raw material

- **Opportunities**
  - Investments in new technology incubators
  - Establishment of free trade zones
  - Globalization
  - Providing adequate and competent training

- **Threats**
  - Labor migration and attrition
  - Shortage of technical expertise
  - Shortage of funds
  - Poor integration of research and development activities

REASONS BEHIND IMPORTING MECHANICAL PARTS AND MACHINE TOOLS FOR PHILIPPINE

The efforts of the country to industrialize will eventually result in an increasing demand for machine tools. As industrial plant grow and increase in number more specialized machine tools will be required for improved efficiency and profitability. The slow progress and growth of the machine tool industry in the country are due to the following:

- As per 2010 data, from the total import Philippine imported 7.00% parts and accessories, machines and mechanical appliances 1.6%, parts and accessories for tractor and vehicles 0.6%.

- Many inventors of the Philippine are forced to migrate to other country because they found better life there. Philippines do not recognize their ability there so entrepreneurial skill are less developed in Philippine.

- Insufficient technical competence of the machine operator and managements of the firms. Most of the machine operators are incapable of reading and interpreting technical drawing specifications. Proprietors/ managers come from the ranks and do not posses require managerial know-how.

- Insufficient knowledge of special characteristic of metal and corresponding applications of men in charge of operations.
- Insufficient financial resources.
- Lack of facilities for necessary product development and special treatment of metal.
- Lack of co-ordination with customers and suppliers.
- Insufficient information of market or demand which is needed d for efficient planning of operation.

TOP MACHINE TOOLS PRODUCTS IMPORTED BY PHILLIPINE

Products	Trade value [in thousand]	Share [%]	Growth [% , 5 year]
Mechanical machinery & parts	579 ,054	0.42	68.42
Parts for eclectic equipment	193,940	0.14	70.96
Parts for machine tools	84,806	0.06	57.2
Parts for forklifts, bulldozers & graders	71,359	0.05	39.35
Machinery parts	36,973	0.03	155.65
Machinery for material removal by lesser	34,040	0.02	43.99
Machine tool for forging	29,948	0.02	57.05
Machinery for sorting screening minerals	24,605	0.02	136.
Machinery for assembling electronic tubes	16,552	0.01	235.87
Machinery tools for honing and fining metals	13,475	0.01	-6.17
Machine tool for drilling	12,748	0.01	47.48
Calculating and account machine	12,470	0.01	-19.94
Machine for cleaning seeds	9,941	0.01	-27.25
Machine for working woods	9,189	0.01	84.73
Machine tools for shaping	8,720	0.01	-0.76
Machine for tobacco preparation	7,683	0.01	-58.08
Machine for testing material	5,738	0	-20.46

ECONOMY OF INDIA

There is an India economy is the 11th largest economy in the world economy as a result of GDP and it is the 3rd largest by purchasing power parity (PPP) in the world. The India is included in G-20 groups of major economies means groups of twenty finance minister and central bank governance and a member of BRICS. There is BRICK means group of five country like Brazil, Russia, India, china, and Korea. This is useful to manage sustainable and balance growing. In 2011, according to the IMF; the India's per capita income was stand at $3,694 & it shows that it is the 129th rank in the world.

In India liberalization is applies since 1991, at that time it moved the country towards a market-based economy. By 2008, India had proved itself as one of the world's fastest growing economies. Indian economy Growth is become slowed to 6.79% in 2008–09, but afterward it recovered to 7.4% in 2009–10, while during the same period the fiscal deficit rose from 5.9% to a high 6.5%. India economy's current account deficit surged to 4.1% of GDP during Q2 FY11 against 3.2% the earlier quarter. The unemployment rate is 9.8% at 2010-11 nationwide, according to the state Labor Bureau. As of 2011, India's public debt stood at 62.43% of GDP which is highest among the rising economies.

In India's GDP large service industry accounts contribute at 57.2%, while in the industrial and agricultural sectors contribute 28.6% and 14.6% respectively. Agriculture is the predominant occupation in Rural India, accounting for about 52% of employment. The service sector makes up a further 34% and sector around 14%. Though, data from a 2009–10 government survey, which used a smaller sample size than earlier surveys, suggested that the share of agriculture in employment had dropped to 45.5%.

Sector wise GDP growth rate in India for 2010- 2011

Sector	Indian GDP growth rate
manufacturing	9.8
Farming	4.4
Construction	8.8
Mining	8
Service	9.8

INDIAN MACHINE TOOLS INDUSTRY

Machine tool industry is a ‘strategic industry’ providing ‘mother machine’ to all sectors of the economy.

In India, it today meets the manufacturing requirement of the country’s automobile, consumer durables and consumer non- durables, capital goods or the electrical, electronic and automated industry. The Indian machine tool industry is a widely dispersed industry comprising unit of various sizes.

MECANICAL MACHINERY PARTS MANUFACTURES IN INDIA

Top cities	Companies
Ahmadabad	386
Mumbai	350
Kolkata	172
Jodhpur	167
Delhi	147
Bangalore	101
Ludhiana	99
Coimbatore	59
Baroda	58
Chennai	52
All listing of Mechanical Machinery & Part supplier in India	2418

Machine tool industry in India is concentrated primarily in Bangalore, Pune, Ludhiana, Ahmadabad, Baroda, Rajkot, Surendranagar and Chennai. Bangalore is considered as the hub for the Indian machine tool industry. The Indian machine tool industry manufactures almost the complete range of metal cutting and metal forming machine tools and special purpose machines. The product comprises conventional machine tools as well as Computer Numerically Controlled (CNC) machines and special purpose machine likes robotics handling system and Total Productivity Management (TPM) friendly machines.

HISTORICAL TRENDS OF INDIAN MACHINE TOOLS INDUSTRY

The machine tools industry India dates back to the Second World War. Due to non-accessibility of imported machine tools, a few British owned general engineering firms took up their manufacture in India. This was followed by the start of industrialization in a series of five year plans. The practice of planning in the economy resulted in a second phase of machine tools manufacturing with public sector investment in machine tools HMT Ltd. 1953. These two phases of growth of the Indian machine tools industry saw the production of general purpose machine tools most of which were produced under technical assistance from foreign collaborators**.**

CURRENT STATUS OF MACHINE TOOLS INDUSTRY IN INDIA

The Indian machine tools industry comprises 450 units spread all over the country. Of these, only about 200 can be considered as organized sectors units with annual turnover of more than RS.2 corer. The Indian machine tools industry manufactures approximately the complete range of metal-cutting and metal tools. Indian machine tools industry provides customized products, the product from the Indian basket comprise conventional machine tools as well as computer numerically controlled (CNC) machines. CNC segments could the driver of growth for machinery tools industry in India. The Indian machine tool industry has grown at over 35% p.a. during the last five years.

STRUCTURE OF THE SECTOR

The surveyed of this sector provides the information that 43% percent private limited companies, 41percent public limited, 16 percent partnership firms, 10% proprietary firms. This industry is highly segmented in terms of value and ownership pattern. This is mainly because of low technology barriers in some segments of the machine tools industry. The percentage of companies in the small scale industry is the highest in this sector the capital goods industry.

INDIAN MACHINE TOOLS INDUSTRY SWOT ANALYSIS

- **STRENGTH**
  - Skilled worker are easily available
  - Low cost production of machinery parts.

- Availability of basic raw material.
- Wide range of products
- Strong industry association
- Business expertise
- Technical base in diverse field

- **WEAKNESS**
  - Very low volumes
  - Less focus on exports
  - Poor process capability
  - They do not have proper vision like technical, global, and low goals
  - Lack of focus on core competency
  - Weak in technological innovation
  - Lack of co-operation among machine tools manufacture

- **OPPORTUNITY**
  - Liberalized economy making "Make or buy decision" easier
  - Low cost of manufacturing base-enabling strategic alliances
  - Liberalization
  - Large and growing domestic market in areas such as consumer
  - Durables, automotive components and accessories

- **THREATS**
  - Competition from international players manufacturing in India.
  - Emerging new machine tools manufacturing countries-china, Taiwan and Korea.
  - Privatization of machine tools producing public sector under taking

NUMBER OF MACHINE TOOLS COMPANIES IN INDIA

Mechanical Components & Parts	No. companies	Mechanical Components & Parts	No. companies

Bearings & Bearing Assemblies	**7800**	Gears, Gear Boxes, Gear Shafts, Parts & Related Products	**8651**
Clutches, Bell Housings & Clutch Assemblies	**2012**	Hydraulic & Pneumatic Equipment	**7099**
Die Casting, Sand Casting, Investment Casting & Other Castings	**6507**	Hydraulic Cylinders, Pumps & Power Packs	**2161**
Dies, Jigs & Molds	**10893**	Metal Molding, Plastic Molding & Other Molding Services	**1661**
Forgings, Metal Forgings & Die Forgings & Forged Components	**2852**	Nuts & Bolts, Nails, Screws and Pins	**16409**
Gaskets, Gasket Seals & Allied Products	**2943**	Pumps & Pumping Equipment	**14518**
Seals, Oil Seals, Rubber Seals & O-rings	**3468**	Springs: Air Springs, Torsion Springs, Compression Springs & Coil Springs	**2748**
Sheet Metal Components & Turned Components	**11562**	Valves & Valve Fittings	**11506**
Shock Absorbers & Shockers	**396**		

CHARACTERISTIC OF INDIAN MACHINE TOOLS INDUSTRY

- Inputs raw materials use are mainly local/domestic origin.
- Labor is highly cost competitive.
- It suffers from low technological competitiveness.

- High incidents of indirect taxations (excise duties, octroi duties, entry tax) central sales tax, sales tax, service tax etc. as compared to other nations.

- Public sector enterprises have dominance in heavy engineering, machine tools, boiler manufacturing. On the other hand, private firms prevail in industrial machinery segments such as cement, sugar and most other non electrical machinery.

- Presence of large width of products, with almost all major capital goods manufactured locally.

BENEFITS OF MANUFACTURING MACHINE TOOLS IN INDIA

- A majority of machine tool manufacturers have ISO certification. The industry employs workforce totaling approximately 30000 engineers, managers and other skilled personnel.

- The growth of Indian machine tool industry has an immense bearing on the entire economy, especially indie’s manufacturing industries.

- The machine tool industry is important for development of countries strategic segment such as railway space and atomic energy.

- India ranks 19^{th} in production and 16^{th} in consumption of machine tools in the world.

- The Indian machine tools have high export potential. There is a good demand for lather, grinding machine, machining centers, and presses, broaching and threading machines.

- Because of the higher population in India, the laborers for manufacturing machine tools are available easily at cheaper rate

NATIONAL PROGRAMME FOR DEVELOPMENT OF MACHINE TOOL INDUSTRY

Following this recommendation, at the instance of the industry, a National Program for Development of Indian Machine Tool Industry (NPDMI) was launched in December 2002, as a cooperative effort of UNIDO, Government of India, Export import Bank and IMTMA (Indian Machine Tools Manufacturers Association).

The objectives of this program include

- Strengthening the competitive position of the Indian machine tool Industry in the global market;
- Strengthening the technological and market development capacity of players of the industry; and
- To achieve high growth in CNC machine tool production, ushering in an era of ecommerce in machine tool trade, and establishing 'Made in India' label in machine tools

TRADE OFFS BETWEEN INDIA AND PHILIPPINE

The trade of between India and Philippines was worth us$ 823.69 million in 2007-08. In April- December 2008-09, India exported goods worth US$574.22 million to Philippines.

- **BILATERAL MERCHANDISE TRADE BETWEEN INDIA AND PHILIPPINE (VALUE IN US$ MILLION)**

YEAR	TOTAL TRADE	EXPORT TO INDIA	IMPORTS FROM INDIA	BALANCE OF TRADE
2005	430.41	86.12	344.29	258.17
2006	519.68	120.30	399.55	279.42
2007	735.58	243.97	491.61	247.64
2008	808.50	193.35	615.15	421.80
2009	702.51	200.30	502.21	301.91
2010	865.12	380.39	484.73	104.34

India and the Philippines signed a trade agreement in 1979. Growth of this bilateral trade between the India and Philippines had been slow till the late 90s, but has picked up in the last few years. Balance of this trade has been heavily in favor of India. Trade however still below its' potential. However, the visit by the Indian president in February 2006 and then the Indian prime minister visit in January 2007 to the Philippines and later by the Philippines president to India October2007, have acted as a incentive to bilateral trade and investment links. Now in 2009-10 bilateral trade between two countries is US$ 1061.84 million of which US$ 748.77 million from Indian exports to the Philippines and US$ 313.07 million is the component of India's imports from the Philippines.

EXPORT IMPORT TRADE BETWEEN INDIA & PHILIPPINES

- **Philippines import from India at 2009-10**
  - Edible meat offal and meat
  - Iron and steel
  - Tramway rolling stock or vehicles other than railways, and parts and accessories thereof.
  - Olea and oil seed, Fruits; Music. Grains, seeds and fruits; industrial and medical plants; straw and fodder.
  - Rubber and article thereof.
  - Pharmaceutical products
  - Electrical machineries, equipment and parts thereof; sound recorder and reproducers, television images and parts.
  - Boiler, Nuclear reactors, machinery and mechanical appliances; parts thereof.
  - Plastic and articles thereof.
  - Organic chemicals

- **Philippines exports to India at 2009-10**
  - Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers and parts.
  - Mineral fuels, mineral oil and products of their distillation; bituminous substances; mineral waxes.
  - Paper and paper board; articles of paper pulp, of paper or of paperboard.
  - Nuclear reactors, Boiler, Machinery and Mechanical appliances; parts thereof.

- Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.
- Optical, photographic, cinematographic measuring, checking precision, medical or surgical inst. And apparatus parts and accessories thereof;
- Ores, slag and ash.
- Sulphur, salt, earths and stone; plastering materials, lime and cement.
- Iron and steel organic chemicals.

TRADE BENEFITS BETWEEN INDIA AND PHILIPPINES

INDIA	PHILIPPINES
Employment opportunity is generated	At low cost they can easily get machinery parts
Foreign exchange benefits	Machine tools sector can be developed
Economic development	Trade relation can be developed
Increase in GDP rate	Labor migration is reduced
Cheaper labor cost	Efficiency can be developed in machine tools sector
Strategic development such as railway sector and atomic energy also be develop	Overall growth of capital goods industry of Philippines

CONCLUSION

The efforts of the Philippines to industrialize will eventually result in an increasing demand for machine tools. As per 2010 data, from the total import Philippine imported 7.00% parts and accessories, machines and mechanical appliances 1.6%, parts and accessories for tractor and vehicles 0.6%. Insufficient knowledge of special characteristic of metal and corresponding applications of men in charge of operations leads to increasing demand for machine tools in Philippines. Insufficient financial resources are the main reasons behind scarcity of machine tools in Philippines.

India has Skilled worker are easily available for manufacturing machine tools and mechanical parts. There is also Low cost production of machinery parts in India. Technical base in diverse field for research and development are also available in India.

Philippines has the opportunity to Investments in new technology incubators for machine tool sectors. Establishment of free trade zones, Opportunities for Globalization, and providing adequate and competent training will increase the efficiency and effectiveness in machine tools sectors in Philippines

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“FAMILY BUSINESS AND SOCIAL PROBLEM IN PHILIPPINES”

&

“TEXTILE AND YARN INDUSTRY IN PHILIPPINES AND IN INDIA”

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PART-1

FAMILY BUSINESS AND SOCIAL PROBLEM IN PHILIPPINES

1.1 DEMOGRAPHICS

Population in Philippines increased from 1990 to 2008 with 28 million with 45% growth. As of 2011, the Philippines has become the world's 12th most populous nation, with a population of over 94 million. It is estimated that half of the population resides on the island of Luzon. The population growth rate between 1995 to 2000 of 3.21% decreased to an estimated 1.95% for the 2005 to 2010 period, but remains a controversial issue.

Ethnicity

According to the 2000 census 28.1% of Filipinos are Tagalog, 13.1% Cebuano, 9% Ilocano, 7.6% Bisaya/Binisaya, 7.5% Hiligaynon, 6% Bikol, 3.4% Waray, and 25.3% are classified as other. Filipinos generally belong to several Asian ethnic groups classified linguistically as part of the Austronesian or Malayo-Polynesian speaking people. Eventually Chinese, Spanish, and American arrivals intermarried with the various indigenous ethnic groups that had evolved.

Cities

Metro Manila is the most populous of the twelve defined metropolitan areas in the Philippines and the 11th most populous in the world. As of the 2007 census, it had a population of 11,553,427, comprising 13% of the national population. Including suburbs in the adjacent provinces (Bulacan, Cavite, Laguna, and Rizal) of Greater Manila, the population is around 21 million.

Metro Manila's gross regional product is estimated as of July 2009 to be 468.4 billion (at constant 1985 prices) and accounts for 33% of the nation's GDP. In 2008, it ranked as the 40th wealthiest urban agglomeration in the world and the 2nd in Southeast Asia, according to PricewaterhouseCoopers. Davao City and Cagayan de Oro in Mindanao and Cebu City in the Visayas are other important urban centers.

Language

Ethnologies lists 175 individual languages in the Philippines, 171 of which are living languages while 4 no longer have any known speakers. They are part of the Borneo–Philippines group of the Malayo-Polynesian languages, which is itself a branch of the Austronesian language family.

Other languages such as Aklanon, Boholano, Chavacano, Zamboangueño, Cuyonon, Ifugao, Itbayat, Ivatan, Kalinga, Kamayo, Kankana-ey, Kinaray-a, Maguindanao, Maranao, Masbatenyo, Romblomanon, Surigaonon, Tausug, Yakan, and several Visayan languages are prevalent in their respective provinces.

Religion

More than 90% of the population are Christians: about 80% belong to the Roman Catholic Church while 10% belong to other Christian denominations, such as the Iglesia ni Cristo, the Philippine Independent Church, the Seventh-day Adventist Church, United Church of Christ in the Philippines, and Jehovah's Witnesses

COUNTRY COPARISON

	INDIA	**PHILIPPINES**
Population	1198003000	92337852
Area	3287240 km(1269210 sq mi)	299764km (115831 sq mi)
Population	364.4/km (943.9 sq mi)	308.0 /km (797.2 / sq mi)
Density capital	New Delhi	Manila
Largest city	Mumbai-13922125	Quezon city -2679450
Government	Federal republic and parliamentary democracy	Presidential (republic)
Official Languages	English and Hindi	Filipino Language
GDP (nominal)	$1.54trillion ($1116 percapita)	$216096 billion ($ 2255 per capita)
HDI	0.609	0.644

1.2 ECONOMIC OVERVIEW OF THE COUNTRY

The national economy of the Philippines is the 45th largest in the world, with an estimated 2011 gross domestic product (nominal) of $216 billion. Primary exports include semiconductors and electronic products, transport equipment, garments, copper products, petroleum products, coconut oil, and fruits. Major trading partners include the United States, Japan, China, Singapore, South Korea, the Netherlands, Hong Kong, Germany, Taiwan, and Thailand Its unit of currency is the Philippine peso (₱ or PHP).

The Philippines economy is changing from agricultural based to services and manufacturing. the total labour force of the country is about 38 million. Agricultural sector employs 32% people and contributes 14% in the GDP. The industrial sector employs around 13.7% of the workforce and accounts for 30% of GDP. The services sector includes 46.5% of workers and contributes 56.2% of GDP.

The unemployment rate was 7.6% in july 2009. The inflation was 0.70% in September 2009. In July 2011 Gross international reserves are $75.174 billion.

The GDP and per capita income are estimated $213.129 billion and $2,223, respectively.

Overview of industries trade and commerce/ international relation

The Philippines' international relations are based on trade with other countries and the well-being of the 11 million overseas Filipinos living outside the country.

Philippines is the founding and active member of the United Nations. the country is also a founding and active member of ASEAN (Association of Southeast Asian Nations), an organization designed to strengthen relations and promote economic and cultural growth among states in the Southeast Asian region.

Country has positive relation with other countries. It has good relations with Western and European and other developing countries due to shared democratic values.

1.3FAMILY BUSINESS IN PHILIPPINES

Working practices in the Philippines

Generally, foreign business people are expected to be on time for all appointments. You may find however, that your Filipino colleagues are more relaxed about time and are less punctual when arriving for meetings.
Business appointments should be made a few weeks prior to your arrival in the Philippines and are often scheduled for the mid morning or the afternoon. It is recommended that you call ahead the day before to confirm the appointment.

Structure and hierarchy in Philippine companies

There exists a strong sense of hierarchy within most Philippine business organizations, where different levels of subordinates and business protocol need to be negotiated until the final decision maker is reached.

Generally, when conducting a business meeting in the Philippines, the seating arrangements will reflect the order of hierarchy within the company. By observing where each person sits you will be able to determine who the key associates are in the organization.

Working relationships in the Philippines

Mutual respect and reputation are vital components in establishing successful business relationships in the Philippines. As a result, age and status require a high level of respect and this should be taken into consideration when choosing your own representatives in the Philippines.

Working relationships in the Philippines can often reflect the structure of the Philippine family, a prevailing influence in Philippine culture. In this respect, the boss plays a rather paternalistic role, creating a hierarchical management style.

Business practices in the Philippines
Doing business in the Philippines is a highly personalized affair and often requires a personal introduction by a mutual friend or business associate in order to carry out initial negotiations. An intermediary can help you to establish solid business relationships and ensure that you

reach the key decision-maker. To a Filipino, a successful business relationship is based on human interaction, personal contact and establishing trust.

In Philippine business culture, a friendly and informal handshake is the standard form of greeting. It is common for both men and women to shake hands with everyone present, upon arrival and when saying goodbye. Filipinos may use a little more contact when shaking hands, a pat on the side of the arm for example, and should be considered as a gesture of friendship.

When meeting your Filipino business associates for the first time, it is appropriate to address them with their title and family name. Filipinos are status conscious; therefore the use of formal titles is an important means of showing respect. People without a professional title should be addressed with courtesy titles such as “Mr”, “Mrs”, or “Miss”, followed by their surname. You should avoid using someone’s given name unless you have known them for a long period of time, or until they invite you to be more informal

1.4 THE PHILIPPINES BUSINESS ETIQUETTE (DO’S AND DON’TS)

- DO avoid direct and continuous eye-contact during business conversations, since staring is generally considered to be rude and confrontational.

- DO engage in light conversation with your Filipino business colleagues either before and/or after the meeting, since establishing a cordial personal relationship is very important in Philippine business culture. This may involve being asked rather personal questions regarding your marital status, income, religion, and other sensitive subjects.

- DO dress in an appropriate manner when doing business with your Filipino.

- Counterparts. Both men and women should dress conservatively and with a certain degree of formality. A vital part of gaining respect and being successful depends on you dressing well and taking pride in your appearance.

- DON’T be surprised if business negotiations take longer than anticipated. The pace of doing business in the Philippines is slow and the decision-making process tends to be detailed and protracted.

- DON’T underestimate the influence of the family unit and the affect it often has on business. Nepotism exists in some Philippine business organizations and certain preferences are often made as a result of this.

- DON’T raise your voice or interrupt while your Filipino business colleagues are talking, since this is usually considered offensive and shows a lack of respect.

1.5 SOCIAL ISSUES IN PHILIPPINES

Falling Income

The Philippine GDP per capita shrank to US$990 in 2000 from US$1,129 in 1997 while the GNP per capita contracted to US$1,033 from US$1,197. This was a result of the Asian financial crisis, which caught up with the Philippines in1998.

After expanding 5.2 percent in 1997, the country's GDP backpedaled by 0.5 percent in 1998. It grew by only 3.4 percent in 1999 and 4 percent in 2000. With a high population growth rate of 2.3 percent annually, economic growth in 1999 and 2000 did little to improve the real per capita income of Filipinos.

Peso Drops 14 Times vs. US Dollar

According to Senator Ralph Recto, the country's per capita income has barely grown in the past 21 years. He said that the per capita income of P12, 913 in 2001 is only P318 higher than P12, 595 in 1980. "In today's pesos, the P318 increase in 21 years amounts to nothing at all." he said. Senator Recto also noted that the value of the peso has depreciated by as much as 1,373 percent against the dollar since 1960.

The Poor and the Rich

In its 2000 survey of family income and expenditure, the NSO said that the average income of the population's 10th decile, representing the richest 10 percent of the Filipinos, was 14 times higher than the average earnings of the first decile, representing the poorest 10 percent. Each decile was representing about 8 million Filipinos.

Unequal Regional Development

The Asian Development Bank (ADB) reported that Metro Manila's per capita gross regional domestic product (GRDP) in 2000 was more than twice that of the national average and more than five times that of Bicol region.

Data from the National Statistical Coordination Board (NSCB) showed that 11 of the country's 16 regions had a poverty incidence of over 30 percent as of 2000. The five other regions with lower poverty levels are all located in Luzon. The NSCB placed the poverty incidence in the country (the proportion of families with per capita incomes below the poverty threshold) at 28.4 percent in 2000, up from 28.1 percent in 1997. In terms of population, poverty incidence was estimated at 34 percent in 2000, also up from 33 percent in 1997.

The NSCB data showed that in 2000, the National Capital Region or Metro Manila had the lowest poverty incidence of 5.7 percent among families. It was followed by four other regions in Luzon, with Region 3 (Central Luzon) registering a poverty incidence of 17 percent; Region 4 (Southern Tagalog), 20.8 percent; Region 2 (Cagayan Valley), 24.8 percent; and Region 1 (Ilocos), 29.6percent.

Two regions in Luzon - Region 5 (Bicol), the southernmost region in Luzon, and the Cordillera Administrative Region (CAR) - had a poverty incidence of over 30 percent. About 49 percent of families in Bicol were suffering from poverty while 31.1 percent of families in CAR were also in the same category.

1.6 GENERAL SOCIAL PROBLEMS

16 Percent Experiences Hunger

A survey conducted by Social Weather Stations (SWS) in March 2001 showed that 16.1 percent of its respondents had experienced hunger at least once in the last three months.

About 6 percent of the households surveyed also claimed that they were experiencing hunger often or always.

4 Million Children, Working

So critical was the poverty incidence in the country that many Filipino children had to find work in 2001. According to the NSO, 4 million out of the total 25 million Filipino children were working during the survey period from October 1, 2000 to September 30, 2001.

2.8 Million Illiterate Filipinos

According to the Functional Literacy Education and Mass Media Survey (FLEMMS) conducted in 2001, about 2.8 million Filipinos could not read and write while 7.4 million others are functionally illiterate. Functional illiteracy refers to the inability of a person to use his skills in reading, writing and counting to improve his life.

10.8 Million Unemployed, Underemployed

The Department of Labor and Employment (DOLE) said that as of April 2002, there were 4.866 million unemployed Filipinos accounting for 13.9 percent of the total labor force estimated at 35.052 million workers. About 5.922 million others or 19.6 percent of the labor force were also underemployed, meaning they had no regular sources of income.

26 Percent of College Graduates Unemployed

A study commissioned by the Trade Union Congress of the Philippines (TUCP) in 2002 showed that 26.2 percent of college graduates aged 24 years old and below were unemployed. In comparison, only 13.6 percent of high school graduates and 9.1 percent of elementary dropouts were unemployed during the same period.

1.7 CRIME PROFILE

37,254 Index Crimes

Some 37,254 index crimes were reported to the police in the year 2000 alone. The police claimed to have solved 32,445 or 87 percent of these cases. Index crimes refer to crimes committed against lives and properties.

2 Million Unlicensed Guns

Around 2 million unlicensed guns were circulating in the Philippines on top of the 775,000 legally registered firearms. The figures were disclosed during the "Regional Seminar on Implementing the UN Program of Action on Small Arms and Light Weapons" which was held in Quezon City in July 2002.

A statement issued during the seminar also claimed that the 2 million unlicensed firearms and light weapons, including pistols, rifles, machine guns, grenade launchers and shoulder-fired missiles, were responsible for the death of four million people in 46 major conflicts in the country in the 1990s.

President Gloria Macapagal-Arroyo has ordered the national police to intensify the campaign against loose firearms. Reports said there are about 328,329 loose firearms nationwide. In 2002, the national police confiscated 7,633 loose firearms. The Department of Interior and Local Government said that of the 12,000 firearms used in crimes in 2002, more than 10,000 of which were unlicensed.

37,254 index crimes

37254 index crimes were reported in 2000. The police have claimed to solve 32,445 or 87 percent of these cases. Index creimes is known as crimes against lives and properties.

P 1.25 Billion Ransom

The Citizens Action against Crime, a NGO, has said that around 2,100 people, many of them Filipino-Chinese businessmen, in1993 to 2002, have become victims of hijack-for-ransom gangs in the Philippines and paid money amounting to about P1.25 billion. They stated that in 2002 alone there were ransom of p211 million. News reports said that kidnap-for-ransom syndicates victimized over 240 individuals, also 20 foreigners in 2001. In the 2002, another80 individuals where 30 foreigners are there have became victims of kidnapping. Manila base publication has announced the philipines as kidnap capital.

1,877 Cars Stolen

The Philippine National Police (PNP) has reported that a total of 1,877 car theft cases in 2000.

Police data showed that a total of 2,219 vehicles were reported stolen in Metro Manila in 2002. It conclude that 6^{th} car has been stolen each day and 185 cars per month in 2002.

8 rape cases per day

3145 rape cases were noted in the country in 2011.that means 8 rape cases per day. The figure only covers rape incidents reported to the police.5735 murder cases and 4079 homicide reports were noted in 2001.

5185 cases of child sex

Social Welfare and Development announced that, there is 5185 child sex crimes have been reported in the country in 2000. 3,980 cases in 2001 these crimes were rape, incest, and acts of lasciviousness.

143 Escapees

Jail bureau has reported that 143 jail escapes has accurred in 2000. 89 out of them were recaptured.

25,000 Inmates

In 2002, there were 25002 inmates, of which 16134 are at new bilibid prision and there is only capacity of 8700.

314 Political Prisoners

In December 2002, the National Bilibid Prison in Muntinlupa was reporting that there were 314 politician prisons.

239 Dismissed Cops in 2002

In the campaign against erring policemen, the national police reported that 239 commissioned and non commissioned policemen were dismissed from the service. 4,447 policemen who were charged administratively for various offenses in 2002. The national police were motivating the public to report the crime by sms to 2920.

P300 Billion Illegal Drug Industry

According to Interior and Local Government Secretary Joey Lina, the crime syndicates produce and trade P300-billion worth of illegal drugs in the country annually. The Dangerous Drugs Board also disclosed that some 1.8 million Filipinos are hooked on illegal drugs while 1.6 million others are casual users.

