

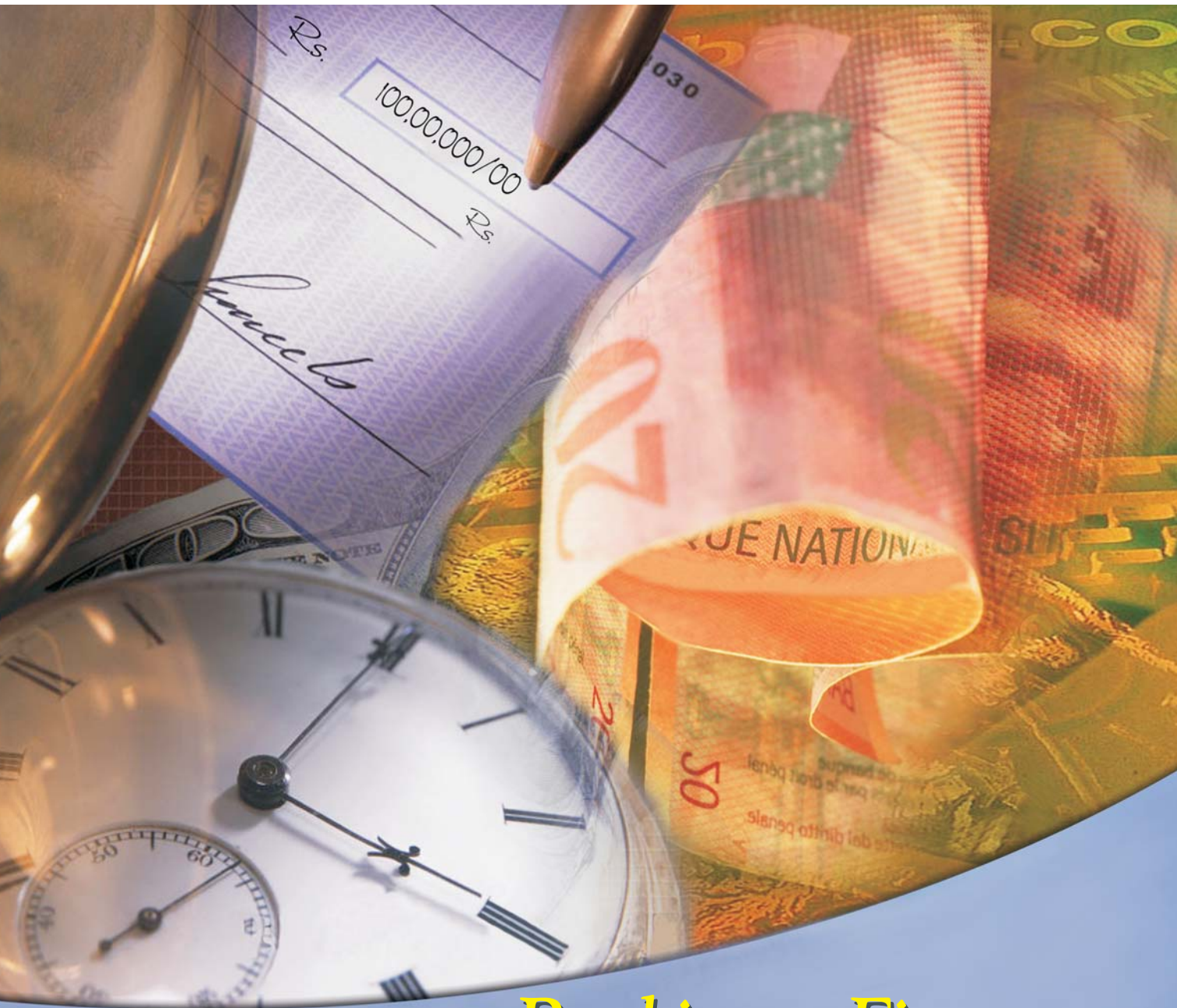
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*Banking & Finance-
The Timeless Pillars*

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Dear Readers,

Greetings.

We present you the latest issue of Indo-Swiss Business, with its focus on the vibrant economies of both India and Switzerland. As you are aware, economy is the backbone of every nation and the domineering factor in events and situations the world over. With this perspective in mind, the issue offers you an insight into the Indian economy, through the government's annual Budget for fiscal 2005-2006 (April/March). The most striking feature of the Budget, as well the Economic Survey 2004-2005 that preceded it, which the magazine carries, is to underscore India's rapid progress on the path of globalization. We also cover the trends and the developments in the banking sector during the year 2004-05 with glimpses of the shape of things to come in the year ahead. In this context, we would like to point out that the response of the trade commissioners of various countries confirms the universal perception of India as an emerging economic power. Much in the same vein, we present in-depth articles on the two most crucial pillars of the Swiss economy, namely banking and finance. Jacques Derron, Counsellor (Economic and Commercial Affairs), Embassy of Switzerland, New Delhi, elaborates the significance of the financial sector in the Swiss economy while SOFI (Swiss Organisation for Facilitating Investments) comes up with its outlook on FDI and its benefits for the target Swiss regions. Economist Christian Frey of the UBS Group, in his compact write-up, puts across crisply, the nuances of the banking and insurance sectors in Switzerland. Can the watch industry be left behind, when we make a mention of the pillars of the Swiss economy? The issue contains an account of the latest developments in the watch industry by Jean-Daniel Pasche, President of the Federation of the Swiss Watch Industry. Alongside acquainting you with the turn of events at the quarters of some of the most popular watches and the city that dances to the tune of time, Geneva, we also offer news about the Indian watch industry. When it comes to hospitality and culture, India and Switzerland are in the forefront among nations. While the exclusivity of Baur au Lac could be gauged from what its Managing Director Michel Rey has to say, the aroma of Swiss cuisine could be caught from what Master Chef Bernard Gothuey has to offer. The budding DINA Institute located in Pune, substantiates the approach that academics in India's hotel and management industry are a prominent contributor to the sector's growth. The interview with the President of Mummenschanz and the profile of Adiv Exports, weave the magic of what theatre and art, respectively, are about in Switzerland and India. If cars fire your imagination, a brush with the Geneva Motor Show will give you the just needed push onto the fast track.

