

Greetings!!!

As financial innovation is a continuous process, it is difficult, in practice, to grasp all of its contours; and even more difficult to predict its consequences. Therefore, financial innovation adds an element of uncertainty to the economic environment. If financial innovation improves the efficiency of the financial system, then it should also have a considerable effect on the functioning of the economy in general. The development of innovative means of payments in banking sector reduces transaction costs, thereby facilitating trading and the exchange of goods and services, which in the end should lead to a better allocation of resources. In the long term, this should be favourable for economic growth.

To spur innovation, manufacturers are collaborating more than ever before. Innovation is not going to happen in isolation. It is necessary to increase collaborative arrangements with suppliers, customers and partner companies. The manufacturers will work with customers for customized product development and with suppliers for product design. The companies that want to achieve the real innovation in manufacturing must, on one hand transform their operations through an innovative culture for building a new-growth factory, and on the other hand, dramatically increase their productivity to stay within a continuous improvement. In future, the smart companies will have to use their talent-factoring to dedicate much effort in optimizing all their resources, while at the same time rethinking their business models to capture the value residing in resource ownership.

While an organization is working on implementing a culture of innovation, it is very important to develop the talent and ability to innovate, as this will play an important role in defining its competitiveness in developed and emerging economies. New manufacturing needs to understand that there are certain competencies associated with manufacturing of certain advanced products, and if the manufacturers and countries lose those competencies it can affect the overall competitiveness of the nations. For this reason, it is clear that there is a key challenge for corporate

houses to engage their cooperation in strengthening their ability and capacity to innovate.

The positive side of any recession is innovation. Economic recession makes us re-think in what different ways we may adopt today that will earn us some extra money. Recession makes a company or a person desperate for some increased revenue thus leading to innovative ways to earn more. It is common that during recession many companies start laying off employees as a method of cost reduction. Doing this is not always the best solution; rather companies should focus on innovative cost reduction methods. Like the old saying "Necessity is the Mother of All Invention", recession thus makes it necessary for companies to innovate. Innovation is the only way companies can survive downturns.

Increasing competition in global and domestic markets simply cannot sustain cost advantage for a long term. The experience of all globally successful companies underscores the fact that success depends on consistent innovation, so as to stay ahead of competition. Businesses can innovate on several fronts in manufacturing, processes, technologies and management principles. Innovation is not a one-time exercise; it involves continuous efforts in re-inventing the firm's products, services and processes in the light of market and technology developments. This would require firms to develop specific strategies, teams and performance measures to foster innovation. At the same time, the government can support innovation by providing an assurance that the companies' intellectual property is adequately protected, through legal provisions that are also administered effectively. In the final analysis, success depends on each organization's willingness to take risks and implement changes.

This issue presents a good number of articles on the cover story theme 'Economic Innovations – the Game Changer' by distinguished experts and authors. We look forward to constructive feedback from our readers on the articles and overall development of the journal. Please send your mails at editor@icmai.in. We thank all the contributors to this important issue and hope our readers enjoy the articles.