1.8 Million Drug Users

According to the International Narcotics Control Board, the use of methamphetamine hydrochloride or shabu has become "the most popular drug of abuse" in the Philippines. The Anti-Narcotics Group of the Philippine National Police disclosed that around 1.8 million of the 80 million Filipinos were regular drug users.

The agency also disclosed that about 70 percent of marijuana supply in the world might be coming from the Cordillera region in northern Luzon. It claimed that marijuana fields have been found among the 300,000 hectares of Cordillera farmlands in the past. In 1999, the police conducted 7,956 raids and arrested 11,004 individuals on drug-related cases.

The Cost of Air Pollution

The World Bank has reported that air pollution in the Philippines results in a yearly loss of US$1.5 billion in medical treatment, lost wages, low productivity and deaths that severely impact the Filipinos' quality of life. The World Bank report also said that air pollution results in 2,000 deaths each year and causes US$1.5 billion in lost wages, medical treatment in the four metropolis of Baguio, Manila, Cebu and Davao The World Bank also said that the country needs US$500 million (P25 billion) to implement the Clean Air Act of 1999 over the next 10 years.

In its Philippines Environment Monitor 2002, the World Bank said the government spends US$400 million in health cost as a result of air pollution in four urban centers alone, namely: Metro Manila, Cebu, Davao and Baguio where about a quarter of the population lives. Such a health cost is said to be 0.6 percent of the country's gross national product.

The World Bank cited a 2001 survey showing that more than 72 percent of Metro Manila's residents were alarmed by air pollution and 73 percent said they were not aware that the government was doing anything to address it. The World Bank said air pollutants such as ozone and nitrogen oxides continue to spread.

In its study, the World Bank said fine particle emissions result in about 2,000 premature deaths and 9,000 cases of chronic bronchitis in the country's four largest urban areas annually. These emissions of pollutants were largely blamed on public buses, jeepneys, utility vehicles, trucks and motorcycles that continue to emit visible smoke despite the government's anti-smoke belching campaign. As of 2001, there were 3.9 million land vehicles in the country.

22 Million Filipinos Exposed to Tuberculosis

A World Bank report in 2002 said that around 22 million Filipinos were exposed to tuberculosis. Nearly 740 Filipinos are afflicted with tuberculosis, while 68 die of the disease each day. The report added that Filipinos spend a total of P160 billion to cure the disease each year.

578 AIDS Cases

The Department of Health has recorded 1,761 HIV-positive cases and 578 AIDS cases from January 1984 to September 2002. Most of these cases involved persons aged 20 to 39 years old. However, the US Central Intelligence Agency said that there were about 28,000 Filipinos infected with HIV or AIDS and that 1,200 of died in 1999 alone.

P30 Trillion for Reforestation

In January 2003, a study by the Green Tropics International (GTI) claimed that the Philippines would need P30 trillion to reforest country's denuded mountains in over 85 years.

2.7 Trips by Metro Manilas Each Day

Studies made by the Traffic and Engineering Center (TEC) of the Department of Public Works and Highways (DPWH) showed that as of 2002, Metro Manilas were making an average of 2.7 trips individually and 12 million trips collectively each day. Before this, a study by Japan International Cooperation Agency (JICA) in 1999 showed that the Philippines was losing some P140 billion annually to traffic congestion. It said the national economy was directly losing P40 billion in the forms of gasoline and diesel fuel, man-hours, electricity, salaries of traffic aides and increased expenses for mobile phones. Indirectly, the country was losing P100 billion in the forms of lost business opportunities, depreciated value of real property and increased cause of health care due to air pollution.

Cost of Traffic Problem: US$3.6 Billion

The San Francisco-based Filipinas Magazine reported that traffic congestion costs the Philippine economy some US$3.6 billion annually. Citing a government study, the magazine said the traffic problem, particularly in Metro Manila, results in a US$1 billion loss to wasted gasoline and electricity, man-hours and hiring of traffic aides; and US$2.6 billion to missed business opportunities, reduced sales and investment disincentives. The study added that total loss would exceed US$36 billion in ten years. It noted that the average speed of a vehicle has slowed to 12.6 kilometers per hour today from 18 kilometers per hour ten years ago.

World's 4th Most Accident-Prone Country

According to the International Red Cross and Red Crescent Societies, the Philippines were the fourth most accident prone country in the world. The two institutions arrived at this conclusion after finding out that some 5,809,986 Filipinos were killed or injured as a result of disasters or man-made calamities over a ten-year period (1992-2001). Ahead of the Philippines in the accident list were China, India and Iran.

PART-2

TEXTILE AND YARN INDUSTRY IN PHILIPPINES AND IN INDIA

2.1 TEXTILE INDUSTRY IN PHILIPPINES

The Philippines garments and textile industry started from a cottage-type industry in the early ‘50s. From then, it has extended, strongly positioning itself as the country’s leading non-traditional export. FromUS$36 million worth of garments and textiles exported in 1970, it has grown-up massively, reaching its first billion dollar in year 1987. The Philippines government and the private sector undertook aggressive joint marketing efforts that helped carry on the industry’s performance through the ‘90s despite the Asian crisis. In year 2000, the industry breached the three billion dollar mark.

Importance of the Industry to the Philippine Economy

The industry remains Philippines’ second biggest dollar earner, next to electronics. As of 2001, Philippines have exported garments and textiles to 110 countries, with some 200 manufacturers, 240 traders and 1,150 subcontractors contributing to the industry’s performance.

Philippines-made clothes have penetrated the high-end market and have been proudly displayed in impressive department stores and retail outlets all over the world. The buyer profile of the industry has already shifted from “importers/mass retailers” to “brand holders” like GAP, Old Navy, Ann Taylor, Liz Claiborne and Polo Ralph Lauren.

The Philippines is the first Asian country to realize social responsibility in manufacturing. This is being made sure through the Garments and Textiles Export Board (GTEB)’s Reaccreditation Program. Under this program, garment exporters are mandated to follow internationally accepted social and labor standards in manufacturing to meet the demands of the market for “clean clothes” (free from child labor, booms in humane and ethical work conditions, allow freedom of association, etc.).

The Philippines has a highly skilled labor force. The Filipino workers are able of making garments with complicated styles and involved embroideries and designs, which are at par with the world’s best. There is a continuous streamlining of export and import procedures designed to improve the speed-to-market capability of manufacturers. Effective September

15, 2002, the “paperless visa” thru the Electronic Visa in order System (ELVIS) has been implemented. The quota allocation system has been enhanced thru computerization and reformation of quota rules and procedures.

Since the enhanced system allows minimal human intervention and discretion, it provides increased transparency and predictability. Industrial relations are no longer an issue and labor problems have been considered minimal in the industry. Leading Philippine garments and textile firms have been integrated. They manufacture good denims, twills and yarns for their own use and to supply other exporters.

2.2 DEVELOPMENT OF THE GARMENTS AND TEXTILE INDUSTRY

The Philippine garment industry is one of the country’s successful industry. Starting as a Cottage-type industry in early 1950s, it has expanded and strongly placed itself as the Country’s important non-traditional export. US$36 million worth of garments and textiles Exported in 1970 and it has grown vastly, reaching its first billion dollar in 1987. The Philippine government and the private sector undertook insistent joint marketing efforts that helped sustain the industry’s performance through the 1990s even though the Asian disaster. In 2000, the industry achieved the three billion dollar mark.

The industry remains the Philippines’ second biggest dollar earner after the Electronics and semiconductor, contributing for 6.23 percent of total exports in the first quarter of 2006. The United States remained its top market, followed by European Union, Canada and others. The industry is the leading employer of the manufacturing sector. In 2005, there were 3,165 firms with direct and indirect employment totaling to 662,000.

Considering the significant contribution of the garments industry to the millions of Filipino workers and to the Philippine economy as well, the Philippine government has prepared package assistance for the benefit of the industry, particularly on the following aspects:

- Productivity enhancement – To address the issue of low productivity, training Programs are being developed together with other accredited government Institutions. Advocacy/networking for productivity based wage is also being worked

Out, which is addressed to the different labor unions and employers.

- Market/product development and promotion through the establishment of marketing desks to attract new markets.
- Financing – The government together with some selected financing institutions are Setting up a 1.2 B facility to assist the industry.
- Trade facilitation

Investments are strongly encouraged in the field of textile and apparel manufacturing, dyeing, printing and finishing to promote global competitiveness in the midst of the free trade era. The abundance of indigenous Philippine fibers such as abaca, piña, silk and ramie provides an opportunity for the development and production of ecologically-friendly fabrics at commercial quantities.

2.3 IMPORT TARIFFS – PHILIPPINES

Tariff rates are applied on the c.i.f. (cost, insurance, freight) value of imports.

Philippines Tariffs for Textiles, Apparel

Yarn	**Tariff Rate Range (%) 2009/2010**
silk	1
wool	1
cotton	7 - 10
other vegetable fiber	5 - 7
man-made fiber	1 - 10
Woven Fabric	
silk	1
wool	1

cotton	10
other vegetable fiber	7
man-made fiber	1 - 10
Knit Fabric	1 - 10
Non Woven Fabric	15
Industrial Fabric	0 - 15
Apparel	1 – 15
Home Furnishings including: bed, bath, kitchen linens, etc.......	1 - 20
Carpet	15-20
Footwear	1-15*
Travel Goods	15

*15% when imported with certification from the Board of Investments.

Additional Import Taxes and Fees

A VAT (value added tax) of 12 percent is applied on goods. The VAT is applied on the c.i.f. value plus duty, excise taxes, and other charges (other charges refer to charges on imports prior to release from customs custody, including insurance and commissions).

Temporary Entry/Sample

Products for display in public expositions may enter the Philippines on a temporary basis free from import duties. The Bureau of Customs requires a bond, usually amounting to one and one-half times the ascertained duties, taxes and other charges on the article, on the condition that the article will be exported. The duties, taxes and other charges will have to be paid within six months from the date of the import entry. The Commissioner of Customs may extend the time for exportation or payment of duties, taxes and other charges. It has been reported that imported samples of no commercial value must be authorized by the Department of Finance

2.4 INVESTMENT OPPORTUNITIES

There is a enormous range of investment opportunities in garment production-related services such as sample making, fabric designing, pattern-making, washing, dying, printing and finishing. There is also an opportunity for investment in the commercial production of indigenous fibers such as banana, piña, abaca, ramie and silk, which are abundant in the Philippines.

Incentives offered to investors include:

- Income tax holidays.
- Additional deduction for incremental labor expenses during the first five years from registration.
- Tax and duty exemption from taxes and duties on imported spare parts when brought in through the firms' own bonded manufacturing warehouses.
- Unrestricted use of consigned equipment.
- Employment of foreign nationals.
- Tax credit for imported raw materials used for the exported products.

2.5PHILIPPINES' IMPORT AND EXPORT INDICATORS AND STATISTICS AT A GLANCE (2010)

Total value of exports: US$50.72 billion

Primary exports - commodities: semiconductors and electronic products, transport equipment, garments, copper products, petroleum products, coconut oil, fruits

Primary exports partners: US (17.6 percent of total exports), Japan (16.2 percent), Netherlands (9.8 percent), Hong Kong (8.6 percent), China (7.7 percent), Germany (6.5 percent), Singapore (6.2 percent), South Korea (4.8 percent)

Total value of imports: US$59.9 billion

Primary imports - commodities: electronic products, mineral fuels, machinery and transport equipment, iron and steel, textile fabrics, grains, chemicals, plastic

Primary imports partners: Japan (12.5 percent of total imports), US (12 percent), China (8.8 percent), Singapore (8.7 percent), South Korea (7.9 percent), Taiwan (7.1 percent), Thailand (5.7 percent)

2.6 HISTORY OF INDIAN TEXTILE INDUSTRY

The history of textiles in India dates back to nearly five thousand years to the days of the Harappan civilization. Evidences that India has been trading silk in return for spices from the 2nd century have been found. This shows that textiles are an industry which has existed for centuries in our country. Recently there has been a considerable increase in the demand for Indian textiles in the market. India is fast emerging as a competitor to China in textile exports.

The Government of India has lowered the customs duty and reduced the restrictions on the imported textile machinery. The aim of the government‘s action is to enable the Indian producers to compete in the world market with high quality products. The results of the government‘s move can be visible as Indian companies like Arvind Mills, Mafatlal, Grasim; Reliance Industries have become prominent players in the world.

The Indian textile industry is the second biggest in the world after china. The other rival countries are Korea and Taiwan. Indian Textile constitutes 35% of the total exports of the country.

The history of apparel and textiles in India dates back to the use of mordant dyes and printing blocks around 3000 BC. The foundations of the India's textile trade with other countries started as early as the second century. A hoard of block printed and resist-dyed fabrics, primarily of Gujarati origin, discovered in the tombs of Fostat, Egypt, are the proof of large scale Indian export of cotton textiles to the Egypt in medieval periods.

During the 13th century, Indian silk was used as barter for spices from the western countries. At the end of the 17th century, the British East India Company had begun exports of Indian silks and s other cotton fabrics to other countries. These included the famous fine Muslin cloth of Bengal, Orissa and Bihar. Painted and printed cottons or chintz was widely practiced between India, China and the Philippines, long before the entrance of the Europeans.

India Textile Industry is one of the largest textile industries in the world. Today, Indian economy is largely dependent on textile manufacturing and exports. 27% of the foreign exchange comes from exports of textiles. Moreover, Indian Textile Industry contributes about 14% of the total industrial production of India. Furthermore, its contribution to the gross domestic product of India is around 3% and the numbers are steadily increasing. India Textile Industry involves around 35 million workers directly and it accounts for 21% of the total employment generated in the economy

2.7 STRENGTHS & WEAKNESSES OF INDIAN TEXTILE INDUSTRY

Strengths

- Huge textile production capacity

- Efficient multi-fiber raw material manufacturing capacity
- Large pool of skilled and cheap work force
- Entrepreneurial skills
- Huge export potential
- Large domestic market
- Very low import content
- Flexible textile manufacturing systems

Weaknesses

- Increased global competition in the post 2005 trade regime under WTO
- Imports of cheap textiles from other Asian neighbors
- Use of outdated manufacturing technology
- Poor supply chain management
- Huge unorganized and decentralized sector
- High production cost with respect to other Asian competitor

2.8 TEXTILES INDUSTRIES IN INDIA TODAY

The Indian textile industry is one of the most important sectors of Indian economy and it is largely contributing in the growth of the country's industrial sector. Textiles sector contributes to 14 per cent of industrial production, 4 per cent of National GDP and 10.63 per cent of country's export earnings. The opening up of the sector through liberalization polices set up by the Indian Government have given the much-needed drive to the Indian textile industry, which has now successfully become one of the largest in the world. Textile sector in India provides direct employment to over 35 million people and holds the second position after the agriculture sector in providing employment to the people of India.

Growing at a rapid pace, the Indian Market is being flocked by foreign investors exploring investment purposes and with an increasing trend in the demand for the textile products in the country, a number of new companies and joint ventures are being set up in the country to capture new opportunities in the market.

Growth Trends

The Indian textile industry can be divided into a number of segments such as cotton, silk, woolen, readymade, jute and handicraft. The total cloth production during September 2010 was 10.2 per cent higher than that registered for September 2009. The total production of cloth during April – September 2010 increased by 2.1 per cent as compared to the April – September 2009. The highest growth was observed in the power loom sector (13.2 per cent), followed by hosiery sector (9.1 per cent).

The total textile exports during April-July 2010 were valued at US$ 7.58 billion as against US$ 7.21 billion during the previous year. The share of textile exports in total exports was 11.04 per cent in the April-July 2010. Cotton textiles has listed a growth of 8.2 per cent during April-September 2010 -11, while wool, silk and man-made fibre textiles have registered a growth of 2.2 per cent while textile products including apparel have registered a growth of 3 per cent. Textiles and apparel industry exports, valued at US$ 20.02 billion, contributed about 11.5 per cent to the country's total exports in 2008–09. The total textiles

Year	RMG	Cotton yarn fabrics and made ups	Man made yarn fabrics and made ups	Carpets	Jute	Total
2009 -10	10703	3694	3959	737	300	**19392**
2010 -11	11238	5644	3900	1100	450	**22332**

imports into India in 2008–09 were valued at US$ 3.33 billion.

2011 -12	13642	7250	4900	1446	650	**27888**
2012 -13	16855	9106	6700	1902	800	**35363**
2013 -14	21500	11500	9000	2500	1000	**45500**

The total foreign exchange earnings from the textile exports during the financial year (April-July 2011) was registered at US$ 10.32 billion against US$ 7.75 billion during the corresponding period of financial year 2010-11.

India has the potential to increase its textile and apparel share in the world trade from the current level of 4.5 per cent to 8 per cent and achieve US$ 80 billion by the end of the year 2020.

The growth of textile sector in the past 6 decades registered at 3-4 rercent. As per the 11th Five Year Plan (FYP), it was projected to fast-track to a growth rate of 16 per cent in value and is expected to achieve US$ 115 billion (exports US$ 55 billion and domestic market US$ 60 billion) by 2012. Exports are expected to reach US$ 32 billion in 2011-12 and domestic market US$ 55 billion.

The summary export projections for the textile sector as a whole consisting of the five important
sectors is tabulated below:

(Value in US $ Million)

1. Readymade Garments

Readymade Garments are the most important item exported in the textile sector by India. India contributes 3.6% share in the total world export of apparel and it is one of the top ten export items of India. The export performance during the last three years has been as under:-

2008-09 - US$ 10.93 Billion
2009-10 - US$ 10.71 Billion
2010-11 - US$ 5.03 Billion

After showing a steady increase since 2005, India's Apparel exports showed a decline in 2009-10. In the, 2010-11 (April September) the trend is still negative with a decline of 6.6%.

While Readymade Garments is the single largest contributor to exports in the textile sector, it is the sector which offers the possibility for maximum growth. It is in view thereof that an ambitious target of US $ 21.5 Billion has been fixed for 2013-14. The year wise projections are as follows:

	2011-12	**2012-13**	**2013-14**
US$billion	13642.47	16854.9	21494
Expecred growth in(%)	21%	24%	28%

2. Manmade yarn fabrics and made ups

Manmade yarn fabrics and made ups constitute the 12th largest commodity in India's exported goods with the share of 2.02%. This sector has shown regular export performance over the years, showing decrease only during 2005-06. During last five years, exports have grown by nearly 10% CAGR to attain the level of US$ 3.6 billion in 2009-10.

The performance of this sector during the last 3 years is as under:

2008-09 - US $ 3.05 Billion
2009-10 - US $ 3.61 Billion
2010-11 - US $ 1.85 Billion

Indian man made fibre textile industry has a great production base which is complemented by self-sufficient raw material production base. India presents the entire range of polyester, viscose, nylon, acrylic and blended textile items. This sector also boasts of vertically integrated complete production chain starting with production of raw material to superb fabrics and made ups.

Because of durability, vibrancy and the scope for production of diverse range of designs and textures, this sector has unrestricted potential as compared to cotton textiles. Considering the past performance and the potential available in this sector the export target has been fixed at US $ 9 billion by 2013-14.

3. Cotton yarn fabrics and made ups

1. Cotton yarn fabrics and made ups is the 11th major item of export from India and the contribution of india in world export is 5.2%. The export performance during the last three years is as follows:-

2008-09 - US $ 4.16 Billion
2009-10 - US $ 3.70 Billion
2010-11 - US $ 2.642 Billion

2010-11 has shown a healthy increase in exports of cotton yarn. India has an intrinsic advantage in this sector because of abundant availability of raw material, long tradition of craftsmanship and design and existence across the entire value chain.Due to these reasons the goal of almost doubling exports to US $ 11.5 Billion has been fixed for 2013-14.

4. Carpets

The existing world trade of handmade floor coverings is projected to be around US $ 2.56 Billion. India has number one position in terms of value as well as in volume of exports of handmade carpets. The main competition to the export of Indian handmade carpets is coming from China, Iran, Nepal and Pakistan.

The industry has a vast potential for growth. India has around 29% share of the world market for handmade carpets and floor coverings US is the largest importer accounting for about 50% of the total exports. Considering the potential in the sector and its direct relation to creation of employment, the export target for the sector has been fixed at US$ 2.5 billion for the year 2013-14 which works out to CAGR of 31.49%.

The projections from 2011-12 to 2013-14 are as under:-

(US $ Million)

2011-12	1446.41
2012-13	1901.92
2013-14	2500.00

5. Jute

Export of Jute manufactures, together with floor covering, during 2009-10 was US $ 200 Million. The Department has fixed a mark of US$ 1 Billion Dollar for 2013-14. For this target to be achieved the problems related to labour costs and fluctuations in the prices of raw jute have to be overcome. A significant process improvement in jute and jute products also needs to be brought about.

2.9 HIGHLIGHTS OF GROWTH OF TEXTILE SECTOR

Present textile sector contributes about 13% to industrial production and about 13% to the country's export earnings.

Production of Cloth

The cloth production in the year 2007-08 was 56025 mn. sq. mtr. The compound annual growth rate in the last five years was 5.34%. The entire production of cloth by all sectors i.e. mill, power loom, handloom, hosiery and khadi, wool and silk is anticipated to be 54,966 million sq. mtrs, during 2008-09 due to slowdown in economy.

Per Capita availability of Cloth

The per capita availability of cloth during 2007-08 was 41.85 sq.mtrs, compared to 39.60 during the 2006-2007. During the year 2008-09 per capita availability of cloth was 39.01.

2.10 TEXTILE EXPORTS

The textile products continue to hold an important role in the Indian exports. The latest position of exports of textiles from the country is given in the Table below:-

ITEMS	**2007**	**2008**	**2009**	**2010**
	Rs. Crore			

			April-July	
Ready made garments	40237	39001	50291	16896
Cotton Textiles	25197	27600	21808	5797
Manmade textiles	10863	12783	15088	5815
Wollen yarn, Fabrics, Madeups Etc	385	374	457	141
Silk textiles	2000	1553	1669	451
Handicraft	6181	5844	4940	1227
COIR & COIR Manufacture	660	645	681	233
Jute	1178	1319	1376	335
Total	**86701**	**89121**	**96310**	**30895**

Government Initiatives

The Government of India has promoted a number of export promotion policies for the Textile sector in the Union Budget 2011-12 and the Foreign Trade Policy 2009-14. This also includes the various incentives under Focus Market Scheme and Focus Product Scheme; broad basing the coverage of Market Linked Focus Product Scheme for textile products and extension of Market Linked Focus Product Scheme etc. to boost the indian shares in the global trade of textiles and clothing. The different schemes and promotions by the Government of India are as follows -

Welfare Schemes: The Government has given health insurance coverage and life insurance coverage to 161.10 million weavers and ancillary workers under the Handloom Weavers' Comprehensive Welfare Scheme, while 733,000 artisans were provided health coverage under the Rajiv Gandhi Shilpi Swasthya Bima Yojna.

E-Marketing: The Central Cottage Industries Corporation of India (CCIC), and the Handicrafts and Handlooms Export Corporation of India (HHEC) have developed a number of e-marketing platforms to simplify marketing problems. Also, a number of marketing initiatives have been taken up to encourage niche handloom and handicraft products with the help of 600 events all over the country.

Skill Development: According to 12^{th} five year plan, the Integrated Skill Development Scheme aims to train over 26,75,000 people within the next 5 years (this would cover over 2,70,000 people during the first two years and the rest during the remaining three years). This scheme would cover all sub sectors of the textile sector such as Textiles and Apparel; Handicrafts; Handlooms; Jute; and Sericulture.

Credit Linkages: As indicated by the Credit Guarantee program, over 25,000 Artisan Credit Cards have been supplied to artisans, and 16.50 million additional applications for issuing up credit cards have been forwarded to banks for further consideration with regards to the Credit Linkage scheme.

Financial package for waiver of overdoes: The Government of India has declared a package of US$ 604.56 million to waive of unpaid loans in the handloom sector. This also includes the waiver of overdue loans and interest till 31st March, 2010, for loans disbursed to handloom sector. This is expected to benefit at least 300,000 handloom weavers of the industry and 15,000 cooperative societies.

Textiles Parks: The Indian Government has given approval to 21 new Textiles Parks to be set up and this would be completed over a period of 36 months. The new Textiles Parks would leverage employment to 400,000 textiles workers. The products mix in these parks would include apparels and garments parks, hosiery parks, silk parks, processing parks, technical textiles including medical textiles, carpet and power loom parks.

Recent Developments

- Together with the increasing export figures in the Indian Apparel sector in the country, Bangladesh is planning to set up two Special Economic Zones (SEZ) for attracting Indian companies, in view of the duty free trade between the two countries. The two SEZs are planned to come up on 100-acre plots of land in Kishoreganj and Chattak, in Bangladesh.
- Italian luxury major Canali has entered into a 51:49 joint venture with Genesis Luxury Fashion, which currently has distribution rights of Canali-branded products in India. The company will now sell Canali branded products in India exclusively

2.11 INVESTMENTS AND OPPORTUNTIES

Investment

The industry pulled FDI worth US$ 934.04 million between April 2000 and January 2011 FDI in the textile industry stood at USD 129 million in FY11.

NSL Textiles has set up a textile processing facility at chandolu near Guntur, Andhra Pradesh with an investment of US$ 64.23 million.

TT Ltd, an integrated textile and knitwear manufacturing and exporter, prepares to invest US$ 33.46 million to increase its yarn making capacity and retail venture.

Textiles company Alok industries will be investing US$ 193.46 million over the next two years to enhance capacity across its product portfolio. The amount would be spread equally for the two-year period with an investment of US$ 96.73 million being made each year.

Opportunities

The potential size of the Indian textiles industry is expected to reach US$ 220 billion by 2020

Private Sector Participation in Silk Production

The central silk board has set a target of 26000 tons of raw silk production by 2011-12. It has also projected to expand the area under mulberry silkworm food plants to 0.25 million hectares, which is anticipated to produce an additional 6400 MT of mulberry raw silk and increase employment. To attain these targets, alliances with the private sector, especially key agro based industries in both pre-cocoon and post-cocoon segments, is being encouraged.

Technical textiles

The textiles industry complements the growth of numerous industries and institutions such as the defense forces, railways and government hospitals, which are the key institutional buyers of technical textiles. The market is to be expected to grow to USD31 billion by 2020, by a CAGR of 10 per cent. This industry consists of the production of flexible packaging material for industrial agricultural and consumer goods. Among the other segments, protech, oekotech, sportech and geotech have significant growth potential. India’s technical textile industry is mainly lead by unorganized players. However, it is an up-coming area for investment with good growth opportunities**.**

Retail sector

With consumerism and disposable income on the incline, the retail sector has witnessed fast growth in the past decade. Several international retailers are also focusing on India due to its emergence as a potential sourcing destination.

Centers of Excellence (CoE) for research and technical training

The Government of India has proposed the establishment of several COEs for training the workers in the textiles sector. Four COES have been recognized for four thrust segments of technical textiles – geotech, meditech, protech and agrotech. These CoEs, with national and international accreditation, are aimed at creating facilities for testing and evaluation and developing resource centers and facilities for training.

Imports of textile yarn & fabrics related products fall June 25, 2008 (Philippines)

According to National Statistics Office of Philippines, the external trade from January to April 2008 stands at $36.322 billion. Total external trade in goods for January to April 2008 reached $36.322 billion, representing a 10.6 percent increment from $32.828 billion during the 4-month period in 2007.
This growth is generated by the 17.9 percent growth of the total imports to $19.462 billion from $16.504 billion in the 4-month period of 2007. In the meantime, total exports grew a modest growth of 3.3 percent during the 4-month period in 2008 to aggregate dollar revenue of $16.860 billion from $16.325 billion during the period in 2007. Balance of trade in goods (BOT-G) for the Philippines recorded a deficit of $2.601 billion during the 4-month period in 2008.

Entire merchandise trade for April 2008 grew by 8.4 percent to $9.180 billion from $8.467 billion in April 2007. Dollar-inflow generated by exports touched $4.325 billion, or 4.9 percent higher from last year's $4.124 billion. Expenditures for imported goods sustained its growth by 11.8 percent to $4.855 billion from $4.343 billion in April 2007. The balances of trade in goods (BOT-G) registered a deficit of $531 million in April 2008. Industrial Machinery & Equipment ranked fifth recorded a share of 4.2 percent at $203.04 million worth of imports, went up by 35.6 percent from its year ago level of $149.74 million.

Rounding up the listing of the top ten imports for April 2008 were Organic and Inorganic Chemicals, $94.29 million; Fertilizers Manufactured, $91.29 million; Plastics in Primary and Non-Primary Forms with $90.29 million worth of imports; and Textile Yarn, Fabrics, Made-

Up Articles and Related Products, $78.22 million. Contributing for 37.9 percent of the total imports, payments in April 2008 for Raw Materials and Intermediate Goods amounted to $1.841 billion or a 3.4 percent decline over last year's figure of $1.907 billion. Compared to the previous month's level, purchases went down by 4.4 percent from $1.925 billion. Semi-Processed Raw Materials valued at $1.625 billion had the biggest share of 33.5 percent.

2.12 TRADE STATISTICS

In 2009, India ranked 18th as PH trading partner, 22nd as export market, and 18th as import supplier of the Philippines (source: DTI-BETP).

Philippine exports to India increased from US$ 200.3 million worth of goods in 2009 from US$ 193.35 million in 2008. Philippine imports on the other hand, decreased in 2009 to US$ 502.3 million from US$ 615.1 million in 2008. As of November 2010, total trade reached US$ 865.12 million, which is short US$ 135 million short of the bilateral target of US$ 1 billion in total trade for the two countries.

BILATERAL MERCHANDISE TRADE (Value in US$ Million)

RP Trade with India FOB Value in US Dollars 2002-2006				
YEAR	**TOTAL TRADE**	**EXPORTS TO INDIA**	**IMPORTS FROM INDIA**	**BALANCE OF TRADE**
2005	430.41	86.12	344.29	258.17
2006	519.68	120.13	399.55	279.42
2007	735.58	243.97	491.61	247.64
2008	808.5	193.35	615.15	421.8
2009	702.51	200.3	502.21	301.91
Jan-Non2010	865.12	380.39	484.73	104.34

(Source: NSO Processed: BETP-EDP)

2.13 TEXTILE AND YARN PRODUCTS EXPORTED BY INDIA AND IMPORTED BY PHILIPPINES

Year	Textile products exported by India to other countries (US $ billions)	Textile products imported by Philippines to other countries (US $ billions)
2007	19.10	32.828
2008	21.50	36.322
2009	22	-

Conclusion:-

- The Indian economy has increase the export of textile products and material to the other countries.
- The economy has growth from 19.1 to 21.5 to 22 US$ (in billions)
- The Philippine economy has also raising their imports from various countries and from India also. They are importing 32.828 to 36.322 US$ (in billions).
- Other opportunity- There is a enormous range of investment opportunities in garment production-related services such as sample making, fabric designing, pattern-making, washing, dying, printing and finishing.
- There is also an opportunity for investment in the commercial production of indigenous fibers such as banana, piña, abaca, ramie and silk, which are abundant in the Philippines.

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Export Import and Buffalo Meat Industry in Philippines

No.	Particulars
I	Part I Overview of the Philippines

Part –I

Export Import in Philippines

Introduction

The Philippines is a member of followings organizations:

I. Philippines Membership Organization:

I. Multilateral organization:

The Philippines is a member of the World Trade Organization (WTO), which was been organized after failure of the GAAT (General Agreement on Trade & Tariff) or some country disputes.It provides a code of agreed rules for international tariff & Trade, which represents obligation and rights of legal point as well as the cooperating forum on lesser of trade obstruction and the increase of world trade. World Trade Organization is works as the "international court" where in governments settled trade disputes with other WTO members.

Objectives of the WTO:

- Help trade flow as freely as possible

II.

The WCO is a organization of the CCC (Customs Co-operation Council)is an independent intergovernmental body of worldwide membership, which established in 1952 .Whose objective is to enhance the efficiency and effectiveness of customs administration.

Functions of the WCO:

- Prepare draft Conventions on customs matters;
- Recommend measures that would ensure the uniform interpretation and application of Conventions;

- Make recommendations for the settlement of disputes concerning the interpretation or application of the Conventions (however, the WCO is not a court and cannot side with one party or the other);
- Furnish interested governments, on its own initiative or upon request, information or advice on customs matters; andcooperate with other intergovernmental organizations as regards matters within its competence.

B. Regional Organizations:

Various regional organizations connected with Philippines,

1. ASEAN agreements for the trading in philippienes.

The ASEAN PTA is an arrangement entered into by the ASEAN Member Countries in 1978. Philippines registered with kinds of organizations which offer preferential tariff treatment to products originating from ASEAN states.

2. Common Effective Preferential Tariff 9 [cept] of the ASEAN free zone for trade .

The CEPT is a coloration for the local ASEAN Member States that will try to reduce intra-regional specification for the local company and different low rates for the local dignitaries,the motto of thisis to reduce the terrifs for the export for such goods.

3. ASEAN delegates for (AICO) Scheme, this is for the superseded the local and also for the local brand holder sceam.

4. Association of Southeast Asian Nations

5. Information Technology Agreement

6. Member of the United Nations

7. United Nations Educational, Scientific and Cultural Organization

C. Environmental Agreements

Various environmental agreements concerned with Philippines:

1. Member of the Montreal Protocol

2. Convention on International Trade in Endangered Species of Wild Fauna and Flora

India’s Export-Import relation with Philippines

The Philippines established diplomatic relations with India on 16 November 1949. The first Philippine envoy to India was the late Foreign Secretary Narciso Ramos. After five years of India's independence, the both countries signed a Treaty of Friendship on 11 July 1952 in Manila to make strong the friendly relations existing between the two countries that are Philippines and India.

A. POLITICAL COOPERATION

The Philippines and India decided to continue close contact, including the convening of bilateral working groups, as appropriate, in preparation for the inaugural session of the Joint Commission on Bilateral Cooperation.

B. ECONOMIC COOPERATION

Both countries discussed on following subject

1. Joint Working Group on Agricultural Cooperation
2. Joint Working Group on Trade and Investment
3. Philippine exports to India increased from US$ 200.3 million worth of goods in 2009 from US$ 193.35 million in 2008

C. COOPERATION AGREEMENTS

During the 2006 State Visit to the Philippines of Indian President A.P.J. Abdul Kalam, four important agreements were signed, namely:

1. Agreement on Cooperation in Agriculture and Related Fields.
2. Agreement on Cooperation in the Field of Tourism.
3. Agreement Concerning Defense Cooperation.
4. Agreement between the Philippine International Trading Corporation and on the Importation of Pharmaceuticals.

Philippines Trade with India

Table 1: Philippines Trade with India

YEAR	Total Trade	Export to India	Import From India	Balance of Trade
2005	430.41	86.12	344.29	-258.17
2006	519.68	120.13	399.55	-279.42
2007	735.58	243.97	491.61	-247.64
2008	808.5	193.35	615.15	-421.8
2009	702.51	200.3	502.21	-301.91
2010	865.12	380.39	484.73	-104.34

Philippines Export

1. Primary exports- commodities: semiconductors and electronic products, transport equipment, garments, copper products, petroleum products, coconut oil, fruits

2. Primary exports partners:US (17.6 % of total exports), Japan (16.2 %), Netherlands (9.8 %), Hong Kong (8.6 %), China (7.7 %), Germany (6.5 %), Singapore (6.2 %), South Korea (4.8 %)

Table 2:Top 10 Exports to India from Philippines

Sr. No	HS code	Product/commodity	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
1	85	Electrical & electronic machinery and parts	21.07	19.03	27.52	39.44	47.67	95.99	129.99
2	27	Mineral Fuels, Mineral Oils and products of their distillation	-	-	-	-	-	44.23	46.25
3	48	Newsprint, Paper and paperboard, articles of paper pulps,	9.12	10.78	19.05	13.22	11.16	24.25	31.63
4	84	Nuclear Reactors, Boilers	52.34	80.72	116.62	50.27	21.03	13.34	26.94
5	87	Vehicles (other than railway or tramway rolling stock) and parts and accessories	7.62	6.21	1.76	8.93	17.66	16.11	21.9
6	90	Optical/photographic/professional instruments	-	-	2.56	3.19	3.82	7.48	9.96
7		Ores, slag and ash	-	-	-	-	-	0.95	8.86
8	25	Salt, sulphur, earths and stone, plastering materials, lime and cement	-	-	-	-	-	-	4.64
9	72	Iron and Steel	3.72	20.51	8.5	22.92	37.23	11.21	4.19

10	29	Organic chemicals	1.77	1.97	2.56	2.21	4.14	3.85	3.4

Banned Product in Philippines

- Toy guns and replicas of Firearms
- Printed Media, Brochures, Books and Pamphlets
- Used Clothing Materials
- Other Colours used in Print Media
- Dishonest articles Lottery & tickets
- Medical Equipment's
- active, firearms, Weapons of war gunpowder,
- Seditious materials
- food and drugs of Adulterated articles
- morphine
- Marijuana
- Cocaine, , opium heroin,
- actual fineness with Jewellery not marked
- pipes and parts

Import Documents for Philippines

All imports must be followed that Basic Documentations:

International cargo invoice or invoice of shipping company: Air cargo invoice or shipping company invoice must be shown with the cargo papers to the shipper, also to be present the goods docments and transportation document in the Philippines.

Export invoice and Performa for the same:- A Export invoice and Performa for the export must be shown to the custom officer in the Philippines. Bill of the exported goods must be include all the necessary papers and must complete legal works.

Customer has to accept a pro forma Invoice where there is a buyer - seller interaction. All the documents are needed for the other mention work and process for the imported goods in the country, all the related article should be necessary if one is lacking then they have fully authority to reject the consignment.

Pecking detail : It is very useful when they forbidden of the goods in the exported territory and should be presented is needed. With ought this documents you cant claim your remittance

Requirements for supporting Documentation:

Import Clearance must be obtained from the concerned government agency Board of control in the Philippines. All the Document is required for reasons of Safety, all the Public Health or national security or to Satisfy international Commitments for the Development and Protection of the industry.

Requirements process Registration:

All The registration Process is Simple but may take Some Weeks or days .All the Company seeking to import goods into the Philippines should must to have all tax identification number and be registered as importer with the Customs intelligence and Investigation service.It is Supporting the Documentation for export and Imports of the following Commodities;

- E.g. All the Animal Products

Certificates of Veterinary (clean reports by findings)

CITES export and Imports licence (Export and Import Permit from the Shipper)

Certificate of Product and its Registration

Imports for Methods of Payment

Payment Methods

- Document from the party
- Through Exporter company Bank
- Direct funding from party
- Letter of Credit checked by banking System
- Basis important of Consignment
- Through shipping company at the time of goods delivery
- Telephonic transfer

Export-Import Port

Roundabout 14 approved ports of entry thought out the Philippines:

- Manila port
- Subic Port
- Batangas port
- Davao Port
- Iloilo Port
- Cagayan de oro Port
- Legaaspi port
- San Fernando port
- Tacloban port
- Surigao port
- Zamboanga port
- Manila international container port

Related Risk to Export -Import in Philippines

The Philippines has high levels of financial System risk and political.

Global Economy slow down led toa decline in demand for exports from the resulting Philippines the GDP growth of less than 1%in 2009 than rebound of 7.3% in 2010.

Risk of Economy

Agriculture, food processing, textiles, electronics, and automobile parts are the driving industries of Philippines Economy.Also have significant mineral and natural gas reserves that have exploited.

High risk of Political

Philippines want to build a strong relationship with neighbouring Countries. Philippines has worked to reduced its still relatively high government debt, The Conditional efforts have Promoted Sovereign Credit rating upgrades.Highest population growth rates in Asia, the Philippines still struggles with Poverty.

Risk of Financial System:

Insurance sector Philippines is regulated by the insurance Commission, Which is under department of Finance according to the Provision of the 1947 insurance code.

Export popular Company of Philippines

1. Extreme design Trading Export Philippines:

Extreme Design Export Trading is a newly established EXPORT company based in Cebu City Philippines manufacturer/producer/assembler of Fashion Jewelleries and Handicrafts.

2. Kozmar Corporation Manufacturer Trading Exporter Philippines:

Manufacturer of fashion bags, buying office and exporter of fashion accessesories (costumer jewelleries) crafts, furnitures, lightings,arts, dried fruits and other Philippine indigenous items

3. Shem Export Philippines:

We are one of the largest manufacturers and exporters of fashion accessories and handicrafts in Cebu, Philippines

4. 4gm Cavendish Banana Exporter:

FRESH CAVENDISH BANANAS Detailed Product Description exporter of Fresh Cavendish Banana from Davao City Philippines.

5. Fill-Scan Exports, Inc. :

Clay pots, we do all the designs and finishing.

6. Uswah Import Export: we export RDL skin care products:

Astringents/whitening fruit soap/, whitening and placenta cream/ hand and body lotions fruit facial cleanser/ clarifying lotion/ sunblock. We buy: automatic machines for:
cartooning/ liquid filling, labelling and capping lines.

7. Newstart Import & Export Corporation:

NEWSTART Import & Export Corporation is a stable and aggressive company whose vision is to deliver exemplary products that emphasizes a holistic approach in personal healthcare.

8. Goldelyonn Export Import:

Oldest and most modern coconut processing plant making world-class quality products like: Coconut Cream.

9. Craft land Export Inc.:

Seller of paper mache in different sizes and designs. We are also selling different indegenous product from the Philippines.

Import popular Companies of Philippines:

1. Europa Imports:
2. Up Shipping Agency & International Export Import :
3. Newstart Import & Export Corporation:
4. Uswah Import Export:
5. Export RDL skin care products:
6. Astringents/whitening fruit soap/fruit facial cleanser/ clarifying lotion/ sunblock,
7. Web technology
8. Sijimore La Merchandizing

Part–II

Buffalo Meat Industry in Philippines

Introduction

India's cattle and buffalo population is distributed among millions of farmers and is characterised by a low input and low output model. In order to increase dairying productivity, the Gov. of India is organising various programs and technologies which includes artificial insemination. In result industry and government sources have indicated that the Indian herd will decline in the long-term, as more productive technologies are introduced and more competition. industry sources indicate that buffalo meat production will likely peak within the next 2-2 years as Indian buffalo mean prices achieve parity with competing producers.

Indian consumption of buffalo meat averages approx. 2 kilograms per person per year. In this year 2012 buffalo meat consumption in India is assumed to reach around 2MT up by 2.5% over 2011. In year 2012 buffalo meat consumption is reviewed to 1.96 MT as compared to 1.92 MT in 2012 indicating more exports and increasing preference for chicken among the meat-eating population.

Local buffalo meat consumption shows only slow increases, showing population growth and the Indian preference for vegetarian and milk-based protein sources. As income increased the meat consumption increases are likely to be experienced mostly thorough increased poultry meat. The rise of quick service restaurants in India is also a driver of non-vegetarian consumption.However these quick service restaurants primarily focus on poultry products. Even though increase in overall consumption, per capita consumption may not change factoring in increasing human population.

Processing

The Processed meat sector was earlier regulated by the Ministry of Food Processing Industries and now it regulated by the food safety and standards Authority of India(FSSAI). These regulations were enforce nationwide with effect from August 5th, 2011 repealing the meat and meat products order(MFPO), 1973. The FSSR, 2011 contains standard and regulations for meat and its products.As per the regulation FSSP requires registration and licencing of meat processors and also other food operations in the meat value chain. It also empowers sanitary maintenance and have controls at all stages of meat product production. These standards apply to domestic and imported meat & meat products. There are around 4000 municipal slaughter houses in the country and also 30 abattoirs/meat processing plants with 100% exports oriented units and are registered with

Agricultural and Processing Food Export Development Authority (APEDA). Also 74 abattoirs and packaging units are registered with APEDA and receive dressed carcasses from approved municipalSlaughter house for the export of meat.From the Industry sources, approx. 7 slaughter houses are expected to be added by the end of 2012.

India sells processed meat in two forms - Frozen and chilled form. Frozen meat is mostly meant for the export in the different country while the chilled milled is consumed for the local market in the country. In India Municipal slaughter houses sell meat to the domestic market. Only 100% exporter oriented facilities, registered with the APEDA, are authorized to crop and process meat for export purposes.

The ministry of Food Processing Industries has launched the comprehensive financial scheme under the 11th five year plan(2007-11)

Trade

India is the net exporter of the meat (buffalo & Sheep) & deboned frozen buffalo meat. In last 2 years, the exports havegrown to record levels, making India 3rd country in the world to export more than 1 MT of bovine meat annually. Due to decrease in the Cost of Indian Buffalo there will be increased exports of meat relative to international competitors. Moreover, there is plenty of supply due to herd growth from dairy demand and new incentive from slaughter facilities in India. As a result of this the 2012 buffalo meat exports are forecast at 1.15 MT on a carcass weight equivalent basis, 12% up from 1.02 MTon carcass weight Equivalent basis compare to 2011. In year 2011 buffalo meat export is also reviewed up to record 0.9MT on a carcass weight equivalent basis. Import of beedfrom all sources is restricted and as such imports are set at nil.

As a price-based competitor, India has seen export increases in the previous two years to Middle Eastern, African and Southeast Asian countries. The vast majority of export growth in 2010 was to North African Countries& Middle Eastern. This was led by Egypt, Saudi Arabia, Jordan, Algeria, Iran, UAE, Iraq, Kuwait and Syria. Industry sources have stated that a similar trend is expected in 2011.

India's Buffalo Meat Export and Trends

India is the largest buffalo exporter in the world. As per the sources India has 7000 crores industry has already set its sights on newer market like CIS countries this year by strengthening infrastructure facilities and quality standards.

India is currently exporting meat to 64 countries. Apart from its traditional markets like Philippines, Egypt, Malaysia, Syria and Jordan. India also exports huge quantities to Turkey, Kuwait, Saudi Arabia and Oman. Despite increasing cost, Indian Buffalo meat is cheaper in the world market. Large number of Indian buffalo meats is available for $3000-$3500 in Egypt, $2900 in Malaysia.

The Indian water buffalo holds the greatest promise and potential for production. The buffalo had been severely neglected by the authorities until 1995, when the Food and Agriculture Organization first signposted the water buffalo as the most neglected animal.Still, much knowledge and original thought remains locked in the secretive silence of the non-communicator. India's export has increased day by day. The large volume of beef being exported from India makes it an important factor in considering the global protein situation, said Rabobank Food & Agribusiness Research and Advisory (FAR) general manager for Australia and New Zealand, Justin Sherrod.

After having set a strong market in leading ASEAN (Association of Southeast Asian nations) member-countries, India is now eyeing Indonesia and Philippines to boost export of buffalo meat to the region. In 2010-11, India's total buffalo meat export went up by 43.3 per cent in volume at 7,09,437 tons and 4,95,019 MT in the preceding year while there was 53.3 % boost in export value at Rs 8,412.68 crores as compared to Rs 5,480.60 crores in last year.

The 8th India-Philippines Joint Working Group Meeting held in Manila on 1-2 September 2006, India had requested the Philippine side to review the risk analysis for Indian buffalo meat to enable it to be sold in all consuming sectors. The Murrah is the Holstein-Friesian of the buffalo world. Buffalo milk contains about twice as much butterfat as cow milk. There is no physiological need for concentrate feed to this level. When fed ad lib, it can exceed 20 per cent. This figure can be much higher but The Indian buffalo, in fact, releases unwanted fat in the milk and stores only a minimum in the body tissues.

Recent investigations and trials have convincingly established the fact that when a buffalo is fed well and managed for early slaughter (at a live weight of 350 to 450 kg), a yield of palatable, high-grade meat can be obtained at a competitive cost. Furthermore a buffalo carcass does not need the customary and costly chill hanging for a specific period to ensure the eat ability of the product. It is well known that the buffalo is remarkable for its feed conversion ability, but we do not yet understand how, or why, or whether that capacity can be further improved. The power of the full-grown work-buffalo does not come from high level nutrients. Continual crossbreeding among two of the classic Indian breeds has brought into being the superlative Nili-Ravi. The young buffalo calf achieves a daily weight gain of 800 grams without any supplement feed. We may seek productive syncretism, for example, in the beautiful Surti and Mediterranean breeds, or in the Murrah and the Mehsana, or the Kundi and the Surti. There is a thriving international trade in beef-type buffaloes and in buffalo frozen-semen. All buffalo breeds have a strong milk/meat entity.

Moreover, now the output of large number of buffaloes is in the form of work energy rather than the direct provision of food as milk or meat. In economic terms, buffaloes are productive and efficient, especially in those agricultural countries where there is ample manpower and little motivation for mechanization.

Meat, buffalo: A buffalo carcass has less fat, less bone and a higher proportion of muscle than a cattle carcass. In a recent Order (July, 2007) Philippines Government has permitted buffalo meat to be sold to other end users. At the 10th JWG, Indian side took note of this development and thanked the Filipino side for allowing the sale of Indian buffalo meat to the retail sector (supermarkets).

Moreover, buffalo (bovine) meat is part of the free trade agreement that India signed with ASEAN and “ASEAN countries offer a huge market for Indian buffalo meat because of the region's proximity to India. Out of the top five export destinations for Indian buffalo meat, three are ASEAN countries and Vietnam leads the race with a market share of 14.9 per cent followed by Malaysia (12.4 per cent) and Philippines (6.1 per cent) Hence, these markets have opened up for exports in a big way, especially after 2010.India has largest livestock population in the world. Buffalo meat is the major item of Indian meat export generating huge revenue in food products sector. The Indo-ASEAN tread agreement came into effect from January, 2010 and included tariffs for about 4,000 products that include electronics, buffalo meat, chemicals, machinery and textiles and many more. Out of this, duties on 3,200 products would be reduced by December 2013, while duties on the remaining 800 products will be brought down to zero or near zero levels by December 2016.local Government was approved Import of buffalo meat to the Philippines in 1993 and now a major component of Indian exports. In 2005, Philippines imported $ 140 mn.

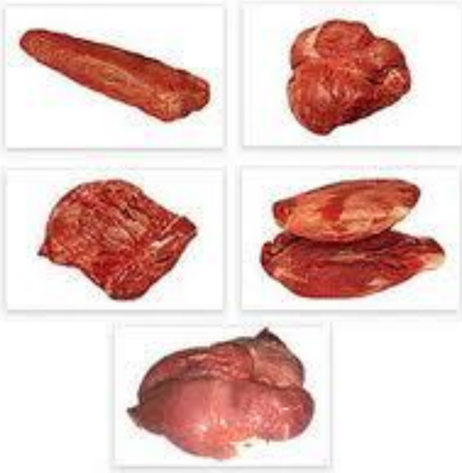
Worth of buffalo meat, of which about 42% valued at US$ 61.70 million, came from India. At present, five abattoirs from India, belonging to M/s Frigorific Allana Ltd., M/s Al-Kabeer Exports Pvt. Ltd., and Hind Agro Industries Ltd. are accredited by the Government of Philippines to export buffalo meat to Philippines. Moreover, meat from India is singled out for outside agency inspection. Pressure is mounted by the Philippine Hog Producers Organization, and the Philippine Cattle Raisers Organization, with the backing of the (Australian) multinational lobbies, to ban Indian buffalo meat on grounds of FMD in India. To ensure smooth export of Indian buffalo meat, we need to implement a long delayed policy measure of identifying FMD-free zones in India.

Product

Fresh Frozen Buffalo Boneless Meat The Buffalo Boneless meat is packed in different configurations as per the clients demand, and the regular, universally accepted configuration is as below.

BUFFALO PART COMPENSATED (60% Fore Quarters & 40% Hind Quarters) in 98VL, 95VL and 90VL of frozen packaging.

BUFFALO PART FQ (FOR QUARTER) (5Kg.x4 cuts rolls in 20/25Kg. MC/Packing in FQ or separate FQ muscles i.e. Blade, Brisket, Chuck/ OR 900gms Slices in 18 Kg. Master Carton) in 98VL, 95VL and 90VL packaging.



MEAT PART (HIND CUTS) (25% Topside, 35% Silverside, 20% Rump, 20% Knuckle) in 98VL, 95VL and 90VL packaging.

BOVINE OFFEL'S (FRESH FROZEN)

1. Heart [Packaging: 5kg Rolls in 10 or 20 Kg. Master Carton.]

2. Kidney [Packaging: 5kg Rolls in 10 or 20 Kg. Master Carton.]

3. Tails [Packaging: IWP 10 or 20 Kg. Master Carton.]

4. Liver [Packaging: 5kg Rolls in 10 or 20 Kg. Master Carton.]

5. Tongue [Packaging: IWP or 5kg Rolls in 10 or 20 Kg. Master Cartons.]

6. White Tripe’s [Packaging: 10 Kg. Blocks in 10 or 20 Kg. Master Carton.]

7. Brain Frozen [Packaging: 5kg Rolls in 10 or 20 Kg. Master Carton.]

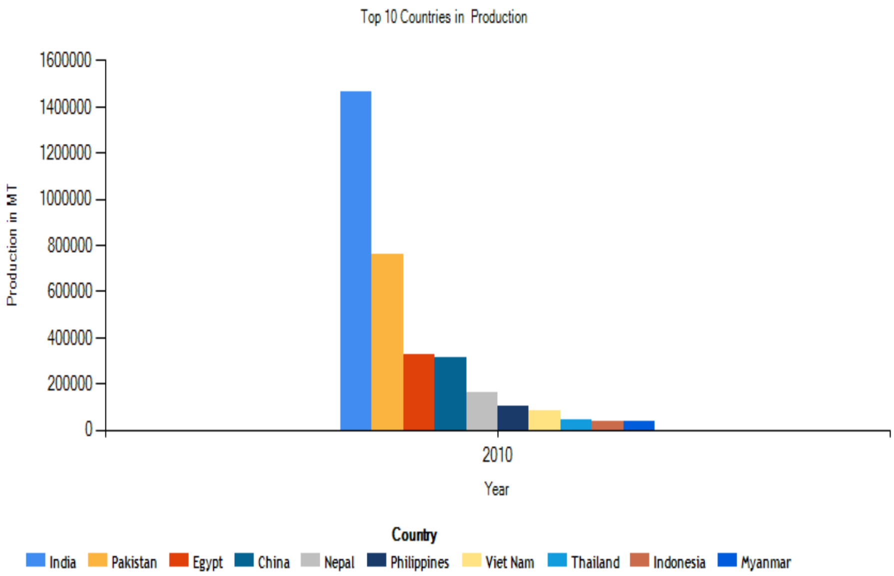
8. Omasum Salted [Packaging: 30 Kg. Gunny Bags.]

9. Tendons [Packaging: 30 Kg. Gunny Bags]

10. Trachea dry [Packaging: 30 Kg. Gunny Bags]

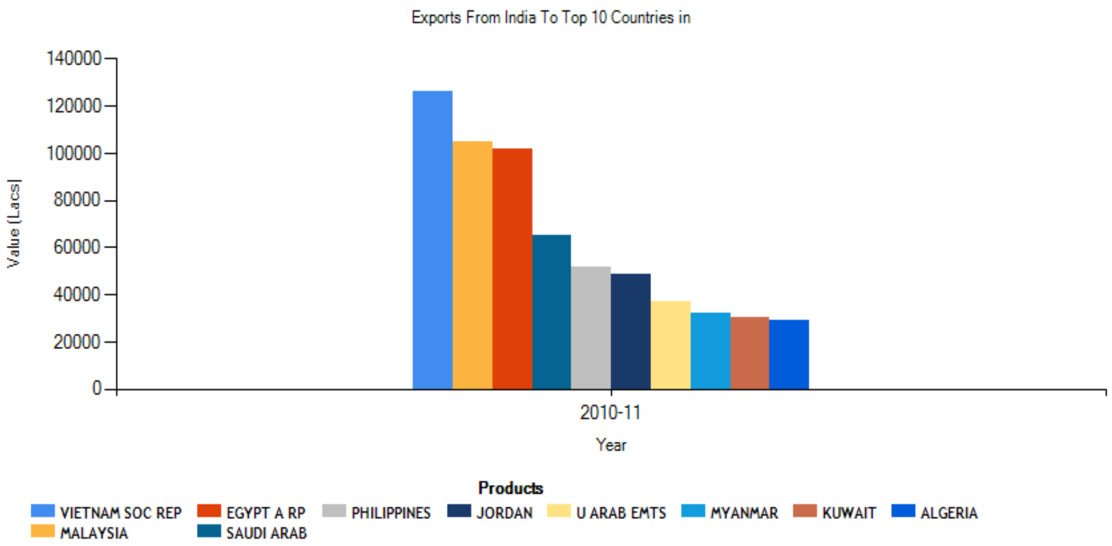
International Production of Buffalo Meat

International Production of Buffalo Meat			
Sr. No.	**Country**	**Production**	**Share**
1	India	4,42,26,600	42.87
2	Pakistan	76,00,000	22.28
3	Egypt	32,75,000	9.6
4	China	31,04,400	9.1
5	Nepal	16,22,130	4.75
6	Philippines	10,56,500	3.1
7	Vietnam	8,42,140	2.47
8	Thailand	4,61,080	1.35
9	Indonesia	4,02,000	1.18
10	Myanmar	3,97,600	1.17
	Page total	3,33,87,450	97.87



Exports from India

Exports from India		
2010-11		
Sr No.	**Country**	**Value**
1	Vietnam Soc Rep	1,25,972.00
2	Malaysia	1,04,870.00
3	Egypt A Rp	1,01,665.00
4	Saudi Arab	65,319.00
5	Philippines	51,595.00
6	Jordan	48,455.00
7	United Arab Emirates	36,755.00
8	Myanmar	32,093.00
9	Kuwait	30,123.00
10	Algeria	28,953.00



Import regulations for the Philippines

All the food or agricultural imported are required to comply with the Philippines food/health and phytosanitary regulatory department laws which are import and exported.

All food and agricultural product even plant and products enter the philippines which are require to pass all different process which is subject to check that and they are not contaminated by any other pest and best fit for intended use for the country.

Now days,national microbiological standards for food and hygiene have not yet established in country. Philippine food regulations Authority has generally patterned codex alimentation commission guidelines for meat and also regulations established and maintained by the Food and Drug Associationof the United States and same regulations bodies in other countries.

The health regulation and process also applied on agriculture and food products are more similar for all types of products. In Philippine country import and export procedure, it is responsibility of the company which act as an importer and exporter to ensure that any different product entering the country area or territory is in full compliance with all Philippine health and phytosanitary regulations. All authorities will check for compliance goods and other similar import/export documentation and decide on if the goods may enter the philipines.in Philippines that export import compliance is achieved before goods are in shipped.

Labelling Requirements for imports

Standard of labelling in Philippines are used in the USA are widely acceptable and used in Philippines for the food manufacturers in supplying the locally and global markets. in local market is required to be different labelling for small product.so the some important information which is required for the labelling of imported and exported food products. Different name of the product different food ingredients which is widely used in the manufacturing process of the product (in decreasing order of proportion), and other required additives,some flavourings agents and preservatives used in the food; and all the contents and drained weight of the all the product; Full Name and Full address of Export/Import company/pacer or distributer and manufacturer, including their country of origin for all the imported commodities and full name and the address of Philippine importer/distributor; or the Lot identification.

Regulations for Meat Packaging and frozen Container

All the compliance with Codex and U.S. FDA some regulations for packagedfrozen and food will be always compliance with Philippine regulations. Importers to be packaged products register with BFDA before they are sold at retail outlets.

Codex Alienations and USFDA has regulations serve as the Philippine BFAD's main country reference guidelines for policy pertainingto good manufacturing practices and same similar suitability of packaging materials for food use.

Other Food Regulations and Requirements for the imports

Regulation of processed food product;all processed meat food products offered by the government for selling in the local market in philippines should must be registered to the BFDA registration product only be undertaken by a Philippineentity, certain paper works and for different types of comodities,some samples provided to exporter.Product divided in different two category registration requirements and procedures.Products have been divided into two categories with distinct sets of registration requirements and procedures.

Part I includes: All the baked product related to the bakery culinary and other backing product, other alcohol free drinks, and toffies, cocoa beans and their derivatives, milk powder cream and other related things, other related culinary sauces, brown sauce, béchamel sauces, other category milk related product, wall nuts and other wild nuts products, other frozen cooked food, ready to mix food and beverages. Other animal meat and chicken and turkey meat products, refindfloured Chinese products and other sugarfree products.

Part II includes: Animal and animal offers and other related non veg food, aerated drinks , alcoholic beverage and red wine and white wine, certain table wine and related alcoholic beverages. Infant food and light baby food, other packed baby food.

An application for registration should be filed by the Philippine importer for the importation and distribution/offer for sale of each class per brand of product .only products with a valid certificate of product registration from bfad will be allowed for retail sale in the Philippines.

Part I speciafically for the Meat and Buffalo Products

Letter of all the application for meat registration from importer/distributor; Accomplished Affidavit of Undertaking, typewritten and notarized;Accomplished all the product list by product classification, three (3) copies of all; Valid export License to Operate (from BFAD) with name of supplier/source(s) of imported food product;Copy of proper sales invoice; One sample of each product in commercial presentation and a copy of the label that is in conformance with Codex Labelling Regulations and BFAD requirements. In lieu of product sample, a colour picture of each product may be submitted. A sticker indicating the name and address of the importer shouldbe attached all if such information is not printed on the label of imported item; Registration fee of Pesos 200 per product for transaction.

As per the Agricultural and Processed Foods Products Export Development Authority (APEDA) following detail should be mandatory:

1. Name of the Product
2. Country of origin
3. APEDA Plant Registration No.
4. Name of the Exporter

Item No:	Unit	Item Description	Export Policy	Export product control policy
1a.	Ton	Indian Origin Cow	banned	Banned for export , strict control over illegal export and imprison if anyone found .
1b.	Ton	Indian Origin Beef meat particular buffalo	Granted	Export of this product is free from India and required special certificate from APEDA and must should be checked by the veterinary doctor.
1c.	Ton	Indian goat meat	Granted	Export of this product is free from India and required special certificate from APEDA and must should be checked by the veterinary doctor.
1d.	Ton	Indian Mutton	Granted	Export of this product is free from India and required special certificate from APEDA and must should be checked by the veterinary doctor.
1e.	Ton	Indian Origin Cow	banned	Banned for export , strict control over illegal export and imprison if anyone found .

1f.	Ton	Organs of Indian Origin Beef meat particular buffalo	Granted	Export of this product is free from India and required special certificate from APEDA and must should be checked by the veterinary doctor.
1g.	Ton	Offal Indian goat meat	Granted	Export of this product is free from India and required special certificate from APEDA and must should be checked by the veterinary doctor.
8	Ton	Offal of Indian Mutton	Granted	Export of this product is free from India and required special certificate from APEDA and must should be checked by the veterinary doctor.

Conclusion

- As India has the large number of buffalo the export opportunity is large as compare to other country.
- Indian buffalo meat is cheapest in the world.
- Indian government are encourage people for the export of the buffalo meat.
- Export of buffalo meat is assumed to increase more in Phillipience in coming years.
- In phillipiense the Import terrif of buffalo meat is less as compare to other countries.
- Indian government is planning to set 7 new meat process houses to cop up with future demand for export of buffalo meat.
- Future opportunity will be increased in philippines and also there will be several rules and regulation has been change by the government for the export of Buffalo meat in philippines.

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“Government Regulation & Political Situation

&

Dairy Products in Philippines”

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PART 1: Government Regulation & Political Situation in Philippines

1.Introduction

From the time of independence, the Philippines economy has had a mixed history of growth and development. Now, with a population in excess of 88 million people, the Philippines are a large and growing market.

Relations between New Zealand and the Philippines are friendly, and increasingly strong. The relationship has become more substantial in recent times with increasing trade. Two-way trade now exceeds NZ$883million per annum. A long-standing development assistance partnership adds strength to the bilateral relationship.

Key demographics

Official Name	Republic of the Philippines
Land Area	300,000 sq km
Population	88.7 million
Capital City	Manila
Religion	Roman Catholic (83%) Protestant (9%) Muslim (5%) Other (3%)
Language	Filipino and English are the official languages
Currency	Peso

Key statistics

GDP	US$144.06 billion
GDP per capita	US$3,380 (PPP estimate 2007)
Total exports	US$50.5 billion
Total imports	US$58 billion
Total NZ exports to the Philippines	NZ$712.8 million (2007-8)
Total NZ imports from the Philippines	NZ$225.4 million (2007-8)

POLITICAL

Philippines Key Facts

Political system	Pluralist Democracy modelled on the United States with an executive presidency, a bicameral Congress and a Supreme Court that can rule on the constitutionality of government actions.
National legislature	Bicameral Congress - Senate and House of Representatives.
National Elections	The May 10th 2004 election was for the Presidency, the House of Representatives and one half of the Senate. The next are scheduled for May 2010. Mid-term elections for the House of Representatives and one half of the Senate were held in May 2007.

National Government	Gloria Macapagal-Arroyo, who became President on January 20th 2001, won re-election in her own right on May 10th 2004 for a six year term.
Head of State	President Gloria Macapagal-Arroyo
Key Ministers [1]	• Vice President - Noli De Castro • Foreign Affairs - Alberto Romulo • Finance - Margarito Teves • Defence - Gilbert Teodoro • Justice - Raul Gonzales • Advisor on the Peace Process - Alverino Razon • Agriculture - Arthur Yap • Trade and Industry - Peter Favila • Budget and Management - Rolando Andaya

2.Philippines Political Situation

President Arroyo began her administration vowing to target corruption and work towards poverty alleviation. She also promised to stabilize the economy, (focusing on fiscal discipline) as the budget deficit had more than doubled in the period of political uncertainty.

As she came in over halfway through her predecessor's term, President Arroyo was in the unique position (under the Philippine constitution) of being able to stand for a second term in 2004. National elections for the President, Congress and half of the Senate, were held on 10 May 2004. After initially declaring that she would not be running, President Arroyo changed her mind and the campaign became a contest between her and movie star Fernando Poe Jnr.

On 20 June 2004, more than six weeks after the Presidential election, a committee representing the Congress, announced that Gloria Macapagal-Arroyo had won. This tally was then referred to the Congress as a whole. Congress' count put Arroyo with just over one million votes over Poe. The Presidential inauguration was held on 30 June 2004. In her 2004 State of the Nation Address, Arroyo focussed on the need to address problems of criminality and terrorism, and renewed her pledge to build a "strong republic".

Impeachment charges were bought against President Arroyo in July 2005. The President was accused of tampering with the results of the May 2004 elections following a public airing of a taped conversation between the President and an electoral officer during the elections. She rejected calls for her resignation and the Congress rejected the charges in September 2005.

In her 2005 State of the Nation Address, following the attempted impeachment, the President indicated support for a ‘special constituent assembly' to change the Philippine Constitution to establish a Parliamentary system of government rather than the current Presidential system.

On 24 February 2006 the President declared a state of emergency; due to alleged conspiracy to bring down the government after a section of the military took part in a mass anti-government demonstration. A newspaper office was raided and some high profile arrests of opposition figures were made. The state of emergency was lifted after seven days. Subsequently, there have been several other challenges to President Arroyo's power and she continues to lack a popular support base, faces a hostile Senate, and has been forced to rely on the military to maintain political stability. Prospects of further impeachment charges have receded as a result of the 2007 mid-term elections. Although Administration candidates fared poorly in the Senate elections, the President's control of the House of Representatives, in which impeachment charges would have to originate, was strengthened. President Arroyo has come under pressure to cut short her presidency, which is due to finish in 2010. She has been accused of exaggerating threats to national security in order to allow the security forces increased freedom to deal with her political opposition.

3.Philippines Economic Situation

The Philippines is a developing country with a diversified economy, reflecting its varied resource endowment, both physical and human. Important sectors of the economy include services (54.5% of GDP) agriculture (13.8% of GDP) and industry (31% of GDP), particularly food processing, textiles and garments, and electronics and automobile parts. The best performing sectors in recent years have been in services, and in particular the financial sector, which had been boosted by strong inflows of remittances through the banking sector, and trade, which has been buoyed by strong growth in household spending. Mining is also of great potential and mining investment has risen considerably in recent years. Despite, the global economic climate, the Philippines economy has proven to be resilient and in 2007 grew by a near record rate of 7.3%.

In November 2005 a newly expanded Value Added Tax (VAT) law was instituted in an attempt to restrain the growing foreign debt and to improve government services such as healthcare, education, social security, and transport. This boosted confidence in the government's fiscal capacity and helped to strengthen the peso. The peso continues to strengthen against the US. This VAT reform boosted 2006 tax revenue by 22%. The improvement in the government's fiscal position has allowed strong growth in government spending in recent years, but government consumption spending only accounted for 9.7% of GDP in 2007.

In 2005 sluggish exports, high oil prices, and a weak agricultural sector saw GDP decrease to 5%, from 6.2% in 2004. However, GDP growth in 2006 (to 5.4%) and further growth in 2007 (to 7.3%), fuelled by increased electronic exports, growth in the outsourcing industry, and the increase in remittances from overseas workers, has helped fuel the economy. Strong private consumption growth, which accounted for 6.94% of GDP in 2007, has also contributed to some strengthening of the Philippines economy. However, a fall in exports in the first quarter of 2008 and a slowdown in private consumption growth, as households were hit by higher energy and food prices, reduced year-on-year GDP growth to 5.2% in January to March. Whereas the deficit on merchandise trade has risen in recent years, the current account balance has consistently strengthened, moving from a moderate deficit of US$2.2billion in 2000 to a comfortable surplus of US$6.4billion in 2007. The US and Japan were the Philippines two biggest export destinations, and main origins of imports last year.

Both the pace of economic growth and its potential have been held down over recent decades by the low level of investment, especially as compared with other Asian economies which have enjoyed a high level of investment. A number these economies have achieved investment to GDP ratio of 25-30% during their periods of strongest growth, while in China, the ratio exceeded 40% in 2007. By contrast, the ratio in the Philippines was just 14.8% of GDP. Unemployment levels are high at 8%.

The Philippines will have to tackle several significant problems in the future. Income inequality remains an issue, regional development is uneven, and China and India have emerged as major economic competitors. This combined with a forecasted decline in economic growth; increased inflation; and a deteriorating trade deficit, will provide particular economic challenges. Fiscal constraints continue to limit Manila's ability to finance infrastructure and social spending

Philippines Peace Settlements

Unrest in the south of the Philippines has been a constant feature of the post-independence Philippines.

In 2001 President Arroyo moved to reopen peace talks with the Moro Islamic Liberation Front (MILF), a Muslim separatist group in the south, and with the National Democratic Front (NDF), the front organisation of the communist insurgents who have been fighting the government for 35 years.

With the assistance of the Malaysian government, advancement on MILF issues has been made and a ceasefire was agreed in mid-2003 (although clashes with breakaway factions have continued to occur sporadically). The MILF's principal demand is that the government address the matter of ancestral domain. The government wants the MILF to cooperate in operations against the international terrorist group Jemaah Islamiyah (JI). Although both sides purportedly want a peace settlement, there are forces on the ground in Mindanao that are hostile to a peace settlement on the terms currently on the table, and are therefore seeking to sabotage the process. Abu Sayyaf will not settle for anything less than an independent Muslim entity. Meanwhile sections of the military and some Christian community groups are opposed to any compromise.

While a peace agreement on the contentious issue of ancestral domain had looked likely, on August 4 2008, just before the agreement was due to be signed, the Supreme Court imposed a temporary restraining order on the agreement. The government has since disbanded its negotiating team, and is now refusing to engage with the MILF until it has disarmed. Government forces have been caught up in fierce fighting with the MILF rebels since the Supreme Court decision, and the outlook is now highly uncertain. However, the fact that both the government and the MILF want a peace agreement suggests that a peace deal will be brokered at some point, but concessions will be needed if there is to be a return to the negotiating table. In the meantime, the security situation in affected parts of Mindanao is likely to remain unstable. This source of instability is a major drain on the Philippines' economic resources.

Philippines Foreign Relations

The Philippines was a founding nation of ASEAN (the Association of South East Asian Nations) and is active in the ASEAN Regional Forum (ARF). It is also a member the United Nations (UN), some of its specialised agencies, the Asia Pacific Economic Cooperation forum (APEC), the Non-Aligned Movement (NAM), the Asian Development Bank (ADB), the International Atomic Energy Agency (IAEA), the World Trade Organisation (WTO), and the World Bank.

The Philippines has traditionally had very close links with the United States, but the closure of the United States military bases in 1991 led to an increased emphasis on its Asian neighbourhood. The link with the United States was renewed in 2004 through a Visiting Forces Agreement, and regular "Balikatan" (shoulder to shoulder) exercises, which provide training to Philippine forces.

President Arroyo has been a strong supporter of US-led anti-terrorism activities and has pledged the Philippines' support, including transit access for US forces. The Philippines also contributed to reconstruction in Iraq.

Tensions exist in the area of the South China Sea in regard to territory contested by the Philippines, China and other ASEAN countries, most recently in April 2004 when Viet Nam organised a "sightseeing" visit to the islands. The Philippines and China have agreed to not let the territorial dispute affect the bilateral relationship.

4..Review of The Economics Of Regulation

A. The Basis for Government Intervention

Governments not only pursue political ideologies but also implement policies needed to guide, correct, and supplement market conditions. The following are some reasons why public policy remains essential (Musgrave 1990; Krongkaew 1991).

1) The claim that the market mechanism leads to efficient resource use – that is, produces what consumers want most and does so in the cheapest way – is based on competitiveness and product markets: there must be no obstacle to free entry, and consumers and producers must have full market information. Government regulation or other forms of intervention may have to establish these conditions.

2) Public policy may be needed where competition is inefficient and wasteful due to decreasing costs.

3) The contractual arrangements and exchanges needed for market operation cannot exist without the protection and enforcement of a legal structure (Donges 1991).

4) Even if barriers to competition are removed, the production or consumption characteristics of certain goods cannot be provided by the market. Problems of mostly negative "externalities" arise, leading to "market failure" that requires correction through budgetary provisions, subsidy, tax penalty, or other means.

5) Social values may require adjustments in the distribution of income and wealth resulting from the market system and transmission of property rights through inheritance.

6) The market system, even in developed economies, does not necessarily bring about high employment, price stability, or the socially desired rate of economic growth. Public policy can cushion external shocks transmitted through open economies that often make the attainment of desired economic objectives difficult.

7) Public or social and private points of view on the rate of discount used in the valuation of future (relative to present) consumption may differ.

John Paul II's encyclical on economics, Centesimus Annus, argues for a "free economy" and state intervention only in exceptional circumstances to check the expansive ambitions of government. Such interventions must be as brief as possible to avoid taking away from society and business systems their functions and excessively enlarging the sphere of state intervention to the detriment of economic and civil freedom. This insight is based on the principles of giving priority to the individual, his free associations and society, and subsidiarity or minimum interference in the internal life of a community of lower order.

B. The Objective of Regulation

In justifying intervention through regulation, governments cite economic distortion and market failures, which result in misallocation of resources, excessive profits, decline in quality of goods and services, and exploitation of labor. Regardless of the motive, regulatory intervention can be justified from an economic standpoint only if the social benefits exceed the costs to the consumer. Specifically, government interventions should fulfill three basic functions:

1) allocation – the government helps allocate public goods that the market fails to provide;

2) distribution – the government helps adjust the distribution of income and wealth to ensure conformity with what society considers “fair” or “just”;

3) stabilization – the government helps maintain high employment, a reasonable degree of price-level stability, and an appropriate rate of economic growth, with allowances for effects on trade and the balance of payments.

In democratic societies, governments exercise various interventions to achieve these broad objectives through elected representatives. The above account is the orthodox economic justification for government involvement in the economy (Musgrave 1990). A more recent rationale takes a deeper look at the meaning and ramifications of market failures as they provide a set of reasons for government activity. According to Stiglitz (1988) and Krongkaew, for example, six circumstances of market failure prevent the market from reaching Pareto optimality or efficiency.

1) **Failure of competition.** Resources are allocated inefficiently. When the market is not competitive because there are too few firms or too many barriers to entry arising from increasing returns to scale, a natural monopoly results. Then consumers suffer restricted output and higher prices.
2) **Public good.** Some goods are either not supplied by the market, or supplied in insufficient quantity because they are characterized by joint consumption and nonexcludability. Examples of these goods are national defense and navigational aids, which can only be provided by the government.

3) Externalities. Externalities are said to occur when the actions of one individual or firm affect other individuals or firms without appropriate costs or compensations applied to those actions. The occurrence of externalities, therefore, connotes allocative inefficiency which justifies government's interventions to "internalize" those externalities: that is, to put proper prices on those externalities, or control them with regulations.

4) Incomplete markets. There are certain goods and services that the private markets fail to provide even though the cost of providing them is less than what individuals are willing to pay: this is the case in incomplete markets. Insurance and loans fit the above description: the private market does not provide insurance for many important risks that individuals face, or for certain loans.

As a result, the government may have to provide the facilities for bank deposit insurance, and student loans for higher education, or agricultural or small-business loans.

5) Information failures. The private market may fail to provide complete information to consumers, thus creating inefficiency in the transaction. The government may step in to remedy the information failures (or inadequacies) on behalf of the consumers. But it may go beyond this since information is, in many respects, a public good. A weather report is a case in point.

6) Unemployment, inflation and disequilibrium. A high unemployment is the worst of market failures, government should steer the economy away from unemployment, inflation, and other economic disequilibria. In a developing country, the government is justified in intervening in investment, capital-formation, infrastructure building, and services – all of which will make private economic activities viable.

The wide divergence in regulatory policies and approaches among countries is conditioned by ideological considerations of the role of the state, tradition, public attitude toward the value of competition and how to curb abuses, and what is considered the public interest. In addition to differences in approach and scope of regulation, there are significant contrasts in the regulatory techniques and organization. These ranges from independent regulatory bodies or commissions made up of neutral experts to legislative oversight bodies and regulatory agencies within, or closely supervised by, government. Thus, regulations are prescribed and enforced by state and local laws, the courts, state legislative and regulatory bodies, and local government units. Since a regulatory administration enforces standards and follows procedures, its form and scope are strongly affected by the form and nature of the legal system. The legal and administrative systems, such as the civil service, affect the form of the regulatory agency, its manner of operation, and relationship to the rest of government. It also affects the kind of staff personnel hired, compensation, and their training. In the US, whose jurisprudence influences that of the Philippines, regulation often provides the establishment of independent regulatory commissions, quasijudicial and quasilegislative bodies. So as to uphold the principles of check and balance, and due process, judicial review of the bodies' actions is often required.

C. Concepts and Tools of Economic Regulation

Regulation has been defined as "the intentional restriction of choice by a party not directly involved in or performing, the regulated activity" (Mitnick 1980). More specifically, it involves activities which achieve the following: (a) affect the operating business environment of private enterprise, including market entry and exit, rate, price and profit structures, and competition; (b) control specific services or products through permit, certification, or licensing requirements as provided by law or policy; and (c) relate to the development, administration, and enforcement of national standards normally done by a designated public agency. Control can be formally imposed through a defined scope of functions and authorities.

Proper authority is often prescribed and conveyed through (a) corporate charters, (b) a franchise which often is legislated and with a timeframe, (c) the grant of certificate, permit or license, and (d) a certificate of public convenience and necessity (CPCN) as in the case of transport utilities. Regulation is only one of the four major modalities by which governments intervene. The others are promotion, direct management, and planning.

Governments offer a wide range of incentives and subsidies, such as tax holidays, cheap credit, and protective tariffs to promote selected sectors and industries. In other countries, in addition to or in lieu of regulation, governments themselves own and manage various economic activities either directly or through public-sector enterprises. In many developing countries, governments are involved in planning socioeconomic development although many centrally planned economies are now shifting toward some variants or market oriented economic systems.

D. Regulation in the Development Context

Regulation, either in its control (negative) or promotional (positive) form, has direct bearing on economic development. The literature on the economics of regulation, which used to be theoretically oriented, has been enriched by recent experience in the Pacific region (see Japan Committee for Pacific Economic Outlook Report 1990). The theoretical, rationale, and practical experiences are dominated by four arguments:

(**a)avoidance of unfair monopolistic practices and opportunistic behavior;**

(b) Protection of infant industries;

(c) Minimization of the ill-effects of excessive and often-destructive competition; and

(d) Promotion of public safety and health and protection of the environment.

Conversely, a largely body of research and arguments calls for structural adjustment by combining standard macroeconomic policy reforms and deregulation. The argument for monopoly assumes that because of the huge capital involved and to achieve economies of scale it is socially desirable to have just one or a few firms to economies of scale. In most cases, it is possible and efficient to separate networks of activities where regulation is justifiable from other operations that can be opened to competition. Deregulation seeks to break monopolies by vertical or horizontal disintegration, such as through the structural separation of the energy-development, electric-power generation, transmission, and distribution components of an electric power system. For instance, electric-power generation can be deregulated while continuing the regulation transmission as a common carrier and local distribution through geographically dispersed system of franchised or licensed monopolies. This model can have an analogous application in the telecommunications and airline sectors where local distribution and operation can be directly separated from major trunkline operation.

In cases where a monopoly is supported by policy, whether the facilities are publicly owned or not, the right to operate can be bidded out regularly to create positive tension and adequate competition. In cases where the monopoly is granted to a private operator, its ownership structure can be democratized through public listing of its shares. Monopoly conditions, therefore, can be governed by various forms of public and private ownership and management arrangements. Conversely, antitrust legislation can make such acts as price-fixing and market division illegal by applying either the “per se” or “rule of reason” principle. The argument for protecting infant industries, sometimes called “industrial targeting,” which is most applicable for tradeables, provides for either tariff or nontariff barriers. This argument, however, has lost much theoretical appeal due to the success of open economies in dealing with greater international interdependence and managing external shocks by encouraging export-oriented and world-competitive industries.

Excessive competition and attendant price-cutting may result in poor services and products. They are likely to occur in industries where entry is easy, exit or disposition of assets difficult, and marginal costs very much below average costs (Harris 1991). It can also take place in an industry where fixed cost may be high but marginal costs low. Under such circumstances, firms cannot make sufficient profits, public health and safety are jeopardized, and old facilities and equipment not likely to be replaced. The purpose of regulation, which emphasizes control on entry and pricing, manages competition, ensuring profitable operations and better service.

E. The Case for Deregulation

Harris defines deregulations as wholesale change in public policies toward an industry, with greater reliance on market forces and competition and less reliance on administrative guidance. Some argue that deregulation is not an end in itself, but a means of freeing individual creativity, stimulating private initiatives, and widening the range of consumer options (Donges 1991).= Deregulation in various countries has created firms and workers who are either winners or losers. Safety regulations should be improved to mitigate excessive competition. The experience of the US and other countries warn those embarking on deregulation to carefully manage the following:

(a) potential changes in demand (changing relative prices) and composition of supply (shifts in factor substitution);

(b) theprocess of transition; and

(c) the effects on the balance of payments, labor skills, and theneed for training and social safety nets for those adversely affected

The World Development Report (WDR 1991) recognizes the complexity of pacing and sequencing stabilization policies that often include some form of deregulation, such as decontrol of prices and user rates. While swift reforms may neutralize the resistance of adversely affected groups, more gradual reforms may allow time to address their concerns. In recent years, state economic managers, even those in previously centrally planned economies, have come to value competition. The WDR highlights some of the current thinking noting that some exchange-rate, trade, and pricing policies are harmful

PART 2 “Analysis of Dairy Products in Philippines”

5.Introduction

The yearly world trade in milk products amounts to 33 million tones, valued at US$ 10 billion. Barely 7 to 8% of the world milk production is traded internationally. The mass of the world dairy trade is in cheese, butter, milk, ghee, powders, etc. A rising move towards cheese is estimated in the near future. Two vibrant products with a substantial projected growth in the coming years.

The international dairy trade is dominated by four country - EU, New Zealand, and Australia and USA - which together account for 85% of all exports. New Zealand and Australia export around 80 and 50% of their milk production respectively. It accounts for the large quantity of milk powder imports and half of the imports of evaporated milk. In contrast, most cheese imports from developing countries to developed countries such as Japan and the United States.

The dairy industry is regulated in most countries through various ways. Imports are commonly constrained, and exports frequently subsidized. High dairy price supports in many countries are put in place to stimulate production to the extent that subsidies for exports are necessitated to maintain domestic dairy programmed.

PHILIPPINES DAIRY

India and the Philippines signed a Trade Agreement in 1979. Growth of bilateral trade between the two countries had been slow till the late 90s, but has grown in the last few years. Balance of trade has been heavily in favour of India. Trade however still remains below its potential. However, the visits by the Indian President (February 2006) and the Indian PM (January 2007) to the Philippines, have acted as a stimulus to bilateral trade and investment links. In 2009-10 bilateral trade between India and the Philippines is US$ 1061.84 million of which US$ 748.77 million forms Indian exports to the Philippines and US$ 313.07 million is the element of India’s imports from the Philippines.

<u>Introduction</u>

- Dairy is emerging as a driving force of rural development. Its play twin role of improving the living conditions of dairy farmers and co-operatives and it improving the health of the pre-school and school children have made a landmark in creating and securing rural jobs.

- Dairy farmers are assured of daily cash flows that provide them financially secured and which are able to meet their family's basic needs.
- For the period 1July-30November 2010, NDA has helped the local dairy farmers and cooperatives achieve their economic targets of increasing milk production, their productivity and profitability and their very limited dairy resources.
- NDA presents its major activities for the period covered and the planned intervention for 2012.
- NDA hopes that these achievements and the 2012 plan will be considered by the authorities of the present government.

<u>Dairy co-operation</u>

- Milk production in the Philippines 22% of liquid milk consumption and 4% of total demand for milk products. The gap is met by imports worth approximately US$ 400 million annually, mostly from Australia and New Zealand,
- 70% of which accounted for by Nestle, New Zealand Milk and Alaska milk. Currently, some local companies have started importing milk and milk powder of Amul and other brands from India.
- At the request of the Philippine Government, the National Dairy Development Board (NDDB) conducted a feasibility study in 1998 for a pilot project involving a capital outlay of US$ 10 million.
- In October 2002 a 5-member team from the Philippine National Dairy Authority (NDA) visited India as part of the rice counter-trade deal with PEC.
- NDA team prepared a project for raising local milk production to 5% of market share by 2007.
- A two-member Mother Dairy delegation also visited Philippines in November 2002.
- The Administrator of NDA visited Anand in November 2003 for a FAO-NDDB Conference, which bilateral discussions were held with NDDB.

<u>Status and structure of the dairy strategy</u>

The Philippine's dairy strategy is spelled out in four documents:

1) The Medium-Term Dairy Development Plan and the Dairy Industry Development Model (DIDM) of 1989,

2) The National Dairy Development Act of 1995 (Republic Act 7884),

3) The Dairy Road Map of 2004 and

4) The Dairy Fast Track of 2008.

Currently filed in the legislature are two dairy-related bills:

- one contains amendments to the dairy law
- One legislates a milk feeding program for children.

TRADE

Dairy products are the Philippine's second largest agricultural import after wheat. In 2007, imports of milk and milk products had declined by about 2 percent in liquid milk equivalent, from 1,733 MMT to 1,740 MMT from last year. While the value of total milk exports grew by 43 percent last year due to the significant increase in world market prices of dairy products. The major country suppliers in which New Zealand with 42 percent, the United States with 18 percent and Australia at 13 percent share of the total imports of dairy products.

Total dairy exports increased by 9.3 percent in 2011 with exports of whole milk powder comprising about 95 percent of the total volume. The main countries of destination were Indonesia 51% and Malaysia 26%; other export markets include Thailand and Vietnam in 2011.

Exports of dairy products from January to June 2012 increase by 12 percent by volume and as much as 47 percent in value. The re-export of dairy products to other Asian countries is estimated to remain strong.

PRODUCTION

Data from the Philippine NDA shows that in terms of volume, domestic milk production grew 3.44 percent from 12,870 metric tons in 2010 to 13,320 metric tons last years. Value of dairy production in 2011 amounted to P387011 million. Local milk production is likely to continue increasing due to increase demand for fresh milk. The country produces less than 1% of each total dairy requirement and import balance.

Basically, there are four types in the Philippines producing raw milk:

- unorganized smallholder producers,
- cooperative smallholder producers;
- government and
- Commercial farms.

Both smallholder and cooperative producers allocate for home consumption and home based processing. Milk form smallholder producer and are member of cooperative is usually consolidate in collection center and then delivered to processing plant. There are at least 16 dairy processors in the country. The bulk of raw milk produced in government farms are processed in government owned processing facilities and are sold to rural consumer. Fresh milk from commercial farms is sold to commercial processor for processing. Among the major suppliers to the coffee shops are milk processors from Batangas and Laguna. Other milk suppliers are importers of UHT milk, mostly coming from Australia and New Zealand.

CONSUMPTION

Over the last few years, many dairy cooperatives have sprung up in various regions of the country. About half of local milk production, according to NDA, is absorbed in the local communities where it is produced. The other half goes to school and community milk feeding programs co-founded by local government units. Due to dairy production in the country being more community-based, maintaining the quality of fresh milk becomes a major concern due to the lack of dairy processing facilities and milk delivery vehicles.

POLICY

1. **Dairy Business Enhancement**– inculcates enterprise orientation along the supply chain from farm to market. Includes training programs to establish effective business models to assist participants to think business and profits and not only productivity

2. **Herd Build-up Program** – increase local dairy stocks and ensure good animal performance. Supervises animal infusion from importation, compliance with quarantine procedures, distribution and provision of technical services, as well as strengthening of the animal loan program.

3. **Milk feeding program** – the NDA Milk Feeding Program (MFP) provides a stable flow of income to local dairy farmers and cooperatives as well as used to address the difficulty of malnutrition in children. A Philippine milk fund has been established through a public-private effort to broaden the coverage of the NMFP.

4. **Milk Quality** – in June 2005, the NDA's central milk testing laboratory was accredited the bureau of food and drug (BFAD) to conduct testing for milk quality and animal health

MARKETING

- Metro manila is major market for fresh milk.
- There are two types of market business and consumer markets.
- Business market includes coffee shops, hotels, restaurants, supermarkets, and small retailers.
- Consumer market includes house hold and schools.
- The main target of local milk processors are the institutional buyers like coffee shops.
- Specialty coffee shops are good markets because of the continuing trend towards coffee consumption as a lifestyle in the country.

- Local suppliers are enjoying this market as most coffee shops demand local fresh milk for their coffee concoctions because of its superior taste and ability to promote foaming compared to UHT milk.

DAIRY CONSUMPTION IN THE PHILIPPINES GROWING

- The Philippines is one of the fastest growing economies in Asia and has a population of over 93 million.
- The country is almost completely dependent on imports of all dairy commodities.
- Domestic milk is used only for ready-to-drink milk.
- Traditional Philippine cuisine does not have any place for dairy products.
- Despite this, dairy consumption has grown, encouraged by Government policies.
- Milk powders are largely used for reconstitution as ready-to-drink milk (either fresh or UHT)
- The major players in the market are Fonterra Philippines, Alaska Milk Corporation (USA), Nestle and Snow Mountain Corporation.
- The country has an import requirement of around 180, 000 tones of milk powders.
- SMP accounts for around 110, 000 tones while WMP imports and whey combined make up around 70, 000 tones.
- Milk Powders (SMP, WMP, Whey and Buttermilk powder) constitute about 79 % of total imports.
- New Zealand is the largest supplier to the market, accounting for 36 % of imports.
- This is followed by the United States at 25 %, Australia at 11 % and Malaysia at 6 %.
- Australia and New Zealand have tariff free access due to a free trade agreement.
- The most recent Philippine trade agreement entered into by the country is the AANZFTA (ASEAN-Australia-New Zealand Free Trade Agreement), which was signed in February 2009.

- Parties to the AANZFTA are Australia, New Zealand and the ten ASEAN members.

- As of 2010, milk powder, cheese, whey and buttermilk from Australia and New Zealand enter the Philippines duly free, while milk powder and whey from the United States have an MFN duty of 1 %; cheese three to 7% and buttermilk 3%.

- Imports of milk powders have been growing at around 1% year while butter and cheese have been growing at 18 % annually.

- While these sectors are dominated by New Zealand and US suppliers there may be opportunities for Irish dairy producers as the demand grows further.

PHILIPPINES IMPROVES DAIRY COMPETITIVENESS

- Manila Bulletin reports that the Filipino dairy farmers linked with the Dairy Confederation of the Philippines have started collaborating for a training program with the IRDA in the University of Wisconsin (UW)-Madison to be able to acquire any global best practices in dairying.

- The dairy training partnership programme included dairy herd improvement, marketing and value-added products, UW Cooperative Extension System, UW Center for Dairy Profitability, dairy cattle nutrition and feeding, Forage Center Activities, Basic dairy cattle health, Milk quality testing, and cow comfort and Facility Design and Biological System Engineering.

- Government agencies have been supporting local dairy development as the sector has tremendous growth potential considering the huge market with the country’s dairy imports reaching $500 to $700 million annually.

- A Gouda Cheese development programme is now under the Philippine Council for Agriculture Forestry and Natural Resources Research and Development’s (PCARRD) Technomart programme.

- “Fresh milk and other products produced and processed by NDA-assisted dairy farmers meet dairy industry standards. Customers such as premium coffee shops and first-class hotels are assured of quality items.

- The NMFDC's Gouda Cheese, stored at four to eight degrees centigrade for at least six months, have gained a market for its flavor.

- The programme has also identified a dairy expert called "Magsasaka Siyentista" (MS) to aid other dairy producers in adopting best practices.

MAJOR CONSTRAINTS OF THE DAIRY SECTOR

- Irregular support from government of the country
- Shortage of dairy stocks products
- Limited industry new entrants
- Competition with lower price imported milk powders
- Technicians and farmers of the country to work in dairy farms in New Zealand and Australia.
- Increase productivity of animals on the ground
- Increase the number of small hold farmer's earning profits from dairy enterprise.
- Support the establishment of procreation farms to supply new entrants with good dairy product stocks.

MAJOR PLAYERS

- Alaska milk corporation
- Consolidated dairy
- 5th district of pangasinan dairy
- Panvin international corporation
- Bulacan dairy
- New flavor house

DAIRY PRODUCT

Guava	Lemongrass
Mango	Peach
Vanilla	Toffee
Pineapple	Butter scotch
Coffees scotch	Mantecado
Choco-cola	Cherry
Lemon lime	Langka

VOLUME OF DAIRY IMPORTS 2009-11 *('000 MT, in LME)*			
Milk & Cream	**2009**	**2010**	**2011**
Skim Milk Powder	626.87	697.64	431.96
Whole Milk Powder	345.13	262.72	147.86
Butter Milk Powder	132.90	139.13	86.87
Whey Powder	253.10	304.31	150.86
Liquid Milk	36.63	39	24.11
Evaporated Milk	136	103	.29
Others	59.60	103.45	66.59
Total Milk and Cream	1455.64	1577.28	908.54
Butter, Butterfat & Dairy Spreads	101.56	145.88	77.56
Cheese	47.86	59.81	24.83
Curd	13.65	6.68	7.99
Total Imports	1613.71	1789.65	1013.53

VOLUME OF PHILIPPINE DAIRY EXPORTS		
	2009	2010
Milk & Cream	294701.79	194010.87
Butter-Butterfat	439.32	143.86
Cheese	3711.88	5636.36
TOTAL EXPORT	298852.99	199791.10

<u>6.SWOT Analysis</u>

<table>
<tr><td>Strength

➢ High quality standards.
➢ Highly trained and qualified manpower available to the industry.
➢ Improved transportation facilities for movement of milk and milk products.</td><td>Weakness

➢ Shortage of dairy stocks products.
➢ Limited industry new entrants.
➢ Irregular support from government of the country.</td></tr>
<tr><td>Opportunity
➢ Large growing market.
➢ Liberalized policies in dairy sector.
➢ Availability of large resources.</td><td>Threat
➢ The liberalization of the Dairy Industry is likely to be exploited by multi-nationals.
➢ Artificial milk powder practices</td></tr>
</table>

7.Indian Dairy Industry

OVERVIEW

- India is the world's largest producer of dairy products more than 13% of world's total milk production, and it also has the world's largest dairy herd.
- India was neither dynamic importer nor an exporter of dairy products prior to year 2000.
- However, since the implementation of Operation Flood Programmed, the situation changed significantly and imports of dairy products very small quantities.
- After 2001, India has become an exporter of dairy products and after 2003 India's dairy import has decline while exports have increased at a fast rate.
- The country's share in global dairy trade still remains at minor levels of 0.3% and 0.4% for exports and imports respectively.
- Due to the direct consumption of milk by the producer households as well as the demand for processed dairy products increased with the growth of income

level. India consistently exports specialty products such as casein for food processing or pharmaceuticals.

- The Indian dairy sector is different from other dairy producing countries. India emphasis on both cattle and buffalo milk.
- In 2010, the government and the National Dairy Development Board have drawn up a National Dairy Plan (NDP) that proposes for double India's milk production by 2020.
- This plan will increase the country's milk productivity, improve access to quality feeds and improve farmer access to the organized milk market through focus on increasing co-operative membership and growing the network of milk collection.

PRODUCTION:

Economic growth and an increasing population are increase dairy demand up at a higher than India's dairy producers are able to expand production. According to India's National Dairy Development Board (NDDB), demand is increase nearer 6 to 8%. India given most preference for vegetarian and dairy-based sources, demand from India's rising middle class is pushing up dairy prices, leading to new interest in dairy production as a commercial activity. India's dairy production continues to expand the dairy product in the global market.

India's dairy sector is work through millions of farmers, the vast majority of whom milk fewer than five animals. Indian dairy production is described as following a "low input, low output" model, implying that farmers typically maintain low costs of production, but also maintain some of the yields of any country in the world. Animal feeding is heavily dependent on agricultural by products.

In response to growing demand, Post forecasts in 2012 fluid milk production is record 127 million tons, approximately 4.5% more than 2011 which is consistent with estimates. This estimate may fluctuate slightly in response to food availability and overall monsoon conditions in 2012. In 2011 production of milk is estimated at 121.50 million tons, around 4% up over 2010 production of milk at 117 million tons.

As that India continues to increase the quantity of milk powders available to Indian consumers, NFDM production is expected to grow with increased fluid milk output. In 2012 production of NFDM is forecast to increase 450,000 metric tons which is estimated at 410'000 in 2011. Post forecasts 2012 production of butter and ghee increase by 4% over 2011 to 4.50 million metric tons which was estimated in 2011 production of butter down 5000 metric tons to 4.32 million metric tons and in response to the 6000 metric ton carry over from 2010.

PRODUCTION POLICY

Indian dairy policy is currently giving more attention on increasing milk output. The NDDB has created a “National Dairy Plan,” (NDP) with the overall objective of achieving India’s increasing demand for dairy products and putting India on the path to maintain in milk production. The NDP is envisaged to span over a 15-year period with an estimated output of more than 3 billion U.S. dollars in different phases. The NDP plan goal is to increase milk production to 180 million tons by 2020.The NDP plan further envisages this transformation to occur through activities including improved artificial insemination and breeding services, improved cattle feed manufacturing, and expanding milk processing infrastructure. The plan also suggests enhancing the share of milk from organized sector in total marketable surplus. Indian government is discovering World Bank assistance to bring down the cost to the government.

In addition to the National Dairy Plan, the Department of Animal Husbandry, Dairying and Fisheries (DAHD), Ministry of Agriculture, implemented four schemes in the dairy sector during 11th plan period (2007-2012). These are:

1. Intensive Dairy Development Program (IDDP): This program is being implemented by the State Dairy Federations/District Milk Union and has the following six objectives:

- Development of milk cattle.
- Improve milk production by providing technical inputs services.
- Procurement, processing and marketing of milk in a cost effective manner.
- Ensure remunerative prices to milk producers.
- Increase employment opportunities.
- Improve the social, nutritional and economic status of residents of comparatively more disadvantaged areas.

The Government of India has approved maintenance of this program for the financial year 2012-13. Details are available at: Administrative approval for continuance of Centrally Sponsored Scheme 2012-13

2. Strengthening infrastructure for quality & clean milk production: This program is being implemented through the State Government/State Level Milk Federations. The objectives of the program are:

Creation of essential infrastructure for production of quality milk at the points of consumption.

1. Improvement of milking procedures at farmer level.
2. Strength of infrastructure to create mass awareness about importance of good milk production
3. The program is implemented by the concerned District Co-operative State Dairy Federations. The objective of the program is to underperforming dairy co-operative unions at the district level and cooperative federations at the State level.
4. Dairy Entrepreneurship Development Scheme is being implemented by National Bank for Agriculture and Rural Development (NABARD), starting in September 2010 and has the following objectives:
   - Setting up modern dairy farms for the production of milk.
   - Encouraging heifer calf rearing for conservation and development of good breeding stock.
   - Creating structural changes in the unorganized sector so that initial processing of milk can be taken up at the village level.
   - Upgrading of technology to handle milk on a commercial scale.

The GOI has approved continuance of this program for the financial year 2012-13 (April-March). Details are available at: Administrative approval for continuance of Centrally Sponsored Scheme (IDDP) 2012-13 while breeding stock development continues to take place through the Ministry of Agriculture’s research programs, the GOI has also taken steps to allow the importation of high quality genetics.

The GOI launched the National Mission for Protein Supplements in Indian Financial Year 2012-13 with an allocation of more than USD 65 million. This mission will take up activities to promote animal based protein production through dairy farming, piggeries, goat rearing and fisheries in selected blocks of the country.

REGULATION OF MILK AND MILK PRODUCTS IN INDIA

- The new Food Safety and Standards Authority of India (FSSAI) are charged with regulating food safety in India.
- Under the mandate of the Food Safety and Standards act of 2006, the FSSAI has consolidated various food laws, including the Milk and Milk Products Regulation (MMPR) 2009, into one umbrella regulation known as the Food Safety and Standards Regulation, 2011.
- The Food Safety and Standards Rules and Regulation 2011 was enforced nationwide on August 5, 2011.
- Among various food products, the regulation also regulates the production, distribution, and supply of milk products; establishes sanitary requirements for dairies, machinery, and premises; and sets quality control standards for milk and milk products.
- Although minimal changes are expected to India's existing food safety laws, the Food Safety and Standards Regulation proposed a new definition for cheeses which would prohibit the use of animal-derived rennet.
- These regulations apply equally to domestic and imported food.
- For details please refer to IN1174 on India Enforces the New Food Safety Law.
- The Food Safety and Standards Regulations require that a food business operator (including food processors, manufacturers, exporters, or importers), shall hold a license to carry out his business in India.
- No person shall commerce or carries out any food business except under a license issued by the FSSAI.
- At the same time, the operator shall register his business with the appropriate registration authority.
- As per the provisions of MMPR 2009, a dairy unit handling up to 200 thousand liters per day (TLPD) of milk or 10, 000 metric tons of milk solids per annum, where the entire activity of procurement, processing and marketing lies within a state or union territory, the registration authority shall be an officer of the concerned state government or union territory.

- Dairy units handling more than 200 TLPD of milk or 10, 000 metric tons of milk solids per annum shall be registered by the Central Registering Authority.
- Under the new food safety law, food business operators are expected to assume their responsibility for safety in production, import, distribution, and safe of food.
- On February 14 2011, the Indian Ministry of Health and Family Welfare, Department of Health, issued a draft notification amending standards of the Prevention of Food Adulteration Rules, 1955.
- The amended standards deal with the addition of nutritional ingredients in various foods, including dairy products, as well as amending standards for infant foods and other products.
- The notification GSR No. 92(E) dated 14.02.2011, is available on the FSSAI's website and can be accessed at: GSR No. 92(E) dated 14.02.2011.
- While the FSSAI sets standards for the safety of domestically produced and imported milk and milk products into India, the Ministry of Agriculture's DAHD is responsible for issuing sanitary permits for the import protocol for the import of bovine semen in India and is actively working to strengthen the Indian dairy sector.
- In 2011, India revised the guidelines for the import/export of bovine germplasm.
- The new revised guidelines are available on DAHD's website and can be accessed at: Guidelines for export/import of bovine germplasm.

CONSUMPTION

- According to NDDB, total dairy production is estimated to be growing at 4% annually while demand for milk is growing at approximately twice the growth rate of production.
- The major factors driving growth in milk consumption are increased demand due to population growth, growing household incomes, increased demand for value-added milk products, and the preference for fluid milk as a principal protein source across all age groups in India.

- Given India's strong demand for dairy products, India consumes nearly all the dairy and dairy products it can produce.
- Indian consumption of nonfat dry milk is forecast to surpass Indian production in 2012, reflecting the small but growing deficit in dairy production and the need for increased supplies.
- 2012 fluid milk consumption is set to match 2012 fluid milk production.
- Butter consumption exceeded domestic production in 2010 and is forecast to do so again in 2011 and 2012.

PROCESSING

- The Indian processed dairy sector is expanding.
- Industry estimates suggest around 15% growth in the processed dairy segment in next five years.
- Sources indicate that growth in the processed dairy sector is being driven by an expanding middle class which is demanding a greater diversity of choices.
- Growth is further being enabled by the expansion of modern retail facilities, especially in tier 1 cities.
- Products such as yogurts, ice creams, dairy drinks, and western-style cheeses, as well as dairy products with enhanced nutritional properties are growing in popularity.
- Given this scenario, the processed dairy sector is likely poised for growth, although this will rely greatly on the stability of dairy supply as well as the expansion of necessary infrastructure and the cold chain system

8.TRADE related to Dairy Products

Export:

- Post has revised CY 2011 estimates for export of NFDM to zero based on India's prohibition of milk powder exports.

- Specially, on February 18. 2011, the GOI prohibited the export of milk powders (including skimmed milk powder, whole milk powder, dairy whitener and dairy-based infant formula, casein and casein products) in order to help control rising Indian dairy prices, which have risen by about 20% in the retail market and by 12% at the wholesale level over the last year.
- The move to ban exports came ahead of the summer season, which generally witnesses a dip in milk production.
- According to industry sources, it is believed that milk prices will continue to rise over the short to medium term due to sustained demand and increasing production costs resulting in a possible extension of the export ban for a second year in 2012.
- Post therefore forecasts, nil, exports of NFDM in CY 2011 and 2012.
- Exports of NFDM for CY 2010 have been revised upwards to 18,000 metric tons, reflecting strong export demand, coupled with good production.
- Prior to banning milk powder exports in 2011, Indian exported various categories of dairy products including milk powders, baby foods, butter and other fats, casein, milk and cream, cheese, and whey products.
- Milk powder exports constituted more than 40% of the total dairy exports in volume terms during CY 2010, followed by casein and its derivatives (21%), butter and other fats (19%), and other processed dairy products.
- India exported around 50% of its total dairy product shipments to Bangladesh, Nepal, the United States, U.A.E. and Singapore during CY 2010.
- Given strong domestic demand and prices, India typically only exports a small % of its total dairy production.
- Some occasional NFDM or butter exports will occur if favorable prices and demand in neighboring markets occur.
- Due to strong domestic demand, CY 2011 butte exports are revised downwards to 6,000 metric tons.

- Total CY 2012 exports of butter are forecast at 5,000 metric tons, reflecting expexted strong domestic and demand.

- CY 2010 butter exports are revised upwards to 11,000 metric tons based on updated GOI export statistics which reflect high production and demand in the international market in 2010.

Imports:

- Due to strong domestic demand and concern over seasonal shortage, the GOI has allowed NDDB duty-free imports of NFDM up to 50,000 tons and 15,000 tons of butter and butter oil at zero duty during 2011-2012 (April-March).

- While only 30,000 metric tons of NFDM was allowed duty-free in 2010, the quota was expanded in spring 2011 to 50,000 metric tons.

- Thus, post has revised CY 2011 NFDM imports to 45,000 metric tons.

- As that there is no indication at this point that NFDM duties will again be expanded to 50,000 metric tons in 2012, post forecasts 2012 NFDM imports at 30,000 metric tons.

- India typically imports butter oil.

- Production, supply and demand estimates (PSD) are shown in butter, adjusted to its butter oil equivalent.

- CY 2012 butter imports are forecast at 20,000 metric tons assuming that the tariff rate quota (TRQ) will remain at zero duty for 15,000 metric tons.

- CY 2011 butter imports are revised upwards to 20,000 metric tons against a previous estimate of 5,000 metric tons, as the government rolled over last years.

- CY 2010 imports increased to 25,000 metric tons following the government's liberalization of, duty free, imports of butter oil in March 2010.

- Duty free imports in 2010 were allowed due to concerns about a deficient monsoon and expected significant production drops which never materialized in 2010.

Trade policy:

- India allows imports of milk and milk products without any quantitative limitations, although tariff rate quotas apply and import permit is required.

- NDFM imported above the tariff rate quota attracts a basic duty of 60% while above quota imports of butter oil are charged a basic duty of 40%.

- Historically, India has only imported limited quantities of milk powder and butter because domestic production has been able to meet general requirements.

- As incomes and population grow, (and consequently consumption), India may require additional supplies and imports of butter and NFDM, absent significant domestic production growth.
- India consistently exports milk powders, (particularly casein), although these exports constitute a small percentage of India's total production.
- Although India allows milk and milk product imports, in most cases, both import permits and sanitary certificates are required.
- For the import of livestock products (including milk and milk products), an applicant has to apply at least 30 days in advance with form A/B (Department of Animal Husbandry and Dairying).
- Exports of U.S. dairy products to India are effectively prohibited under India's current dairy sanitary import protocol
- Imported dairy products, like domestic dairy products, must adhere to all relevant food safety laws and quality standards.
- These include the quality standards set by the Bureau of Indian Standards (BIS) as well as the food safety standards covered in the Food Safety and Standards Regulation, 2011.
- On January 3, 2011, the Ministry of Commerce and Industry released an extension to its earlier notification to prohibit the import of dairy products (including milk and milk products) from China with effect from December 24, 2010 for one year and until further orders.
- The import ban was based on the recommendation of the Food Safety and Standards Authority and was taken as a precautionary measure after melamine adulteration was found in Chinese milk powder imports.

Major Players

- The packaged milk segment is dominated by the dairy cooperatives.
- Gujarat Cooperative Milk Marketing Federation ((GCMMF) is the largest player.
- All other local dairy cooperatives have their local brands.

For e.g.

- Amul,
- Gokul,
- Warana in Maharashtra,
- Saras in Rajasthan,
- Verka in Punjab,
- Vijaya in Andhra Pradesh,
- Aavin in Tamil Nadu, etc

Other private players include

- J K Dairy,
- Heritage Foods,
- Indiana Dairy,
- Dairy Specialties, etc.
- Amrut Industries, once a leading player in the sector has turned bankrupt and is facing liquidation

Indian dairy products

○ Lactose	Fat cow
○ Fat buffalo	Butter
○ Ghee	Milk powder
○ Protein powder	Soya lecithin
○ Choco paste	Ice-cream
○ Chocolate	Cheese

9. Suggestions

- There is a need of improvement in the stock of dairy products Because of lack of proper stock of products, the shortage occurs at a time
- There is a less threat of new entrance so, Indian dairy sector have strong opportunities to establish the dairy product market there.

- Government of Philippine should expand their support towards the dairy sector of the Philippines
- The volume of imported dairy products in Philippine is high in comparison of exported products , so it will try to reduce deficit of the country's balance of payment and try to increase export
- Technicians and farmers of the Philippine have less opportunities to work in the circle of dairy sector so they moved towards the New Zealand and Australia, so government of Philippines should create and opportunities for them
- Improve the procreation farms to supply and breeding of animals with providing healthy foods and facilities

10. Conclusions

In comparison of Indian dairy sector, Philippine dairy sector have less opportunity to enlarge its dairy sector because of less support of its government. An area having of better dairy products, Philippine have to dependent on imported dairy products. India have strong opportunity to establish dairy sector in Philippine because there is less competitor and no threat of new entrance in Philippine

Philippine mostly imports its dairy product from country of New Zealand, USA, and Australia. And it export the dairy product in country of destination were Indonesia, Malaysia, Thailand and Vietnam. The country is almost completely dependent on imports of all dairy commodities. Domestic milk and Milk powders are largely used for reconstitution as ready-to-drink milk. The major players in the market are Fonterra Philippines, Alaska Milk Corporation (USA), Nestle and Snow Mountain Corporation.

Government agencies have been supporting local dairy development as the sector has tremendous growth potential considering the huge market with the country's dairy imports. So government also provide a promotional activity for the growth of the Philippine dairy product market by providing different subsidies, transportation and other facilities, training program to the farmer and etc.

Growing Industries and Pharmaceutical Industry in Philipienes

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PART 1

GROWING INDUSTRIES OF PHILLIPINES

INTODUCTION

With gross domestic product of $189 billion(as per 2010census).The Philippines **Economy** is ranked as the 46th largest in the world. petroleum products, electronic products, copper products, semiconductors and transport equipment, coconut oil and fruits, garments constitute Primary exports. Japan, United States, China, Singapore Hong Kong, Germany, South Korea are Major trading partners. It is newly industrialized economy as the Philippine economy has been transitioning to one based more on manufacturing and services from one based on agriculture. It has been included by The Goldman Sachs in its list of the Next Eleven economies.

DEMOGRAPHIC OVERVIEW

Population

101,833,938 (July 2011 est.)

Age structure

0-14 years: 34.6% (male 17,999,279/female 17,285,040)

15-64 years: 61.1% (male 31,103,967/female 31,097,203)

65 years and over: 4.3% (male 1,876,805/female 2,471,644) (2011 est.)

Median age

total: 22.9 years
male: 22.4 years
female: 23.4 years (2011 est.)

Population growth rate

1.903% (2011 est.)

Birth rate

25.34 births/1,000 population (2011 est.)

Death rate

5.02 deaths/1,000 population (July 2011 est.)

Net migration rate

-1.29 migrant(s)/1,000 populations (2011 est.)

Urbanization

urban population: 49% of total population (2010)
rate of urbanization: 2.3% annual rate of change (2010-15 est.)

Sex ratio

at birth: 1.05 male(s)/female
under 15 years: 1.04 male(s)/female
15-64 years: 1 male(s)/female
65 years and over: 0.76 male(s)/female
total population: 1 male(s)/female (2011 est.)

Infant mortality rate

total: 19.34 deaths/1,000 live births
male: 21.84 deaths/1,000 live births
female: 16.71 deaths/1,000 live births (2011 est.)

Life expectancy at birth

total population: 71.66 years
male: 68.72 years
female: 74.74 years (2011 est.)

Total fertility rate

3.19 children born/woman (2011 est.)

Major infectious diseases

degree of risk: high
food or waterborne diseases: bacterial diarrhea, hepatitis A, and typhoid fever
vector borne diseases: dengue fever, malaria, and Japanese encephalitis
water contact disease: leptospirosis (2009)

Nationality

noun: Filipino(s)
adjective: Philippine

Ethnic groups

Tagalog 28.1%, Cebuano 13.1%, Ilocano 9%, Bisaya/Binisaya 7.6%, Hiligaynon Ilonggo 7.5%, Bikol 6%, Waray 3.4%, other 25.3% (2000 census)

Religions

Catholic 82.9% (Roman Catholic 80.9%, Aglipayan 2%), Muslim 5%, Evangelical 2.8%, Iglesia ni Kristo 2.3%, other Christian 4.5%, other 1.8%, unspecified 0.6%, none 0.1% (2000 census)

Languages

Filipino (official; based on Tagalog) and English (official); eight major dialects - Tagalog, Cebuano, Ilocano, Hiligaynon or Ilonggo, Bicol, Waray, Pampango, and Pangasinan

Literacy

definition: age 15 and over can read and write
total population: 92.6%
male: 92.5%
female: 92.7% (2000 census)

School life expectancy (primary to tertiary education)

total: 12 years
male: 12 years
female: 12 years (2008)

Education expenditures

2.8% of GDP (2008)

Maternal mortality rate

94 deaths/100,000 live births (2008)

Children under the age of 5 years underweight

20.7% (2003)

Health expenditures

3.8% of GDP (2009)

Physicians density

1.153 physicians/1,000 population (2004)

Hospital bed density

0.5 beds/1,000 population (2006)

Obesity - adult prevalence rate

4.3% (2003)

ECONOMY OF THE PHILIPPINES

Economy of the Philippines	
Currency	Philippine peso (PHP) = 100 centavos (English) piso = 100 sentimo (Filipino)
Statistics	
GDP	$199.6 billion (2010 est.) (nominal46th) $373.6 billion (2010 est.) (PPP 32nd)
GDP growth	7.6% (2010)
GDP per	$2,123 (2010 est.) (nominal 122nd)

capita	$3,737 (2010 est.) (PPP 125th)
GDP by sector	agriculture (13.9%), industry (31.3%), services (54.8%) (2010 est.)
Inflation(cpi)	4.5% (May 2011)
Population below poverty line	national – 32.9% (2006 est.) international – 22.6% (2006) regional – 27% (2006)
Gini index	45.8 (2006)
Labor force	39.7 million (Apr 2011)
Labor force by occupation	services (52%) agriculture (33%), industry (15%) (2010 est.)
Unemployment	7.1% (July 2011)
Main industries	electronics assembly, garments,footwear, pharmaceuticals, chemicals,wood products, food processing ,petroleum refining, fishing
Ease of Doing Business	148th

Rank	
External	
Exports	$51.4 billion (2010)
Export goods	semiconductors and electronic products, transport equipment,garments, copper products, petroleum products, coconut oil, fruits
Main export partners	Japan 12.5%, Netherlands 9.8%, Hong Kong 8.6%, China 7.7%, Germany6.5%, Singapore 6.2%, South Korea4.8% (2009 est.)
Imports	$54.7 billion (2010)
Import goods	electronic products, mineral fuels, machinery and transport equipment, iron and steel, textile fabrics, grains, chemicals, plastic
Main import partners	Japan 12.5%, United States 12%,China 8.8%, Singapore 8.7%, South Korea 7.9%, Republic of China 5.7% (2009 est.)
Gross external	$55.416 billion (1st Quarter, 2010)
Main data source: CIA World Fact Book *All values, unless otherwise stated, are in US dollars*	

TOURISM INDUSTRY

Stronger travel and tourism performance due to global economic recovery

Philippines Travel and tourism performed good in 2010 due to the economic recovery globally. This had a positive effect& led to higher growth in domestic tourism and inbound arrivals as well as in outbound tourism. This has lead to sales growth for the majority of travel and tourism category including tourist attractions, health and wellness tourism. The Department of Tourism (DOT) has undertaken the high level of promotional activity which helped in boosting travel and tourism in the Philippines.

Government efforts to help tourism

To further develop business tourism and increase foreign investment, the Philippines Senate made amendments to Philippine Immigration Act of 2009 in June 2010. The amendment has been made keeping in view of implying institute policies that can simplify business procedures for foreign investors. The law mandates to modernize the Bureau of Immigration and Deportation to enhance the country's security measures& strengthen the country's defenses against human traffickers, tourists involved in criminal activities terrorism, and encourage business tourism Keeping in view of its vast natural terrain, beautiful & wide beaches, vast lowlands and foothills the govt's promotional events were aimed at developing sports tourism

Online sales in travel and tourism boom

In 2010 internet sales in travel and tourism were subject to exceptional growth. Online sales of travel and tourism products such as airfares, wellness tourism, hotel accommodation, car rental, boosting the overall value share.

Reason for this growth

- Increased penetration of internet
- There is increase in number of consumers who hold financial cards. As social media is growing in popularity, tourists are becoming increasingly internet savvy.
- Ease convenience of availing tourism products and services online..
- The growing number of tourists are young, this age group constitutes the majority of internet users,

Continuous high growth in travel and tourism

Travel and tourism is forecasted to record continuous positive growth rates in domestic tourism and. inbound arrivals.. The level of inbound tourism is expected to be depend on arrivals from the US, South Korea and Japan .Apart from travel& tourism people arrive in Philippines for

- English language learning opportunities
- Business purposes
- sports tourism

CALL CENTER INDUSTRY IN THE PHILIPPINES

- Philippines **Call center** industry begun as providers of email response and managing services. Now this industry has capabilities for almost all types of customer relations ranging from customer care, technical support, financial services, , education, travel services and online B2B&B2C support.
- Business Process Outsourcing (BPO) is regarded as one of the fastest growing industries in the world.& it is also a growing industry in the Philippines.
- Owing to its less expensive operational and labor costs The Philippines is considered as location of choice.
- With estimated $150-billion business process outsourcing industry . The Philippines remain as a one of the top BPO destination

HEALTH CARE AND PHARMA

Pharmaceutical industry of Philippines has rating of 49.2,This rating is well below the average of 52.5 for the ASEAN region. Globally the Philippines pharma industry has fallen five places to remain at 50th position in BMI's 83-market pharmaceutical universe.

However, looking at the overall picture it can be seen that, on the whole market is maturing, with **aim to expand the socialized healthcare system to serve the entire nation**. Such changes would boost volume consumption in particular.

Therefore forecasted sales of prescription drugs and over-the-counter (OTC) medications are expected to grow from US$2.80bn in 2010 to US$5.44bn in 2020.

The government all set to introduce& implement new policies promoting mergers among small pharmaceutical manufacturers, by seeing success of mergers between financial institutions and other business enterprises.

In September 2010, the Philippine government announced that they would impose stricter guidelines on drug procurement. Will also take measures in eradicating failing or inefficient firms. This will be implemented with the help the University of the Philippines.

In recent developments, Phil Health announced that it will achieve its membership target in the region. Further it aims. to enroll at least 60,000 new members from the region. The Department of Health regional director believes Phil Health will be able to achieve its target& with stimulating its effort the Philippine government hopes that by 2013, all citizens will have access to medicines & healthcare with the aim of using research and development (R&D) as a means of addressing a number of healthcare development issues currently existing in the Philippines, The Engineering Research and Development for Technology (ERDT) Project was launched in 2010,with focus on Areas of security and quality of life, sustainability & health.

AGRICULTURAL INDUSTRY

Agriculture grew by 5.48 percent in the first six (6) months of 2011.

Major growth driver during the period of first six months was The crop subsector. Gains in the poultry output and livestock has also been one of the reason for the improved performance of the sector. The fisheries subsector recorded a downtrend in production. With15.97 percent increase from last year's level, Gross value of agricultural output amounted to P706.4 billion

The crops subsector expanded by 11.13 percent in the first half of 2011.

- Total contribution of the agricultural output is posted at 51.76 percent.
- corn production grew by 37.03 percent.
- Palay production grew by 14.45 percent.
- Sugarcane registered a 75.59 percent growth in output.
- tobacco, mongo &rubber were Other major gainers

- with31.09 percent increase from last year’s level, gross value of The subsector amounted to P411.8 billion

The livestock subsector registered a 0.85 percent increment in output this year.

Livestock accounted for 15.27 percent of total agricultural production. With Gross value of P103.1 billion.

The poultry subsector grew by 3.60 percent.

- Of total agricultural production poultry subsector contributed 13.35 percent. Production of chicken and chicken eggs increased by 3.80 percent& 3.48 percent respectively.
- With 0.16 percent increase from the 2010 level The subsector amounted to P77.8 billion.

The average farmgate prices in the first half of 2011 was 9.95 percent higher than the previous year's quotation.

Prices in the crops subsector has seen an average increase of 17.96 percent. while those in the fisheries subsector has seen an average increase of 4.09 percent. Prices of livestock were lower by averages of 2.47 percent and that of poultry products 3.31 percent.

AUTOMOTIVE

The domestic automotive industry is poised to revise growth target from 11% to as much as 30% Sales has also recorded an all time high figure of 1,73,000 units. The ABS used in Mercedes- Sales of Domestic auto grew to 98,119 units as compared to 71,506 units sold in the same period last year. This is increase of 37.2%

MAJOR PLAYERS

- Ford, Toyota, Mitsubishi, Nissan and Honda are the major players in the car segment.
- Toyota Motor Philippines Corp is industry leader in the country
- Honda and Suzuki are major players in the motorcycles segment.

- Canadian market research report predicted that'' further investments in automobile sector is likely to grow in the following years.

MINING AND NATURAL RESOURCES

Geothermal power station in Negros Oriental.

Philippines is rich with natural resources especially geothermal energy and mineral resources. In 2003, it produced 27% of total electricity production (approx 1931 MW of electricity) from geothermal sources which is second only to the United State. Country has recently discovered natural gas reserves in the Malampaya oil fields & this is already being used to generate electricity.

Philippine has one of the largest deposits of gold, nickel, copper and chromate in the world. silver, coal, gypsum, and sulfur are also important minerals. Country has significant deposits of clay, limestone, marble, silica, and phosphate.

Though country in minerals its export were slow till 2004.**Reasons for this**

- Low metal prices& high production costs,
- lack of investment in infrastructure,
- a challenge to the new mining law.

In late 2004, the Supreme Court upheld the constitutionality of an important law permitting foreign ownership of Philippines mining companies.[*citation needed*] which helped industry in rebounding.

PETROLEUM INDUSTRY

It is forecasted that in Asia Pacific region by 2015 Philippines will account for 1.26% of total oil demand & supply will be 0.55% of total. Country had Regional oil use 26.4mn b/d in 2010 and by 2015this is expected to rise to around 29.6mn b/d.

production of Regional oil was around 8.0mn b/d in 2010& by 2015 forecasted to increase to 8.2mn b/d.

As supply is less than the demand country's Oil imports are rising steadily. This was around 18.37mn b/d in 2010 and by 2015 is expected to reach 21.3mn b/d..

Natural gas: consumption was about 511.5 bcm in 2010 and By 2015 demand is forecasted to reach 653.9bcm. Production was around 405.8bcm in 2010& in 2015,expected to reach 556.7bcm. In 2010, The Philippines' gas consumption share was an estimated 0.86%,which is by 2015 forecasted to be 0.87%. Country's production was at 1.08%.

By 2015demand Of Gas is expected to rise to 5.7bcm from an estimated 4.4bcm in 2010& imports expected to be of low-level

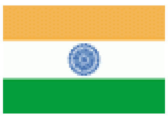
Between 2010 and 2020, Philippines' oil production are expected to rise to 7.8%. production of Gas is forecasted to rise to a possible 8bcm by 2019/20from around 4.4bcm in 2010..

In BMI's composite Business Environment (BE) league table country now occupies sixth place.. In downstream Business Environment ratings Country ranks 11th, reflecting a good outlook of oil and gas demand growth

FISHING INDUSTRY

Contributing about 4% of the country's GNP, Fishing in the Philippines is a PhP50 billion industry. It has an annual production volume of 2.4 million metric tons of fish& means of livelihood and employment for over one million Filipinos. There are 200 or so species of fish found in the country which have high commercial value. Among them, Tuna is the one in which Philippines ranks at 7th position among the top tuna producing countries in the world.

INDUSTRY STATS: INDIA VS PHILIPPINES

	 **Indian Industry stats**	 **Philippine Industry stats**
Changes in inventories >	29.2 $ per $1 million of GDP	2.3 $ per $1 million of GDP

current US$ (per $ GDP)		
	Ranked 14th in 2005. **12 times more** than Philippines	Ranked 79th in 2005.
Heavy truck production	109,626	0
	Ranked 6th.	Ranked 37th.
Light commercial vehicle production	76,259	13,339
	Ranked 20th. **5 times more** than Philippines	Ranked 27th.
Manufactures exports > % of merchandise exports	70.32 %	89.1 %
	Ranked 40th in 2005.	Ranked 8th in 2005. **27% more** than India
Manufacturing, value added > annual % growth	9.09 %	5.6 %
	Ranked 24th in 2005. **62% more** than Philippines	Ranked 51st in 2005.
Manufacturing, value added >	91,027,330,000 constant	20,646,950,000 constant 2000

constant 2000 US$	2000 US$	US$
	Ranked 6th in 2005. **3 times more** than Philippines	Ranked 18th in 2005.
Manufacturing, value added > constant LCU	3939560000000	292238000000
Manufacturing, value added > current LCU	5098450000000	1262073000000
Manufacturing, value added > current US$	115,158,000,000 $	23,064,400,000 $
	Ranked 7th in 2005. **4 times more** than Philippines	Ranked 17th in 2005.
Manufacturing, value added > current US$ (per capita)	105.2 $ per capita	277.7 $ per capita
	Ranked 75th in 2005.	Ranked 55th in 2005. **164% more** than India
Manufacturing, value added > current US$ (per $	142.9 $ per $1,000 of GDP	232.9 $ per $1,000 of GDP

GDP)		
	Ranked 56th in 2005.	Ranked 9th in 2005. **63% more** than India
Ores and metals exports > % of merchandise exports	6.85 %	2.26 %
	Ranked 25th in 2005. **2 times more** than Philippines	Ranked 64th in 2005.
Patent applications, nonresidents	10,671	2,539
	Ranked 10th in 2004. **3 times more** than Philippines	Ranked 19th in 2004.
Patent applications, residents	6,795	157
	Ranked 10th in 2004. **42 times more** than Philippines	Ranked 38th in 2004.
Textiles and clothing > % of value added in manufacturing	24.38 %	8.45 %
	Ranked 7th in 2004. **189%**	Ranked 45th in 2004.

	more than Philippines	
value added > annual % growth	9.35 %	4.87 %
	Ranked 25th in 2005. **92% more** than Philippines	Ranked 67th in 2005.
value added > constant LCU	6819900000000	399075000000
value added > current LCU	8884190000000	1747496000000
value added > current US$	200,666,100,000 $	31,935,510,000 $
	Ranked 10th in 2005. **5 times more** than Philippines	Ranked 36th in 2005.
value added > current US$ (per $ GDP)	0.2 $ per $1 of GDP	0.3 $ per $1 of GDP

DEFINITION:	Industry corresponds to ISIC divisions 10-45 and includes manufacturing (ISIC divisions 15-37). It comprises value added in mining, manufacturing (also reported as a separate subgroup), construction, electricity, water, and gas. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. It is calculated without making deductions for depreciation of fabricated assets or depletion and degradation of natural resources. The origin of value added is determined by the International Standard Industrial Classification (ISIC), revision 3. Data are in current U.S. dollars. Per $ GDP figures expressed per 1 $ gross domestic product.
SOURCE:	World Development Indicators database

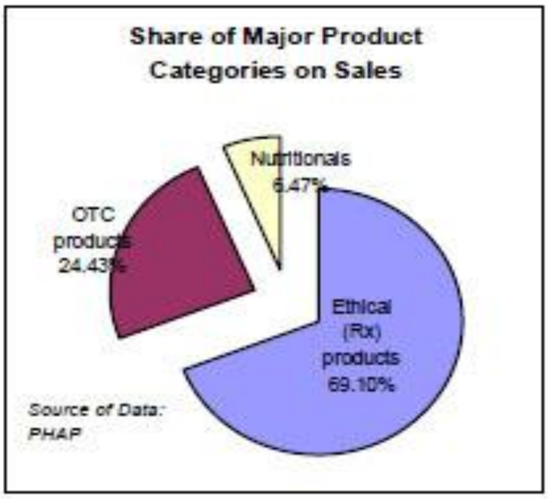
	Ranked 78th in 2005.	Ranked 33rd in 2005. **29% more** than India

Part 2

Pharmaceutical Industry of Philippines

INTRODUCTION

In the ASEAN (Association of Southeast Asian Nations) region, ranked as the 11th position. Philippines is one of the biggest pharmaceutical markets next only to Indonesia and Thailand currently. In 2008 pharmaceutical market is valued at US$2.51 Billion and it is expected to reach US $3.91 Billion by 2013. It is comparable to Pakistan in terms of the overall market, it is similar to China and Iran in terms of per capita. Total medical out-of pocket expenses of Philippine households, for drugs and medicines account 46 percent. This percentage goes up to 55 percent for poorer people. Millennium Development Goals (MDGs.): Making essential drugs and medicines more, affordable especially to the poor and underserved. RATIONAL; to better understand the supply chain of drugs and medicines for policy formulation purposes. The total Philippine pharmaceutical market is classified as (1)drug &(2) non-drug. Drugs includes either ethical (Prescription) or over the counter (OTC) products use in the diagnosis or, for medication cure, mitigation, treatment or prevention of diseases in human beings; Non-drug items include infant milk preparations cosmetics, and baby care nutritionals (health foods), medical diagnostic and other devices.



Share of major product categories on sales

Table 1

The ethical or prescription drugs which represents about 70% of the total sales& form bulk of the pharmaceutical sales in the Philippines Pharma Industry. Over-the-counter (OTC) products account for about 24%, while nutritionals occupy the rest. are drug stores sold about 85% of products and rest 15% are distributed through hospitals and doctors clinics.

Fourteen (14) major pharmaceutical companies in the world have manufacturing facilities in the Philippines. The local manufactures share in the drug market has risen to 38% and will likely continue to expand in future. expected growth rate of Multinational drug companies are predicted at 4%. Trademarks and Pharmaceutical patents are well-secured in the country.

The Intellectual Property Code is also in very good condition. It provides harsh penalties for infringement of trademark rights and. patent Universally Accessible Cheaper and quality Medicines Act of 2008:it is recently approved, it will help in lowering prices & will increase consumption as people will be able to afford the needed pharmaceuticals drugs medicine for their health and wellness.

In the Asia Pacific region ,The Philippines is projected to be the tenth largest economy by 2016.

Demographically, its population will be the seventh largest in the Asia Pacific region by 2016.

The population is relatively young.

The Philippines has one of the highest drug prices in the world.

Changes brought about by the controversial Cheaper Medicine Act have impacted the Philippines pharmaceutical market in a number of areas, including IP laws, competition and drug price control mechanisms.

Since the Act’s implementation, a considerable number of drugs have seen price reductions by up to half. the government battles with the international pharmaceutical industry for ground in the market, which up until recently experienced a free-market policy with no price regulations in place.

The Philippines is heavily reliant on imports of finished medicaments.

three Filipino pharmaceutical companiedominats the Philippines OTC sector. Led by UniLab generics sector is being actively backed by the government .

SWOT ANALYSIS OF PHILLIPINES PHARMACEUTICAL INDUSTRY

Philippines Pharmaceutical And Healthcare Industry SWOT

Strengths

- Although mostly sourced from private pockets. healthcare spending is rising.
- Population is large and growing, which is coupled with low levels of drug consumption.
- Government is committed to the improvement of access to medicines to all class of people.
- foreign-made medical devices has steady demand.
- local generics industry is relatively well developed.
- Though there are recent price cuts, many medicines still enjoy high prices.

Weaknesses

- Philippines has One of the highest regional rates of private health spending as a percentage of the total health expenditure.
- Access to pharmaceuticals is Only restricted to one-third of the population
- main regulatory problems relating to lack of enforcement and poor patent data protection and Counterfeiting.
- As market is reliant on foreign drugs, it exerts considerable pressure on government healthcare finances.
- Most of healthcare provision concentrated in Metros.
- Despite higher revenues. Multinationals Companies posting lower profits,

Opportunities

- ASEAN(association of south-east Asian nation)harmonization initiative.
- The adoption ICH and WHO guidelines.& Western regulatory standards.
- Need for new legislation and cost containment, which isn’t allowing for patents of newly discovered uses of a known drug, to boost generics consumption.

- Philippines Food and Drugs Administration (FDA) to replace the Bureau of Food and Drugs (BFAD).which is Potentially more stringent (and better funded) regulatory body .
- The Universally Accessible Cheaper and Quality Medicines Act of 2008 to stimulate& drive the use of generics. making it accessible to all.

Threats

- Resistance of Government to fully aligning regional patent law with international standards.
- Faster entry of generics into the market. by Legislation allowing it.
- Failure of Government to revise discriminatory pricing policy with new measures,
- Numbers of medicines which are under the controlled-price drugs list, has been expanded. also expansion of the number of Government's cost-cutting policy and the approval of parallel imports and price reductions.
- If the Department of Health deems it necessary. provision of Compulsory licensing allowed outside times of public health emergencies,
- retail pharmacies facing Difficulties due to wider economic issues and, pensioner discounts.

Indian Pharmaceutical Industry

Today The **Indian Pharmaceutical Industry** is one of the India's leading industry. Industry has wide ranging capabilities in the field of drug manufacturing and technology. Almost every type of medicine, from simple headache pills to sophisticated antibiotics and complex cardiac compounds, is now made indigenously.

Growth Scenario

In terms of volume, India's pharmaceutical industry is now the third largest in the world. India's pharmaceuticals industry, had the total turnover of was US$ 21.04 billion between September 2008 and September 2009. The domestic market had turnover of US$ 12.26 billion. (This was reported by the Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers)

Future Prospects

By 2020 The Indian pharmaceuticals market is expected to reach from US$ 12. billion in 2009 to US$ 55 billion.

Characteristics of Indian Pharmaceutical Industry

- With more than 20,000 registered units, the Indian Pharmaceutical sector is highly fragmented. in the last two decades, the sector has expanded drastically. Fragmented market is coupled with severe price competition and government price control.

  70% of the country's demand for orals and injectibles, tablets, capsules, bulk drugs, drug intermediates, pharmaceutical formulations, chemicals has been met by pharmaceutical industry.
- Industrial licensing for most of the drugs and pharmaceutical products has been done away with de-licensing of the pharmaceutical industry.
- Technologically strong and totally self-reliant,
- low costs of production
- low R&D costs,
- innovative scientific manpower, strength of national laboratories and an increasing balance of trade.
- rich scientific talents and research capabilities, supported by Intellectual Property Protection

ECONOMIC & COMMERCIAL RELATIONS TRADE

India and the Philippines signed a Trade Agreement in 1979. Growth of bilateral trade between the two countries had been slow till the late 90s, but has picked up in the last few years. Balance of trade has been heavily in favor of India. Trade however still remains below its potential. However, the visits by the Indian President (February 2006) and then the Indian PM (January 2007) to the Philippines and later by the Philippines President to India (October 2007), have acted as a stimulus to bilateral trade and investment links. Presently (2009-10) bilateral trade between India and the Philippines is US$ 1061.84 million of which US$ 748.77 million forms Indian exports to the Philippines and US$ 313.07 million is the component of India’s imports from the Philippines
(Source: Department of Commerce, Government of India).

Major items of Indian exports are: Frozen buffalo meat (12.24%); iron and steel (9.53%); vehicles (8.21%); oil seeds and olea etc (8.05%).; rubber and articles thereof (6.85%); PHARMACEUTICAL PRODUCTS (6.56%); electrical & electronic machinery (6.20%); organic chemicals (3.91%) etc.

Major imports from Philippines are: electrical and electronic machinery and equipment (41.52%); mineral fuels and mineral oils (14.77%); newsprint paper and paperboard (10.10%); vehicles (6.99%); optical instruments (3.18%); etc.

(*The percentages shown in brackets is the share of the item to the total value of imports by India in the year 2009-10)*

<u>BILATERAL TRADE STATISTICS</u>

Bilateral Trade Statistics *(Value in Million US$)*	2004-2005	2005-06	2006-2007	2007-08	2008-09	2009-2010
India's EXPORTS % Growth	412.23 (+ 28.21%)	490.56 (+20%)	582.09 (+17.67%)	618.65 (+6.23%)	743.77 (+19.90%)	748.77
India's IMPORTS % Growth	187.39 (+53.46%)	235.49 (+25.67%)	167.25 (-28.98%)	204.64 (+22.36%)	254.77 (+24.55%)	313.07
Total Trade	599.62 (+35.16%)	730.15 (+21.76%)	749.34 (+2.63%)	823.29 (+9.87%)	998.54 (+21.05%)	1061.84 (+6.33%)

MAJOR EXPORTS FROM INDIA TO PHILIPPINES

Major Exports from India to Philippines	Product/Commodity	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010

(Value in Million US$) Sl No.							
1	Meat and Edible Meat Offal	43.67	60.82	60.76	88.66	100.13	91.65
2	Iron and Steel	64.41	91.48	101.71	37.84	63.17	71.41
3	Vehicles	16.09	15.81	19.19	43.45	62.99	61.48
4	Oil seeds and olea, fruits; misc, grains, seeds and fruit	-	11.42	27.01	47.34	35.64	60.33
5	Rubber and articles thereof.	28.40	34.14	37.54	47.40	43.36	51.36
6	Pharmaceutical products	14.02	22.19	25.18	30.01	39.65	49.15
7	Electrical & electronic machinery & equipment	-	9.72	20.87	24.84	69.18	46.49
8	Organic Chemicals	12.04	12.59	16.47	25.00	23.88	29.30

The Philippine pharmaceutical market which is valued at US$ 1.5 billion is heavily dependent on bulk importation of basic raw materials, chemicals, semi-finished and finished products from US, Europe, Canada and Australia, among others. Annual imports are about US$ 450 million. Manufacturing merely involves the formulation and processing of drugs and pharmaceuticals into various forms and dosages, repacking of imported bulk drugs and for distribution. Since bulks of the imports are from multinational companies, medicine prices in the country are about 5-15 times higher than those in India. India’s pharmaceutical exports to Philippines were US$ 31 million in 2005-06 as compared to US$ 14.46 mn. in 2002-03. There is a strong multinational lobby working against imports of inexpensive medicines from India, cashing in on low image conveyed by Indian moneylenders in this country. Allegations of Indian medicines being substandard or fake had to be refuted by Embassy frequently.

The Philippine International Trading Corporation (PITC), a government agency, has been importing medicines worth about US$ 1.5 million a year from India for the last few years. These medicines are channeled for supply to Government hospitals in Philippines. In her

Government's programmed after elections in 2004, President Arroyo promised to provide medicines at cheaper, affordable prices. Hence, she has mandated the PITC to expand parallel importation of medicines and to supply them through "Boutika Ng Bayan" retail outlets, 2000 to 3000 of which are planned to be opened in the next few years. So far, 1500 outlets have been opened/franchised by PITC.

The Chairman of PITC, Mr. Roberto Pagdanganan, led a delegation, at the invitation of CHEMEXCIL, to attend a Buyer Seller Meet in Mumbai from 3-5 November 2004. Besides meetings with heads of Indian pharmaceutical companies, the delegation also visited pharmaceutical plants in and around Mumbai. The PITC‟ s Chairman signed an MOU with Pharmexcil (Pharmaceutical Export Promotion Council) for working together to realize mutual objectives, including facilitation of import of medicines by PITC from India, training of PITC‟ s technical officials at the National Institute of Pharmaceutical Education and Research (NIPER) in India and provision of effective distribution channels in Philippines for distribution of quality drugs at affordable prices by PITC.

A joint business delegation of CHEMEXCIL and PHARMEXCIL visited Manila from 6-8 March 2005 to promote export of Indian drugs and pharmaceuticals, among other products. A Business Meeting and One-on-One Business Matching, organized by the Mission on 7th March, 2005, in association with the Philippine Chamber of Commerce and Industry (PCCI) and the Philippine International Trading Corporation (PITC), received overwhelming response. PITC Chairman Mr. Roberto Pagdanganan spoke highly of Indian pharmaceutical industry and its top quality. Interest was expressed by Philippine companies in joint ventures with Indian companies for setting up of pharmaceutical plants in the Philippines. In a meeting with BFAD Director, Dr. Appaji, Executive Director of PHARMEXIL, invited a BFAD delegation to visit drug control facilities and pharmaceutical plants in India to have first-hand knowledge of the quality-standards observed in these facilities.

At the 9th JWG in September 2005, the Indian side requested Philippines to reduce processing time for BFAD registration of Indian drugs. The Indian side also agreed to look into a Philippine suggestion that India consider selling affordable agro-veterinary products in Philippines.

With the signing of an MOU facilitating the entry of cheap and affordable medicines from India to the Philippines during the recent visit of the Philippines President to India in

October, 2007, further cemented by the very recent signing of the „Cheap Medicines Bill" by President Arroyo, it is expected that not only greater volumes of Indian medicines but more Indian pharmaceutical companies would now be entering the Philippines. Lupin Limited (a leading Indian pharmaceutical company) in March, 2009 acquired a majority stake (51%) in one of the local pharmaceutical companies, M/s Multicare Pharmaceuticals Philippines Inc.

HERBAL MEDICINE

Cooperation in the field of herbal medicine was raised by the Philippines in the JWG in 2002 for identifying experts for initial exchanges, and for drawing an inventory of available herbal technology in both countries. Lists of names of Indian and Philippine experts were exchanged. At the 9th JWG in Manila on 1-2 September 2005, the Philippine side presented a proposal to (i) elevate the level of raw materials for pharmaceutical products at standardized extract level, (ii) ensure consistency of active ingredients through the process of standardization of extract, and (iii) provide training for technology transfer to a select group of herbal product manufacturers. For this purpose, both sides agreed to set up a small joint working group. The Indian side also requested market facilitation for Indian Ayurvedic, Unani and Homoepathic medicines and drugs in Philippines. Himalaya Herbal Healthcare has recently started distributing its healthcare products like shampoo, cleansing creams, soaps, moisturizers etc. through drug distribution chains like Watsons.

SWOT ANALYSIS OF PHARMACEUTICAL INDUSTRY OF GUJARAT

Strengths

A Well developed infrastructure facilities.

Backward linkages with raw material suppliers.

pharma industry is well Established

Entrepreneurial mindset.

allied industries are also Well-developed

A good business environment.

Weaknesses

Spending on R&D is Low.

technical manpower and Skilled workforce is relatively inadequate.

For most small To medium scale companies international exposure is limited

Opportunities

significant export opportunities –led by SEZ

generics ,crams & otc has been among high growth segments.

Threats

Governments of other Indian states has also announced tax holidays.

other alternative pharm a has also been. emerged.

Destinations abroad.

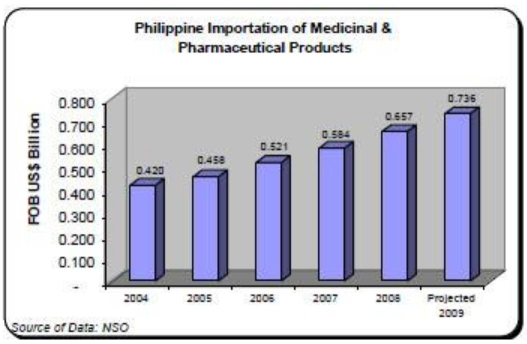
Inadequate emission standards.

Disposal facilities may hinder growth.

Market Opportunity

Increase in demand/consumption

There is an apparent big demand for medical and pharmaceutical products in the Philippines with importation increasing at annual average rate of 12%. Importation in 2009 is reached to US$736 Million.



Pharmaceutical Demand in the Philippines

With Philippines population projected to increase to 92.33 million,(AS PER 2010 CENSUS)&increasing, increase in demand for pharmaceutical products is more likely to happen.

As, number of patents expired in 2009, as well as those that had lapsed over the past 2-3 years, local manufacturers has the opportunity to start introducing generic versions of patented drugs. This has helped not only to reduce the cost of medicine but has also helped in expanding the domestic market.

Total family expenditures for drugs and medicines increased to Php 16085226 or by 8% over a 4-year period. Average Expenditures per family is reported at. P1,136 or around $22 .About 46% of the total expenditures were spent by families located in the National Capital Region and its nearby cities/municipalities of Region IV. There is steady increase in the number of hospitals, both private and government, there were 1,921 hospitals in the Philippines, with a total bed capacity of 93,183.

There is also an increase in the number of medical practitioners, from 44,238 to 45,555 over a period of 5 years.

Philippine Advantage

Human resources

- Availability More than 481,862college-degree graduates in in academic year (AY) 2009-2010
- Of the all 20% are graduates suitable for the pharmaceutical sector. Over 20,000 per year of new licensed medical and allied sciences practitioners.
- Tertiary level annual growth rate of graduates is estimated at 3.8%.

Quality

- 92%,Literacy rate which is one of the highest in the world because of culture-based desire to be educated and skilled to attain a better quality of life.

- It is 3rd largest English-speaking country in the world, highly-educated, flexible, productive, loyal, and dedicated with excellent work ethics and attention to detail. Filipino workers has been consistently ranked high in Surveys of executives in the Asian region in terms of quality of work, communication capabilities and receptiveness to technology transfer.

Pioneering Market for Research and Development

Manufacturing is concentrated on the products discovered and developed outside the Philippines, and almost 90% of the raw materials used are imported. Pioneering activities are concentrated on research and development and discovery of new drugs.

Industry Potentials

Growths

Number of Industry players Total Philippine Market Size

There is an increase of 26% in 5 years. In terms of numbers there is an increase from 373 registered companies to 471. Local companies increased from 208 to 240, or an increase of 15%

Foreign companies increased from 165 to 231,or an increase of 40%.

Sales

pharmaceuticals industry. has recorded an average 9.6% increase in sales performance of the industry on per year basis. In terms of counting units (CU) or the number of tablets, capsules, milliliters sold, sales increased from 36 billion CU to 45 billion CU, or an increase of 25%.

Market Share Philippines' share in the world pharmaceutical market was placed at 0.31%. Within Asia-Pacific region, the Philippines contributed 3.9%.New Product Introductions, there has been an introduction of about 240 new products introduced into the market by both local and foreign pharmaceutical companies.

Research and Development:

The industry, at present, rather than formulating breakthrough drugs is into compounding and manufacturing existing drugs. Research and development (drug discovery and clinical trials) is the pioneering endeavor. Contribution to GDP : The Philippines current spending on health is 3.4% of GDP but this is forecasted to increase to 3.6% by 2013.

Government Support

Enabling laws/policies

parallel importation of patented medicines from other countries if they are affordable is allowed under the Universally Accessible Cheaper & Quality Medicines Act of 2008 (R.A. 9502)

.

To rationalize the pharmaceutical sector, to give consumers more informed choice and greater cost savings. Department of Health Imposes price ceiling (Maximum Drug Retail Price) on essential medicines. .

- Intellectual Property Code of the Philippines (R.A 8293) & (R.A. 8203) 2010 Investment Priorities Plan – provides fiscal and non-fiscal incentives for: manufacturing drugs and medicines in accordance with the PNDF –
- Healthcare and wellness products covering the
- In-house use and external clients Research and Development

Development Plans and Programs

Health system is more responsive

Healthcare system is more equitable

R&D support

Philippine council for Health Research and Development (PCHRD) creates and sustain an enabling environment for health research in the country.

Incentives

Financial

- 4 to 8 years Income Tax Holiday (ITH);
- For locators, Special 5% tax rate on gross income);
- For BOI-registered firms under E.O. 528 duty-free importation of capital equipment
- for Eco-zone locators Exemption from 12% input VAT
- Additional deduction for labor expense.

Non-financial

- Consigned equipment can be used without restriction.
- Exemption from export tax and wharf age dues, duty, fees and impost
- foreign nationals Employment made possible
- Special Resident Visa for Investors

Cost of Doing Business

- Goods Cost is at least 49% of the total cost.
- Operating and Selling Expenses 40% of the total cost.
- Employee salaries and benefits 7% of total cost.

Only less than 1% of the total cost is made up by Research and development trials.

Business Permits

• From the Bureau of Food and Drugs (BFAD), License to Operate and Product Registration);

• From Environmental Management Bureau (EMB) ,Environmental Compliance Certificate;
• From the Securities and Exchange Commission (SEC),Registration of Incorporation.

WHY PHILLIPINES?

The Philippines pharmaceutical market is heavily import dependent. It includes importation of bulk of basic raw materials semi-finished and finished products, chemicals, from the US, Europe, Canada and Australia among others. Annual imports of phama sector are about $450 million.

Manufacturing involves the processing and formulation of drugs. Medicines and pharmaceuticals into various dosages and forms, repacking of imported bulk drugs and packaging them for distribution. Because of importation from multinational companies, medicine prices in the Philippines are about 5 to 15 times higher than those in India.

Reasons for the below-potential Indian pharma exports to the Philippines –1) a strong multinational lobby working against imports of inexpensive medicines from countries like India, 2)stringent registration procedures of the Philippines' Bureau of Food and Drugs. Indian embassy have been countering this mischief perpetrated by the multinational lobby, by making the government, companies and people aware of the high quality and low-priced drugs available from India.

The embassy has also enlisted the support of the Philippine International Trading Corporation, which is a government agency, & has been importing medicines worth about $1.5 million a year from India for the last few years.

The PITC has been working towards promoting affordable-priced medicines from India and other countries. These medicines are supplied to government hospitals and to the 'Boutika Ng Bayan' which are retail outlets set up by the Philippine government to make medicines affordable to the people.

Embassy has also put pressure on the BFAD to simplify the registration procedure for Indian drugs and reducing the time taken. This report has paid of by reducing time from about two years to about a year. It is a prerequisite for any drug imported into the Philippines to be registered with BFAD first. There are now over 50 Indian companies whose products are registered with BFAD.

Philippines, Indian pharma bodies tie up

Our Regional Bureau / Ahmedabad November 26, 2004

The Pharmaceuticals Export Promotion Council (Pharmexcil) has signed a memorandum of understanding (MoU) with the Philippines International Trading Corporation (PITC) to market Indian drugs in Philippines.

Pharmexcil is a body set up by the Union ministry of commerce and industry, while PITC is a trading and marketing arm of Philippines.

The MoU was signed by Roberto M Pagdanganan, chairman and president of PITC, and Cabinet minister in government of Philippines, and D B Modi, chairman, Pharmexil.

There is huge scope for marketing Indian drugs in Philippines. The MoU will help us expand our market in Philippines. We will promote the image of the Indian pharmaceuticals industry in Philippines. We will have a closer interaction with the drug registration authorities in Philippines," said D B Mody, chairman, Pharmexil.

The total exports from India, including finished dosage and bulk actives from Indian and multinationals based in India, have reached $10.35 million in 2001, which is still an insignificant 2.95 per cent of the total Philippine pharma imports and less than one per cent of the market.

According to industry sources, the total Philippines market is over $1 billion. If prices can be brought down, this figure can be doubled or tripled since the medicines will be within the reach of the common man.

Indian pharmaceutical companies started realizing the potential of the Philippines markets since 1996.

Prior to this, the focus had been on other Asean countries such as Vietnam, Cambodia, Laos, and Myanmar.

A study undertaken by the Department of Trade and Industry and the Department of Health of the Philippine government in early 2000s concluded that the prices of pharmaceutical products in the Philippines were as high as 20 times those of India.

Since September 2000 some consignments of branded pharmaceutical products have been imported by PITC, sources said.

Currently over 30 reputed Indian manufacturers of finished dosage formulation have registrations for their products with the Bureau of Food and Drugs of Philippines, which include almost all of the top Indian companies like Ranbaxy, Lupin, Torrent, Sun Pharmaceuticals, Zydus Cadila, Unique, Unichem, Micro Labs, Dabur, Ajanta, Kopran, Flamingo, Aurobindo, and Karnataka Antibiotic among others.

With the MoU, Indian pharmaceutical companies would be able to supply quality medicines at low prices and could even consider entering into joint ventures with Philippines companies for local production of pharmaceutical products.

Given the size of the Philippines market and the advances made by the Indian pharmaceutical industry, the potential for co-operation and mutual gain is enormous, they said.

Projected Out-of-Pocket expenses for drugs and medicines using the per capita spending figures from NSO and the projected population, out-of–pocket expenses by the total population can be estimated for the period up to 2015. The figures presented below assume that per capita spending on drugs and medicines will increase by 16.7 percent annually, the rate posted between 2003 and 2006. Population is projected to grow by 2.04 percent annually. The projections indicate that out-of pocket demand for drugs and medicines will reach around PhP 92 billion in 2010 and around PhP 220 billion in 2015. Table 8. Projected out-of-pocket demand for drugs and medicines, 2006 to 2015 a/ Year Per capita spending

A/Based on assumption that per capita spending will increase by 16.7% annually, the rate posted

Between 2003 and 2006; and population grows annually at an average rate of 2.04%.

Projected demand for drugs and medicines Table 10 shows the combined projected demand for drugs and medicines from both out-of pocket expenses and government spending. Assuming that there is no substantial change in the annual population growth rate of the country, it is forecasted that total demand will rise up to around 222 billion pesos in 2015, more than triple that of 2008’s. This shows an average annual growth rate of total demand of around 17 percent.

PROBLEM WITH PHILIPPINES

- The prohibitive cost of medicines.
- The Philippine Pharmaceutical Industry in general, lags behind its global and even Asian counterparts.

- It has been continuously confronted and impaired by various challenges for so many decades. A number of issues have been raised and addressed both locally and internationally.
- Philippine pharmaceutical industry as a whole remains incompetent as indicated by inaccessible and poor-quality drugs, aggravated by the threat of inappropriate use, the insufficient quantity and quality pharmacists, poor research and technological development.
- Despite regulatory efforts from both the government and some of the private sector, the pharmaceutical market remains inflicted by perception of substandard, counterfeit drugs that threaten the life of the patients.
- Substandard drugs may be cheaper, there is a perceived quality problem and thus there is lowered patronage for their use, affecting even true quality generics products.
- Aside from the regulatory mechanisms, accepted standards in manufacturing, such as the Good Manufacturing Practice (GMP), are still just an ideal concept.
- The implementation of full compliance to GMP has been repeatedly postponed.
- Compliance to regulatory bodies and accepted standards remain widely unimplemented.
- The inability of the bureau and low compliance in accepted standards undermines the quality, safety and efficacy of the pharmaceutical product.
- Research remains at the academic level and is not translated to commercial development.
- Local industry hardly innovates, in terms of basic research to provide inputs for further local development.
- The industry’s manufacturing capacity is primarily limited to compounding, formulating, and packaging. It remains highly reliant on imported raw materials and chemicals.
- The production process in the local pharmaceutical industry basically involves the conversion of the imported basic raw materials into pharmaceutical preparations or finished pharmaceutical products.
- About 95% of the materials compounded in the country are imported and that the industry is dependent on products discovered and developed in another country.

Conclusion

Recommendations to enhance market share of manufacturers in the generic pharmaceutical market in the Philippines include the following:

- Establish a strong sales force to market and promote products
- Establish a good distribution network to ensure availability of products
- Develop products in less competitive therapeutic areas

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“Geography and Environment Issue

&

Tourism Industry in Philippines”

INDEX

PART 1: Geography and Environment Issue of Philippines

1. Introduction

Geography studies the locations and distributions of features on the earth's surface. These features may be the landmarks of human occupation or the properties of the natural environment, or both.

Geography plays a key role in the understanding of a culture. The environment and physical geography shape a culture's traditions and daily activities. In order to survive, a culture must adapt to its environment. This lesson examines the geographical features of the Philippines in order for students to understand why a culture must adapt to its environment, and how these features can affect their location

2.Geography

The Philippines is an archipelago of 7,107 islands with a total land area, including inland bodies of water, of approximately 300,000 square kilometers (120,000 sq mi). Its 36,289 kilometers (22,549 mi) of coastline makes it the country with the 5th longest coastline in the world. It is located between 116° 40', and 126° 34' E. longitude and 4° 40' and 21° 10' N. latitude and is bordered by the Philippine Sea to the east, the South China Sea to the west, and the Celebes Sea to the south. The island of Borneo is located a few hundred kilometers southwest and Taiwan is located directly to the north. The Moluccas and Sulawesi are located to the south-southwest and Palau is located to the east of the islands.

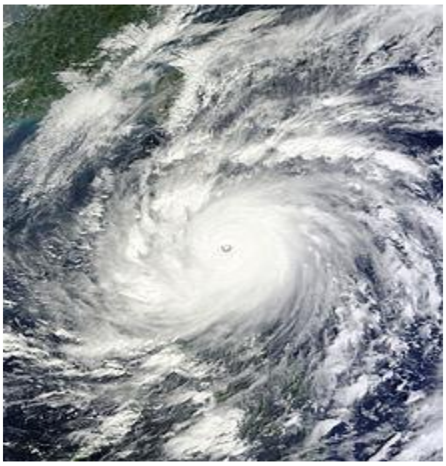
Most of the mountainous islands are covered in tropical rainforest and volcanic in origin. The highest mountain is Mount Apo. It measures up to 2,954 meters (9,692 feet) above sea level and is located on the island of Mindanao. The Galathea Depth in the Philippine Trench is the deepest point in the country and the third deepest in the world. The trench is located in the Philippine Sea. The longest river is the Cagayan River in northern Luzon. Manila Bay, upon the shore of which the capital city of Manila lies, is connected to Laguna de Bay, the largest lake in the Philippines, by the Pasig River. Subic Bay, the Davao Gulf, and the Moro Gulf are other important bays. The San Juanico Strait separates the islands of Samar and Leyte but it is traversed by the San Juanico Bridge.

Ancient Filipinos utilized terrace farming to grow crops in the steep mountainous regions of northern Philippines.

Situated on the western fringes of the Pacific Ring of Fire, the Philippines experiences frequent seismic and volcanic activity. The Benham Plateau to the east in the Philippine Sea is an undersea region active in tectonic subduction. Around 20 earthquakes are registered daily, though most are too weak to be felt. The last major earthquake was the 1990 Luzon earthquake. There are many active volcanoes such as the Mayon Volcano, Mount Pinatubo, and Taal Volcano. The eruption of Mount Pinatubo in June 1991 produced the second largest terrestrial eruption of the 20th century.Not all notable geographic features are so violent or destructive. A more serene legacy of the geological disturbances is the Puerto Princesa Subterranean River. The white sand beaches that make Boracay a popular vacation getaway are made of coral remnants.

Due to the volcanic nature of the islands, mineral deposits are abundant. The country is estimated to have the second-largest gold deposits after South Africa and one of the largest copper deposits in the world It is also rich in nickel, chromite, and zinc. Despite this, poor management, high population density, and environmental consciousness have resulted in these mineral resources remaining largely untapped. Geothermal energy, however, is another product of volcanic activity that the country has harnessed more successfully. The Philippines is the world's second-biggest geothermal producer behind the United States, with 18% of the country's electricity needs being met by geothermal power.

Climate



Typhoon Megi (Juan) over the Philippines.

The Philippines has a tropical maritime climate and is usually hot and humid. There are three seasons: tag-init or tag-araw, the hot dry season or summer from March to May; tag-ulan, the rainy season from June to November; and tag-lamig, the cool dry season from December to February. The southwest monsoon (from May to October) is known as the Habagat, and the dry winds of the northeast monsoon (from November to April), the Amihan. Temperatures usually range from 21°C (70°F) to 32°C (90°F) although it can get cooler or hotter depending on the season. The coolest month is January; the warmest is May.

The average yearly temperature is around 26.6°C (79.88°F). In considering temperature, location in terms of latitude and longitude is not a significant factor. Whether in the extreme north, south, east, or west of the country, temperatures at sea level tend to be in the same range. Altitude usually has more of an impact. The average annual temperature of Baguio at an elevation of 1,500 meters (4,900 feet) above sea level is 18.3°C (64.9°F), making it a popular destination during hot summers. Likewise, Tagaytay is a favored retreat.

Sitting astride the typhoon belt, most of the islands experience annual torrential rains and thunderstorms from July to October with around nineteen typhoons entering the Philippine area of responsibility in a typical year and eight or nine making landfall. Annual rainfall measures as much as 5,000 millimeters (200 inches) in the mountainous east coast section but less than 1,000 millimeters (39 inches) in some of the sheltered valleys. The wettest known tropical cyclone to impact the archipelago was the July 1911 cyclone, which dropped over 1,168 millimetres (46.0 in) of rainfall within a 24-hour period in Baguio City. Bagyo is the local term for a tropical cyclone in the Philippines.

Geographical Features Of The Philippines

Cities	Manila
	Quezon City
	Baguio City
	Davao City
	Zamboanga City
Major Islands	Luzon
	Visayas
	Mindanao
Waterways	Sulu Sea
	South China Sea
	Philippine Sea
	Celebes Sea
	Manila Bay
	Davao Bay
	Balabac Strait
Other Features	Philippine Trench
	Sierra Madre Mountains

	Cordillera Central Mountains
	Mt. Apo

Philippines Geography issues

Location: Southeastern Asia, archipelago between the Philippine Sea and the South China Sea, east of Vietnam

Geographic coordinates: 13 00 N, 122 00 E

Map references: Southeast Asia

Area:
total: 300,000 sq km
land: 298,170 sq km
water: 1,830 sq km

Area—comparative: slightly larger than Arizona

Land boundaries: 0 km

Coastline: 36,289 km

Maritime claims: Measured from claimed archipelagic baselines continental shelf: to depth of exploitation exclusive economic zone: 200 nm territorial sea: irregular polygon extending up to 100 nm from coastline as defined by 1898 treaty; since late 1970s has also claimed polygonal-shaped area in South China Sea up to 285 nm in breadth

Climate: Tropical marine; northeast monsoon (November to April); southwest monsoon (May to October)

Terrain: Mostly mountains with narrow to extensive coastal lowlands

Elevation extremes:
lowest point: Philippine Sea 0 m
highest point: Mount Apo 2,954 m

Natural resources: Timber, petroleum, nickel, cobalt, silver, gold, salt, copper

Land use:

arable land: 19%

permanent crops: 12%

permanent pastures: 4%

forests and woodland: 46%

other: 19% (1993 est.)

Irrigated land: 15,800 sq km (1993 est.)

Natural hazards: Astride typhoon belt, usually affected by 15 and struck by five to six cyclonic storms per year; landslides; active volcanoes; destructive earthquakes; tsunamis

Environment—current issues: Uncontrolled deforestation in watershed areas; soil erosion; air and water pollution in Manila; increasing pollution of coastal mangrove swamps which are important fish breeding grounds

Environment—international agreements:

Party to: Biodiversity, Climate Change, Endangered Species, Hazardous Wastes, Law of the Sea, Marine Dumping, Nuclear Test Ban, Ozone Layer Protection, Tropical Timber 83, Tropical Timber 94, Wetlands, Whaling

Philippines 

3.Philippines Environment

Overview

The Philippines was one of the first countries to adopt the Agenda 21 process, initiated at the Rio Earth Summit in 1992, by formulating its own National Agenda 21, through a highly participatory process, in 1996. However, despite its government's good intentions, rapid population growth, urbanization and industrialization have far outstripped urban environment services and weak natural resource management systems have led to rapid degradation of those environments, too.

Natural Resource Degradation

Rapid conversion of forestlands and grasslands to urban use is depleting these natural systems. Agricultural yields in lowland areas are stagnating, and population pressures are stimulating cultivation of fragile upland areas, causing serious soil erosion. While estimates of deforestation differ, forest cover in the Philippines has certainly been significantly reduced over the last forty years, due to increasing urbanization, illegal logging, and forest fires. Reforestation efforts by the government have been erratic, with low tree survival rates. Marine resources are heavily stressed by over-exploitation and pollution.

The loss of forests and other critical habitats is also threatening the Philippines' rich biodiversity. Although the number of protected areas has grown on paper, so have the rates of destruction and habitat conversion within them. Management is hampered by inconsistent laws, inadequate regulations, over-lapping institutional mandates, weak enforcement and funding shortages.

The World Bank is providing extensive agricultural assistance to help take pressure off natural resources. In partnership with the GEF, support has been provided for the large-scale Conservation of Priority Protected Areas Project. Its shortcomings and other natural resource management challenges were recently analyzed in a Natural Resource Management Study, the conclusions of which are guiding preparation of a possible natural resource sector-wide operation and parallel GEF co-financed biodiversity conservation program.

Deteriorating Urban Environment

Air pollution levels in Metro Manila and other cities exceed national air quality standards and impose a serious economic burden on society. According to a perception survey (2001) more than 72 percent of Manila's residents said that they were alarmed by air pollution and 73 percent said that they were not aware that the government was doing something to control it. However, the government is aware of the problem, which is estimated to cost about US$ 1.5 billion every year, but is struggling to find a solution.

While household garbage collection is improving, 90 percent of sewage is not treated and disposed of in an environmentally sound manner. Less than 10 percent of the country's total population is connected to sewers and others rarely maintain adequate on-site sanitation. Increasing water pollution is degrading the country's groundwater, rivers, lakes, and coastal areas, and the quality of half of the country's rivers fall below water quality norms. The annual economic cost of water pollution is estimated at US$1.3 billion, including health costs, losses in fisheries production, and impact on tourism. Community and civil society-led recycling programs have become popular, but hazardous and toxic waste disposal has emerged as a major environmental challenge.

Expansion of urban environmental services has been and continues to be one of the main platforms of the World Bank's country assistance program. Project loans and technical assistance are expanding and improving water supply, wastewater treatment, solid waste management and transport systems, with a focus on the huge, environmentally stressed Manila metropolitan area.

Water Pollution

Water demand is increasing rapidly, but fragmented water management, weak enforcement of regulations, and poor planning are preventing adequate responses. The discharge of domestic and industrial wastewater and agricultural runoff has caused extensive pollution of the receiving water-bodies. This effluent is in the form of raw sewage, detergents, fertilizer, heavy metals, chemical products, oils, and even solid waste. The adverse impact of water pollution costs the economy an estimated PhP67 billion annually (more than US$1.3 billion). In the last few years the government has employed economic instruments such as pollution fines and environmental taxes to address the problem. The new Clean Water Act proposes an integrated, holistic, decentralized and participatory approach to abating, preventing and controlling water pollution in the country. This step should help consolidate the existing fragmented system and unify the work to reduce water pollution.

In addition to its Manila-focused water pollution management assistance mentioned above, the World Bank is supporting the expansion of sanitation services in a quarter of the country's small towns, and implementation of the Laguna de Bay Environment Project has just started.

Inadequate Institutional Capacity

Over the past decade, the Government of Philippines has tried to reverse environmental degradation by introducing innovative institutional and legal reforms. In addition, in recent years, many donors, including the World Bank, have supported efforts to improve overall environmental governance in the country by building the capacity of the Department of Environment and Natural Resources (DENR), the Laguna Lake Development Authority, the National Economic Development Authority, the Department of Public Works and Highways, the Land Bank of the Philippines, local governments, NGOs, and local communities, and by supporting innovative partnerships among them. In spite of all these efforts, capacity in environmental and natural resources governance still requires signficant improvement, particularly in local government units.

A planned World Bank Sector-Wide Environment Project will try to systematically overcome some of the long-standing weaknesses in DENRs institutional performance.

Ozone Depletion & Persistant Organic Pollutants (POPs)

In order to phase out its use of Ozone Depleting Substances the Philippines is implementing a national CFC Phase-out Plan. One element of this work is to reduce the use of Methyl Bromide. The Executive Committee of the Montreal Protocol (Excom) recently approved a joint World Bank project to phase out 9 Ozone Depletion Potential tons of this material.

The Philippines is also a party to the Stockholm Convention for Elimination of POPs. Recognizing the impacts of POPs on human health and the environment, the Government is actively preparing the country to implement the Convention. The World Bank, in partnership with the Canadian Government, is helping: (i) increase understanding of the health and environmental impacts of POPs; (ii) compliance with the Philippine's Chemical Control Order for Polychlorinated Biphenyls, and (iii) strengthen technical and analytical capacity to monitor and manage POPs and mitigate their adverse impacts. The activities funded by this grant will be one of the initial steps taken by the Government to further fulfill its obligations under the Stockholm Convention

4. Environmental issues in the Philippines

The Philippines is prone to natural disasters, particularly typhoons, floods, landslides, volcanic eruptions, earthquakes, and tsunamis, lying as it does astride the typhoon belt, in the active volcanic region known as the "Pacific Ring of Fire," and in the geologically unstable region between the Pacific and Eurasian tectonic plates. The Philippines also suffers major human-caused environmental degradation aggravated by a high annual population growth rate, including loss of agricultural lands, deforestation, soil erosion, air and water pollution, improper disposal of solid and toxic wastes, loss of coral reefs, mismanagement and abuse of coastal resources, and overfishing. According to Greenpeace SouthEast Asia, the Philippines major historical river, the Pasig River is now biologically dead due to negligence and industrialization. Currently, the Philippines' Department of Environment and Natural Resources has been busy tracking down illegal loggers and been spearheading projects to preserve the quality of many remaining rivers that are not yet polluted.

Climate change

The Philippines, being in the Pacific Ring of Fire and typhoon belt, will be severely affected by Climate Change. Climate change will devastate the Philippines, leading to widespread destruction of the country's flora and fauna and flooding. The capital city, Manila is also threatened by the rising sea levels. Currently, government projects and measures are not enough to fully "climate-proof" the country, says the Climate Change Commission of the Philippines.

Sustainable Development

Philippines: Strategy for Sustainable Development (PSSD)

Recognizing the need to tackle the environment issues as well as the need to sustain development and growth, the Philippines came up with the Sustainable Development Strategy. The notion for the Sustainable Development Strategy includes assimilating environmental considerations in administration, apposite pricing of natural resources, conservation of biodiversity, rehabilitation of ecosystems, control of population growth and human resources development, inducing growth in rural areas, promotion of environmental education, strengthening citizens’ participation, and promoting small to medium sized enterprises and sustainable agricultural and forestry practices. One of the initiatives signed in part of the strategy was the 1992 Earth Summit.

Upon signing the 1992 Earth Summit, the government of Philippines has been constantly looking into many different initiatives to improve the environmental aspects of the country.

Asian Development Bank Climate Change Project

One of the entities that came in aid was ADB (Asian Development Bank) in 1991. Working in line with Philippine Agenda 21 (PA 21) to ensure sustainable development, the Asian Development Bank conducted several vulnerability studies on the country before generating a series of assessment on the country's vulnerable sectors and areas to climate change. The specific sectors and areas include the country's agricultural activities, water resources as well as activities going on in the coastal areas.

With the ADB Climate Change Project in 1991, transition towards a low-carbon growth path the markets for low-carbon, high-efficiency goods and services started to expand, increasing the investing opportunities for farsighted policy makers as well as businesses to reap the benefits. These benefits will come about through innovation and investments. The project itself generated even higher understanding of climate change in the region and generally helped Philippines strengthen its case for strong action globally in light of having sustainable development.

2011 : Even now in 2011, climate changes still threatens the Pacific greatly. In the recent ADB report on Solomon Times Online dated 15 September 2011 released from Manila, Philippines, climate change was reported to threaten to increase hunger in the pacific.

In the report, it stated that the Pacific region is either vulnerable or already experiencing the harsh effects of climate change, including worsening coastal erosion, floods, drough, and the storm surges. Economically, these conditions are affecting many of the commercial and subsistence farmers with their crop production according to Food Security and Climate Change in the Pacific: Rethinking the Options.

Taking on the development challenge : Agricultural productivity has stagnated in the last 45 years despite the region's growing population. Agglomentation also contributed to that, seeing people from the countryside seeking better work in the cities. Thus, with the aid of forecasts and climate change reports, many different efforts and initiatives can be adopted to work towards sustaining the country's development. One such effort may be to increase investment in agricultural research and development to raise productivity and resource management. Communities then has to cooperate and find the optimal way to adapt to changing agricultural needs and countries can work with each other and with regional agencies to tackle the development challenge brought forth by climate change.

The report says all national planning and policies should take climate change into consideration and infrastructure such as ports, roads, water pipes and coastal development needs to be climate proofed. Not only will all these increase regional production, connectivity and ultimately, food security.

PART 2 "Analysis of Tourism Industry in India & Philippines"

5. History of Tourism Industry

"Tourism is travel for entertaining, free time or for the business purposes." The world Tourism organization definite the tourist as people 'travelling to and staying in places outside their usual environment for not more than one consecutive years for free time, business and other purposes'

Tourism is not the same as travel. Tourism can be measured by three different criteria's

- It requires a displacement outside the known environment.
- The purpose for travel: The reason for travel must be any reason other than remuneration from the place visited.
- Duration: The duration of stay can be a minimum of one day with or without an overnight stay, but there is a cap on the maximum time period, usually it should not be more than a year.

Tourism has become a trendy worldwide free time activity. In 2010, there were over 940 million international tourist arrival worldwide, that on behalf of a growth of 6.6% when compared to 2009.

International tourism receipt grow to US$919 billion in 2010, equivalent to an increase in real terms of 4.7%. As a result of the late-2000s downturn, international travel demand suffered a strong decelerate from the second half of 2008 through the end of 2009. After a 5% raise in the first half of 2008, growth in international tourist arrival moved into negative territory in the second half of 2008, and ended up only 2% for the year, compared to a 7% increase in 2007.

This negative trend intensified during 2009, exacerbate in some countries due to the occurrence of the HNI1 influenza virus, resulting in a worldwide decline of 4.2% in 2009 to 880 million international tourists arrivals, and a 5.7 % dropped in international tourism receipt.

Tourism is important and in some cases very important for many countries, such as France, Egypt, Greece, Lebanon, Israel, the United States, the U.K. , Spain, Italy, and Thailand, and

,many island nations, such as Mauritius, the Bahamas, Fiji, Maldives, Philippines and the Seychelles. It brings in large amounts of income in payment for goods and services available, contributing an estimated 5% to the worldwide gross domestic product (GDP), and it creates opportunities for employment in the service industries allied with tourism. These service industries include transportation service , such as airline, cruise ships and taxicabs, hospitality services, such as accommodations, includes hotels and resorts, and entertainment venues, such as amusement parks, casinos, shopping malls, music venues and theatres.

Tourism in the Philippines

About Philippines

The Philippines, is an archipelagic country located in southeast Asia with Manils as its capital city. The Philippine archipelago comprises 7107 islands in the western Pacific Ocean. The Philippines is a country that contains a myriad of different amalgamated cultures and influences. The superficial face of modern Filipino culture had many more influence from the western world than other nearby Asian cultures. Most of these influences are a product of pervious colonization and derived mainly from Latin American cultures who were under Spain during the same period the Philippines was. Despite the visual western and Hispanic influence, the older Asian aspects of Filipino culture are seen through the strength of filial goodness, family and its influence, emphasis on the group before the individual, the concept of maintaining social harmony, ancient cultural beliefs and mythology, the complexities of local psychology, and accepted social etiquette between other Filipinos. Within Asia, this western- eastern juxtaposition is most seen in the Philippines, and continues to fascinate many a guest to the country.

Tourism In the Philippines

Philippines tourism flourishes in the 1970s and early 1980s but declined in the mid 1980s, with the average length of tourist stay falling from 12.6 days in earlier years to 8.9 days in 1988. In 1987, tourism growth was slower in the Philippines than in other Southeast Asian countries.

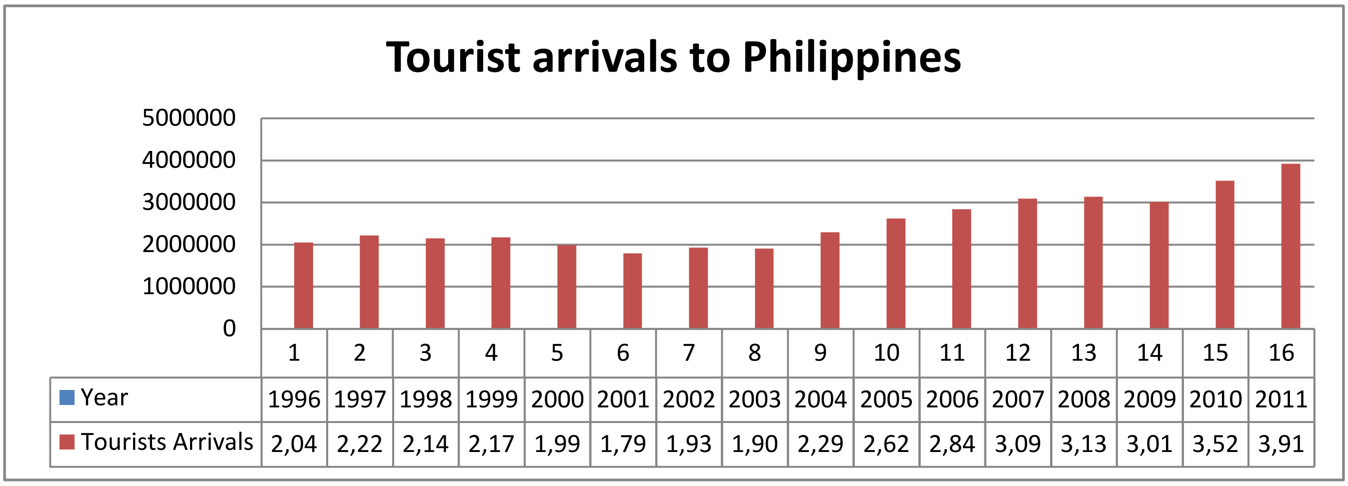
Sign of a faster growth appeared in the early 1990s. about 1.2 million tourists visited the Philippines in 1992, which was a record high in the number of tourist visits since 1989. The tourism growth of the year of 1992 gave the Department of Tourism a reason to forecast a positive outlook for the future years.

In 2000, the Philippines tourist arrivals totaled 2.2 million. In 2003 it totaled 28,38,000, a growth of almost 29% and it is expected to grow as much as 3.4 million in 2007. In the first quarter of 2007, the tourist arrival in the Philippines grew as much as 20% in same period last year. In 2011, the Department of Tourism recorded 3.9 million tourists visiting the country, 11.2 percent higher than the 3.5 million registered in 2010.

Statistics Of Tourist Of Philippines

Year	**Tourists**
1996	2,049,367
1997	2,222,523
1998	2,149,357
1999	2,170,514
2000	1,992,169
2001	1,796,893
2002	1,932,677
2003	1,907,226
2004	2,291,347
2005	2,623,084
2006	2,843,335
2007	3,091,993
2008	3,139,422
2009	3,017,099
2010	3,520,471
2011	3,917,454
Jan –feb 2012	772989

Rank	**country**	**2009**	**2010**	**2011**	**Jan-Feb 2012**
13	India	32,817	34,581	42,884	7,304



Places of Philippines

Places of Philippines	**Nature park of Philippines**
Mjor shopping center	Arroecros forest park
Alabang town center	Freedom park
Festival super mall	La mesa eco park
Gateway mall	Pasinf rainforest park
Glorietta	Up arboretum
Green be lt	
Power pla nt mall	**Mountains**
Robinsons galleria	Mayon volcano
shangri-la p laza mall	Ifugao
sm mall of a sia	Chocolate hills
	Mount apo
Parks of Philippines	Taal lake
Rizal park	
Ocean park	**Water , beaches , islands**
Museums in Philippines	Pierto princesa river park
Metro manils	Boracay island
Ateneo art gallery	Great santa island
Ayala	River cruise
Bahay tsinoy	White tip
Casa manila	Apo reef
Gsis museong sining	Coron island
Lopez museum	Pangalo island

Policy Implication

The successful implementation of the recommended development strategy and associated tourism targets, will require the adoption of new policy positions on cluster destination strategies, tourist accommodation facilities, transportation infrastructure priorities and services, marketing, product development, manpower training, development standards and guidelines. The main policy thrust in each area is reviewed below.

Cluster Development Areas

The Luzon cluster including Palawan, Mindoro and Marinduque

- based on positioning it as a multi- faceted destination providing attractions for all markets.
- the Visayas cluster including Cebu, Bohol, Samar, Leyte, Negros Occidental and Oriental, and Panay, based on positioning it as a resort and cultural heritage destination.

Accommodation Development Policies

- focusing development incentives to encourage up-grading and development of accommodation outside the NCR within the recommended satellite destination hierarchy:
- introducing an overseas marketing development growth scheme to assist resorts located outside the NCR to market their facilities in foreign markets.

Transportation Policies

- adopt a more flexible approach to approving inbound air inclusive charters and provision of scheduled air services on the part of other carriers;
- designate other domestic and international carriers to service secondary airports in the Philippines

Marketing Policies

- poor utilization of existing facilities;
- image with regard to stability and security;
- image for tourism investors which implies uncertainty; and
- improved service and access to entertainment, restaurants, shopping and tours.

Product Development Policies

- focusing on doing one or two attractions well in each gateway location
- creating at least one “must see” attraction close to each cluster/gateway

- improving access to, and information on, existing products
- improving the standard of existing tour products and programs

Development Standards & Guidelines

- a suitability study based on location, land use, social values, landscape and the environment;
- assessment of the capacity and density standards based on the suitability study;

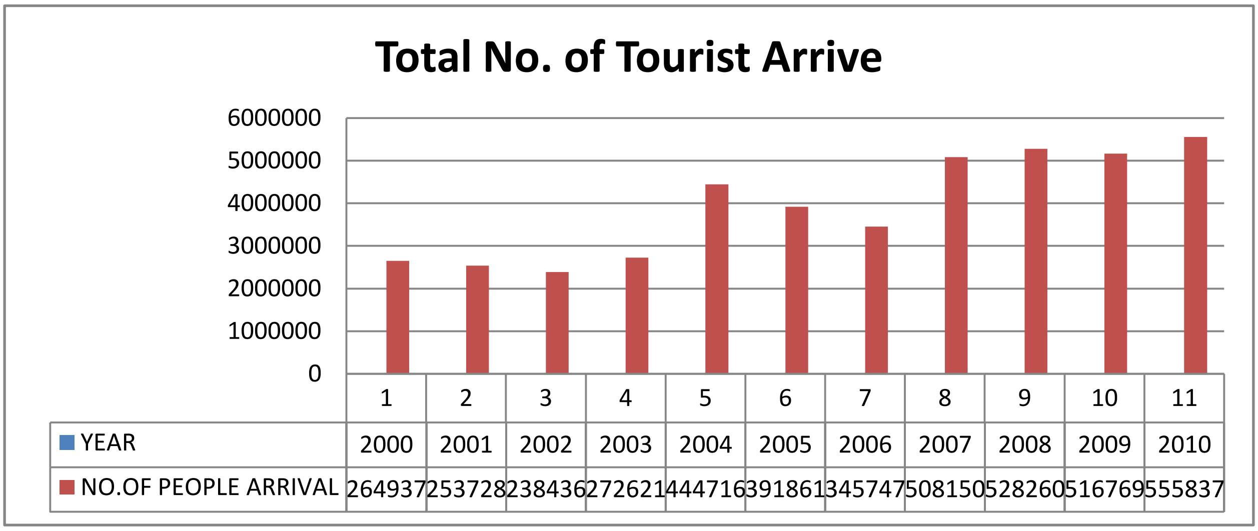
6.Tourism In India

Tourism in India is main service industry, with a part of 6.23% to the national GDP and 8.78% of the total employment in India. In 2010, total Foreign Tourist Arrivals (FTA) in India were 5.78 million and India create about 200 billion US dollars in 2008 and that is estimated to increase to US$375.5 billion by 2018 at a 9.4% annual expansion rate. The popular of foreign tourists come from USA and UK. Kerala, Tamil Nadu, Delhi, Uttar Pradesh and Rajasthan are the top five states to receive inbound tourists. Domestic tourism in the similar year was 740 million. Tamil Nadu, Andhra Pradesh, Maharashtra and Uttar Pradesh received the huge share of visitors. Ministry of Tourism is the nodal agency to prepare national policies and programmers of the growth and promotion of tourism. Intensive efforts are being made to promote new forms of tourism such as rural, cruise, medical and eco-tourism. The Ministry of Tourism also maintains the incredible India movement. The Ministry consults and collaborates with other stakeholders in the sector including various Central Ministries, the state governments and unions' territories and the representatives of private sector.

According to Tourism Council and World Travel, India will be a tourism hot spot from 2009-2018, having the greatest 10-year growth possible. The Travel & Tourism Competitiveness Report 2009 rank tourism in India sixth in terms of price competitiveness and 39th in terms of security and safety. Despite short and medium-term setbacks, such as shortage of hotel rooms, tourism incomes are expected to surge by 42% from 2009 to 2017. Rich of India cultural and its history and geographical diversity make its international tourism appeal great and diverse. It presents cultural and heritage tourism along with business, medical, and sports tourism. India is one of the leading and fastest growing medical tourism sectors.

Statistics of India of Tourist visited

YEAR	NO.OF PEOPLE ARRIVAL
2000	2649378
2001	2537282
2002	2384364
2003	2726214
2004	4447167
2005	3918610
2006	3457477
2007	5081504
2008	5282603
2009	5167699
2010	5558374



Tourist arrive in India From Philippines

2008 : 17222

2009 : 21987

2010 : 24534

Places of India:

Famous places in India :	**Beaches In India**	**Hill station**
Agra : Taj Mahal	Anjuna Beach,	Himalayas

Andman Islands :	Baga beach	Manali
Bodhgaya : Birth place of Budhism	Colva beach	Kashmir
Bangalore : city of book lovers	Calanguta beach	Nainital
Kerala : Back waters	Kovalam beach	Ooty
Kashmir : Gardens , hills.	Lakshadeep islands	Darjeeling
Kodaikanal : Hill Station of Tamil nadu	Marari beach	Mt abu
Lakshadweep Islands : Beautiful Beaches	Maha balipuram	Shimla
Mumbai : Victoria Terminus, gateway of India .	Varkala beach	Mussoorie
Manali : Skiing , Hill city		gangtok
Mysore : land of tipu sultan ,		
Mathura Vrindavan : Birthplace of Lord Krishna	**Buildings : Monuments**	**Mrkets of india**
Munnar : hill station	Taj mahal	Chappan chowck
Nanital : hill station	Qutub minar	Johari bazaar
Ooty : Hill station, area of tribes and wild life.	Red fort	Mall road
Pushkar : Holiest city of India, Brahma temple.	Agra fort	36 chowringhee lane
Rishikesh : Gateway to Himalaya, semi hill station	Hawa mahal	Chandani chowk
Shimla : Church , mall road and falls.	The Ajanta caves	Manic chowk
Shillong : Hill station.	Umaid bhawan palace	Colaba causeway
Tirupati : Land of Gods.	Udaipur lake	Chor bazaar
Udaipur : Land of lakes in the desert.	City palace jaipur	Chinese market
Varanasi : Relifious city of India.		
Gujarat : Gir – the Land of Lions		

Shopping mall of India	**Village resort**	**Night life of india**	**Wild life and Park of India**
Ansal plaza mall	Chokhi dhani	Delhi	Banghavagarh national park
Centre stage mall	Coir village	Mumbai	Bharatpur bird sanctuary
Cross road mall	Sun village	Banglore	Corbett national park
City center mall	Spice village	Kolkata	Gir national park
Spencer mall	Manesar village	Goa	Kanha national park
Sahara mall			Kaziranga national park
Dlf mall			Saricka national park

7.Role of Tourism Industry In The Philippines Economy

Tourism industry is main important industry to the economy of Philippine. Net tourism income in the Philippines totaled to 2.1 billion U.S. dollars in the year 2000,. Most of the foreign tourists came from the Hong Kong, Australia, United States, Japan, South Korea, The Netherlands and New Zealand. There are also tourist coming from Britain, Taiwan, Germany, Canada, Poland, Israel, Russia, Singapore, France and Spain. One of the fastest tourist market growths are those from India and China.

The archipelagic nature of the Philippines, as well as its colonial heritage, offers a wealth of scenic views that invite both locals and foreigners to participate in tourism-related activities. The industry is one of the three main industries in the country, where most of the visitors came from East Asia, Korea in particular, according the Department of Tourism (2011). It can be noted that the uppermost inflow of tourist arrived in December 2010. This may be attributed to the warm weather of the country relative to their countries of origin.

Tourism involves public goods that may impose expenses on the government to preserve. Since tourists are the main clients of these goods, it makes logic that they be charged a tax. Tourism-related businesses are also prone to pay taxes as well. Nowadays, there exists a wide array of tourist tax that can be imposed such as: sales tax, environmental tax, airport tax, trekking tax, etc...

The growing demand for tourism in the Philippines makes it important for calculate its impact to the economy.

8. Role of Tourism Industry In The India Economy

India, the land of snake charmers and rope tricks, a wonderland of fabulous land wealth and high poverty of splendor and rags, has always been a tourist's paradise. An African scholar , who visited India, was overwhelmed by its sights and sounds and described it with a string of superlatives as a land of too many people, too many customs, too many Gods – too much of everything. The country's immense population, accounting for a sixth of mankind, makes I one of the largest democracies in the world and the biggest free society in human history.

In spite of such inherent advantages, if India has not been adequately 'sold' to the foreign visitor, and its full tourist potential has not been realized, then the blame must be shared by the authorities and the people alike . while other countries which are more prosperous have been wick to capitalize on the vast potential of tourism as a lucrative trade even hoteliers and other businessmen in India who would stand to benefit from a significant increase in tourist traffic have shown a singular lack of imagination and enterprise in promoting tourism or creating an atmosphere conducive to a boom in tourism. The result is that while other countries (having much less to boast of either by way of sites of historical interest or wonders of nature) have taken dynamic steps to provide conveniences and facilities for the visitor, India continues to lag behind. A news item reporting that Italy had built or expanded more than three thousand hotels in three years symbolizes the sincerity and purposefulness with which other nations are taking steps to boost tourism.

In fact, tourism has become a 100 billion dollar industry .It results in significant income in the form of precious foreign exchange and has a vast employment potential too. However politically, development of tourism and the thousands of visitors from foreign lands

who visit India every year help to increase international understanding and foster goodwill. Culturally, tourism is a means for youth and students from other nations to learn something about the rich religious and cultural heritage of India. India is a land of ancient civilization and to travel in India is to walk down the corridors of history and make the acquaintance of sages like Nanak and Kabir and tyrants like Aurangzeb and benevolent monarchs like Ashoka. Realizing the importance of this kind of tourism, the Government has taken specific steps to preserve and protect archaeological and historical monuments. Measures are being devised to promote youth travel, sports tourism, among others.
The emphasis in the five year plans has been to build tourist infrastructure of accommodation, transport and entertainment facilities and development of mountain and beach resorts to rein in a large number of destination traffic. A welcome change is the stress on the construction and expansion of facilities for budget-minded tourists.
More significant than the provision of facilities is the gradual change that has occurred in the attitude of the man in the street as well as the businessman towards the foreign visitor. So far, the tourist has generally been regarded an easy prey to be fleeced or a strange object to be stared at. Now the foreigner is increasingly being regarded as an enthusiastic guest, eager to learn and understand our customs and our ways. This is a healthy change and augurs well for the future development of tourism

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9.Importance of Tourism Industry In The Philippines

Tourism is the natural place to look in order to strengthen the Philippine economy. Let’s face it, the Philippines is a natural tourist haven, if only tourism were promoted in a better way! The Philippines has so many natural wonders that can attract tourists to come and visit. There is the beauty of the islands, and more than 7,000 of them to choose from! There are festivals somewhere in the country nearly every day of the year. There are many places where you can see indigenous people who are still living life in much the same way that their ancestors did centuries ago. There are true wonders that are almost unbelievable, like the Rice Terraces in Luzon.

So, with all these wonderful tourist destinations, why is the Philippines not a popular tourist spot? Well, I believe that the reason for this is that the Philippines, unfortunately, has a terrible image! When you mention the Philippines to people who have not been here before, they invariably ask about kidnapping. They hear that it is hot, polluted, dirty, crime ridden. The truth is, in my opinion, that many of these issues is way overblown.

10.Importance Of Tourism Industry In The India

"India's tourism industry is experiencing a strong period of growth, driven by the burgeoning Indian middle class, growth in high spending foreign tourists, and coordinated government campaigns to promote ‘Incredible India’.

"The tourism industry in India is substantial and vibrant, and the country is fast becoming a major global destination. India's travel and tourism industry is one of them most profitable industries in the country, and also credited with contributing a substantial amount of foreign exchange. This is illustrated by the fact that during 2006, four million tourists visited India and spent US $8.9 billion.

"Several reasons are cited for the growth and prosperity of India's travel and tourism industry. Economic growth has added millions annually to the ranks of India's middle class, a group that is driving domestic tourism growth. Disposable income in India has grown by 10.11% annually from 2001-2006, and much of that is being spent on travel.

"Thanks in part to its booming IT and outsourcing industry a growing number of business trips are made by foreigners to India, who will often add a weekend break or longer holiday to their trip. Foreign tourists spend more in India than almost any other country worldwide. Tourist arrivals are projected to increase by over 22% per year through till 2010, with a 33% increase in foreign exchange earning recorded in 2004.

"The Tourism Ministry has also played an important role in the development of the industry, initiating advertising campaigns such as the "Incredible India" campaign, which promoted India's culture and tourist attractions in a fresh and memorable way. The campaign helped create a colorful image of India in the minds of consumers all over the world, and has directly led to an increase in the interest among tourists.

"India's governmental bodies have also made a significant impact in tourism by requiring that each and every state of India have a corporation to administer support issues related to tourism.

"A new growth sector is medical tourism. It is currently growing at around 30% per annum. Medical tourist arrivals are expected to reach one million soon.

"The tourism industry of India is based on certain core nationalistic ideals and standards which are: Swaagat or welcome, Sahyog or cooperation, Soochanaa or information, Sanrachanaa or infrastructure, Suvidha or facilitation, Safaai or cleanliness and Surakshaa or security."

What are the problems facing tourism industry in the Philippines?

- In terms of tourists, the Philippines have a much lesser share than neighboring countries, with a clear absence of Western holidaymakers. Tourists to the Philippines mostly come from neighboring Asian countries (Japan, China, ASEAN, and South Korea). This can be a baffling topic as the Philippines itself is a country that consists of over 7,100 tropical islands in the western Pacific Ocean and South China Sea. The country is one of a few English speaking nations in Asia, and has an empathetic view towards both western and eastern cultures, as the population is primarily Malayo-Polynesian peoples with some Chinese admixture, and the country was occupied by Spain for 300 years and then occupied by the US for a further 50. But despite all of this, the fact remains that the Philippines is underachieving in the tourist industry. Here are a few reasons and problems facing the tourist industry that are equivalent in trying to ascertain solutions in future.
- One of the main problems facing tourism in the Philippines would have to be the continually negative portrayals of the country used by foreign media (BBC, Aljazeera etc) which have, since the Asian financial crisis of 1997, really damaged the country's image, pessimistic many would-be tourists from even coming to the country, in preference of the traditional Southeast Asian destinations (Bali, Thailand, Malaysia, Vietnam etc.). The BBC's John McLean had even tried to answer this question, but without shelling off alot of the malignant attitudes classically found among Europeans and Americans of the country:

- As the international broadcast news groups tend to be believed without question, a lot of the negatives persistently shown of the country, most notoriously those of terrorism and outdated poverty statistics (quoted in 2005 by the BBC to be 50% of the population, the actual figure being between 20-25% in 2003 according to the NCSB tend to affect the consciences of many would-be travelers, who would rather go to a destination with, what they'd might think, has less-outward signs of a financially contrasted society (or at least a country that has a government, democratic or otherwise, committed to hiding these contrasts).
- If tourists ever do make it to the Philippines, they often are mystified on where to go, what to see, what to do etc, due to the Philippine government’s efforts placed in defense, economy and national infrastructure (airport/expressway building, extension of rail system etc) in contrast to other more tourist-friendly neighbors like Thailand or Malaysia, who already have the necessary infrastructure and economic stability needed to build on their tourism departments. A lack of budget for the tourism department means they could only do so much before funds run out; hence there are no walk-in Tourist Information Centers or detailed brochures are present in the country outside of a few sites in Manila. Again, a lack of these could stem from the damage the media has played in making less tourists come to the country, and a lack of confidence on behalf of the government to address this issue.
- Transportation is a problem as well, being what could be described as "closed-shop". A lot of the mysterious transfers and the in' s and out's of what to say or do whilst riding Jeepneys or Tricycles are facts well known by locals, but aren't given a comprehensive section on the major travel books made on the country. Tourists would then have to settle for dodgy taxis that jack fares up when encountering tourists. Again, the government's lack of foresight and emphasis on improving methods of transport and tackling these Taxi drivers are to blame as well.
- Another area worth mentioning is that of a lack of walker safety. The Philippine populations are not partial to walking outdoors or taking bicycles in contrast to other Asian neighbors, and are rather much more comfortable with the "Mall culture" present in North America, thus many main streets in major cities and towns tend to be empty of consumer shops and pedestrians. With a lack of the middle-classes using the sidewalks, many street side gangs use them as bases to mug or pester pedestrians (most of the time, in the same financial bracket as they are). In light of this, muggings are known to have happened to (mostly East Asian) tourists who had assumed that

walking to their destinations in Manila or Cebu City would be as safe as in their origin countries. Tourist guides and the local government could thus be blamed for

(1) not informing tourists of the non-pedestrian-inclined culture of the country and (2) for not taking measures to disband these street side gangs and make moves to establish as more pedestrian- friendly urban culture.

- In the end, the most decisive matter in the tourism industry's weak successes with the Philippines is that after more than 30 years without large numbers of tourists, due to media campaigns of what is usually branded by locals as "Philippines bashing", the government and its people no longer see their country as a major tourist destination and no efforts are being made to make the country more tourist friendly outside of closed resorts and sights. Also, any efforts to try and change the country's image in local and international media is falling on deaf ears, and with the exception of a smaller flow of loyal Asian domestic tourists, the country cannot seem to advertise itself well enough for the Western markets, and so is focusing its efforts on maintaining and building on its comfortable flow of "weekend tourists" from neighboring Asian countries while it continues to develop the country's economy.

What Are The Problems Facing Tourism Industry In The India

Problems:

India's tourism industry has a worker shortage. Insufficient accommodation, unclean rooms and food problems plague tourists who come to India. Many places in the interior of the country are not well-connected by proper roads, railways or airways. Excessive bureaucracy also delays new hotel and a transportation projects. Tourists are often exploited economically, and criminal elements in India can make visits to India unsafe for women and elderly tourists. The tourist attractions in India are also being damaged by pollution. Oil refinery smoke is damaging the Taj Mahal, while ecosystems of the coasts, Rann of Kutch and the Himalayas are being battered by pollution.

Areas Where Problem Acute:

Tourism problems are more common in the rural interior of the country. These areas are rich in natural beauty, but they often lack basic infrastructure and accommodations for tourists. Often these regions are highly agrarian. The government is often unable to secure enough land for developing tourism infrastructure because it adversely affects local farmers. An instance of this phenomenon is Orissa.

Effect of Tourism Problems In India

These problems have contributed to India's low share of 1 percent of the world's total tourist arrival percentage. It also leads to concentration of tourist attention to certain parts of the country. For example, the transport and communication industries of Delhi-Jaipur-Agra in northern India and Bhuwaneshwar- Konark- Puri in Orissa are preferred over other equally attractive Indian destinations. These problems also shorten the tourist season in India, which then Leads To Unemployment In Off-Seasons.

Tackling Problems

To tackle worker shortages, the Indian government has set up the Indian Institute of Travel and Tourism Management. A large number of private-sector training centers are also being set up.

Single-window clearance schemes can help the government quicken the process of approval of tourism infrastructure projects.

Relaxing tax burdens on the Indian citizens will promote domestic tourism as people have more savings for vacations. More cost-effective medical treatment has made India the world's second most preferred medical-tourism destination

11. Future of tourism industry in Philippines

Compared to its neighbors like Malaysia, Thailand and Singapore whose tourist arrivals exceed the 20 M mark annually in 2010, as well as Vietnam and Cambodia whose tourist arrival keep on significantly increasing, the Philippines tourist arrivals is a measly in the 3 M annual level in 2010. The reasons are varied but according to Ramon M. Ignacio, a marketing and development consultant of OMDS, "it is the lack of appreciation of the more critical problems and opportunities facing its tourism industry. Thus strategies are wrongly developed. An example of which was their spending of substantial amounts of peoples' money to come up with a tourism slogan thinking that by having a good one will bring in tourists - a not so bright idea". According to Mr. Ignacio tourists visit a country to

1)Have the "experience" of seeing the urban centers; geographic formations like beaches, mountains, rivers, falls, rural scenes, historical landmarks, structures, food and entertainment, shopping, land ,sea travel etc.

2) visit friends and relatives and

3) attend and join in events.

He further says that "the reasons" for its neighbors success is basically due to the land configurations of Malaysia, Thailand, Singapore, Cambodia, Vietnam - where they are contiguous. One can visit Malaysia and go to Singapore by land or to Thailand and travel to Cambodia, Vietnam and other neighboring countries using well-paved and wide roads or efficient train systems. In effect, the places of tourism interests are conveniently accessible, not time-consuming. It does become cheaper. In the Philippines, tourist destinations are scattered in the whole archipelago - thus access is more difficult. The present mode of transportation and infrastructure discourage many tourist considering the hassles, time and expenses"

Given these scenarios, Mr. Ignacio considers the following strategies to improve the performance of the tourism industry: "

1) Promote the Philippines as a "Paradise of Thousand Islands" that can be included in its slogan tagline. This speaks of a Unique Selling Proposition - emphasizing its difference from other countries.

2)Along this line, advertising promotion should focus "Islands Destination" emphasizing on specific places of interests (events, scenes, features, food, people, historical landmarks, activities etc.)

3) Access to these Island Destinations should be improved in terms of mode, time and costs
4)Airport landing and port docking fees should be reduced to allow airline carriers and sea vessels offer cheaper fares.

5)International advertising costs should be shared by resort owners, private business and local governments.

6) Internet social media should be used extensively for viral marketing communication.

7) Government should provide both loan grant funds to the industry participants to improve their facilities and staff training"

12.Future of tourism industry in India

TOURISM

Tourism is a growing industry in India. Hoteliering as well as tourism account for the major foreign earnings for our nation. The declining value of the rupee and a good image of India as an exotic tourist destination have boosted the tourism and hotel industry in India during the late nineties.

It is very surprising to note that small countries like Indonesia, Mauritius, Seyshells, Malaysia, Hong Kong and Thailand have been able to do very well on the tourism front. India is the ancient cultural cradle of the world. It has fascinating tourist destinations like the Taj Mahal, The Khajuraho temples, the marble mountains, The Gateway of India, the Red fort and the Qutub Minar, The Ajmer Palace, The Bharatpur, Bird Sanctuary, The city of Canals and many more. We Indians are also not aware of the beauty of our country. Our ancient cities, palaces, lakes, temples, gardens, minarets, mosques, and lakes mountains delightful experiences for all the travelers as well as visitors. The foreign tourist longs for a tryst with India and loves to visit each every of this vast country.

Our tourism exchange earnings are less than $1.5 billion and account of 0.5 percent of the total tourism traffic of the world. On the other hand, the tourism earnings of Singapore are $34 billion. The same figures are $6.5 billion for Malaysia. The facts do not point towards a healthy trend. We have not to depend merely upon the dollars – rupee parity but also, we have to generate enough of interest about the Indian subcontinent in the minds of the tourists so that they continue to come here and enjoy being here.

The problem of Kashmir has not been solved. Ten years before many tourists were kidnapped and a few of them were killed by the Kashmiri militants. Although the situation is under control, yet the army has to keep strict vigil over the sea. Therefore, the inflow of tourists is less. The situation is much better now and many Indians and foreigners visited Kashmir.

Central India, The North Eastern states, Calcutta, Mumbai, New Delhi, Khajuraho, and Goa are the most popular tourist destinations. Rajasthan is paradise for the foreigners and this state provides a wide range of cultural and ethnic diversities to the visitors.

The foreign tourists are appalled at the state of Indian catering services, roads, guides services, hotels motels, and transportation services and above all, the degrading environment of the Indian subcontinent. We would have to provide four star amenities to the tourists at the prices of three state standards. If we do not follow this norm, we would lose tourists to the United States of America, Seychells, Mauritius, Singapore, Thailand, Hongkong, and Japan. These countries offer entertainment, good quality rooms, and transportation, liquor, as well as food, at the most competitive prices. They follow international tourism norms in terms of catering, hospitality, and hygiene. We do not follow any norms and this leads to aversion on the part of the tourists from India.

It is fortunate to note that hotel management and tourism have become serious subjects as well as vocations. The government as well as the private institutions has launched many courses in tourism as well as hotel management. The professionals in tourism and travel are required by tour operators as well as airlines. The sea cruisers and airlines also need hospitality staff and chefs are required around the world. Hotel professionals are also in great demand. This would boost the hotel industry as well as the economy.

The services of tourist guides, catering, roads, air travel, sanitation, transportation, and telecommunications would have to be operated on professional grounds. The international agency is doing well to promote and regulate air travel around the world. The Government of India is also doing its best. The participation of the private firms has also increased. However, a lot needs to be done in this crucial area. We can earn a lot through tourism as well as hotel industries. Our outlook and approach would have to be professionalized if we want to achieve concrete results in this fastest growing industry.

13. SWOT Analysis of Philippines Tourism Industry:

STRENGTHS

- Tropical climate
- Competitive tourism professionals and workers,
- Many diverse cultural and heritage destinations,
- Aggressive new programs of government in improving infrastructures, facilities, and promoting tourism,
- Hospitality of the Filipinos,
- Strategic location in Asia,
- Improving economic status,
- Expansion of international flights,
- English heavily spoken in the country,
- Affordable and high quality education programs.

WEAKNESSES

- Un sustainable tourism programs,

- Strict visa requirements,
- Poor and inconsistent tourism marketing in the past 10 years,
- High rate of criminality,
- Poor road sign ages,
- Negative image of the Philippines,
- Too much politics in government,
- Tourism is not a priority of the government

OPPORTUNITIES

- Asian neighboring countries seeking to learn English,
- Growing number of senior citizens, young professionals, sports enthusiasts and honeymooners who all love to travel,
- Large number of Filipinos living abroad with their families,
- Large number of abroad,
- Trade fairs abroad wherein Philippine booths have been recognized,
- Growing population of G7 and developing countries,
- Modern technology applications in tourism,
- Convergence of property management companies.

THREATS

- Terrorism,
- Airborne diseases in Asia,
- Negative travel advisories,
- Being located in the pacific ring of fire,
- Tight competition in Asia,
- European countries are more cohesive and cheaper to travel within Europe.

14. SWOT Analysis of Indian Tourism Industry:

STRENGTHS :

- Rich culture heritage and colorful festivals
- Scenic beauty of the country draws tourists from far off places
- Terrain is ideally suited for various adventure activities.
- Well known Indian hospitality.

WEAKNESSES

- Lack of adequate infrastructure.
- A xenophobic attitude among certain sections of the people.
- Restrictive Airline Policy of the Government of India.

OPPORTUNITIES

- More proactive role from the government of India in terms of framing policies.
- Allowing entry of more multinational companies into the country giving us a global perspective.
- GOI is giving special attention to certain regions like Northeast India.
- Asian Development Bank is preparing a Sub-Regional Plan for development of tourism in India.
- Potential for private sector's investment in tourism projects.
- Availability of high quality human resource.

THREATS

- Strong Competition within states of India and abroad.
- Terrorism is a major setback of the region.
- Disorganized tourism development.

15.Comparison of Indian and Philippines Tourism industry

- In 2011, the Department of Tourism recorded 3,917,454 tourists visiting the Philippines. Where in India 5558374 tourist visited.
- In 2011,The tourist visited to India from Philippines are 24534 , where visited to Philippines from India are 42884.
- Tourism in India is the very important industry than Philippines.
- Net tourism income in the Philippines totaled to 2.1 billion U.S. dollars in the year 2010, where in India create about 200 billion US dollars.
- In Philippines most of the foreign tourists came from the Hong Kong, Australia, United States, Japan, South Korea, The Netherlands and New Zealand . In India most of tourist comes from U.S. and U.K.
- The international rank for tourism of Philippines is 51 and India has got 38 rank.
- The major problem of Philippines tourism industry is the transportation problems. Where in India suffer from the lack of basic infrastructure like worker shortage, medicine, poor guide service and bad rural facility.
- The main strength of Philippines are Tropical climate, Hospitality of the Filipinos, expansion of international flights, english heavily spoken in the country , where

Indian tourism industry’s strengths are rich culture heritage and colorful festivals ,Scenic beauty of the country ,hospitality.

- The major opportunity for Philippines is modern technology applications in tourism, where for India is potential for private sector's investment in tourism projects.
- Negative travel advisories is threat for Philippines , for India is Strong Competition within states of India and abroad

16. Conclusion

From our study we conclude that tourism industry has good impact on Economical development of Philipines.so, government should take initiative to increase the growth of tourism industry in Philippines. The major opportunity for Philippines is modern technology applications in tourism, where for India is potential for private sector's investment in tourism projects. In Philippines most of the foreign tourists came from the Hong Kong, Australia, United States, Japan, South Korea, The Netherlands and New Zealand . In India most of tourist comes from U.S. and U.K.The international rank for tourism of Philippines is 51 and India has got 38 rank.so,for international recognition for tourism industry government will have to think upon this serious matter and also focus to development of tourism industry.