Wish you happy reading,

A handwritten signature in blue ink, appearing to read 'Satya Swaroop', with a long horizontal flourish extending to the right.

Satya Swaroop

Managing Editor

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The Financial Sector: A Reputed Pillar of the Swiss Economy



Jacques Derron

Switzerland is known abroad for its beautiful landscapes, chocolates, watches, cheese, high-tech products and of course its banks. Switzerland is definitely a preferred international financial centre and the role of the financial sector in the Swiss economy has always been an important one. At the same time, Switzerland is by far not just a country with banks and insurance companies. It is a competitive industrial and services base with sophisticated production techniques, of which the financial sector is an integral part.

It was in the eighteenth century when the foundations for the success of the Swiss financial services were laid with the start of a number of private banks in larger towns and cities in the country. Some of these early pioneers in the field of private banking are still operating successfully today. Traditionally, there have been two major factors that helped the financial sector, alike many other sectors of the Swiss economy, to flourish. The first one being the conducive business environment offering political stability, open economy, and security, and the second being the high qualities of Swiss workforce, which is famous for competence, prudence, efficiency, and reliability.

The financial sector is one of the pillars of the Swiss economy and it ranks among the top ten in the world. Employing 5.3 percent of the workforce (approximately 200,000 people), this sector contributes to some 14 per cent of the country's GDP. The Swiss Stock Exchange, SWX, was ranked as the 8th largest stock market in terms of market capitalisation in 2002. The Swiss franc is one of the safe currencies and is the 5th most traded currency in the world.

The banking sector has the major share in the financial services. It is particularly noted for its variety. Two globally active "giants" - UBS and Credit Suisse Group - together account for over 50 per cent of the balance sheet total of all banks in Switzerland. The regional banks, cantonal banks, cooperative banks, banks dealing with asset management, and of course the famous private banks, where the owners guarantee the liabilities of their bank with their own personal wealth, also very much contribute to the success of the Swiss banking sector. At the beginning of 2004, there were 342 banks operating in Switzerland, of which 220 were Swiss and the rest 122 were foreign banks operating through their subsidiaries or branch offices. The presence of such a large number of foreign banks, some of which are indeed big global banks, reflects their recognition of Switzerland as a good business location. The private banking and asset management remain the real specialties of Swiss-based banks, and the subsidiaries of foreign banks also focus on these areas. According to some estimates, Swiss banks manage more than one fourth of all internationally invested private wealth. In terms of the assets managed by the Swiss banks, a little more than half belongs to foreign clients.

The credit for the success of the Swiss banking sector goes to many factors. In addition to the above-mentioned excellent macro conditions, Switzerland's banking system is based on the concept of universal banking, i.e. all banks can offer all banking services such as deposit

business, credit business, asset management, investment advice, securities business, underwriting business and financial analysis etc. The advantages of universal banking include the ability to spread risk over a greater number of banking businesses and customers. At the same time, it has been ensured that the administrative costs for the banks are kept low, so that their competitiveness is not adversely impacted. Another factor for the success of the Swiss banks is the composition of their staff, who is highly trained, motivated, and represents a wide spectrum of nationalities. Swiss banks are equipped with modern technologies for payment and clearing systems and overall the system is well integrated with the global financial networks. The host of specialised services offered by Swiss banks, e.g. in the fields of tax guidance, inheritance and succession planning etc., add value for their clients. Furthermore, the Swiss banking sector has a first-class regulator – Swiss Federal Banking Commission. The effective regulation and supervision strengthen confidence in a financial centre, thereby resulting in attracting high-quality and long-term investors, and this is very much true for the Swiss banking sector.

What is not known enough abroad is the fact that Switzerland has one of the best anti-money laundering legislation. The strict regulations ("Know Your Customer - KYC") of the Money Laundering Act require Swiss banks and all other providers of financial services not only to identify the contracting party but also to establish the identity of the economic beneficiary of the assets. The legislation also foresees special due diligence requirements for institutions dealing with PEPs (politically exposed persons).

The Swiss banks provide an environment of confidence that any client would first of all look for before placing his or her money. However, the confidentiality rules in Switzerland do not mean absolute "banking secrecy". The banks offer no protection whatsoever to criminals or corrupt officials/political leaders. The confidentiality offered by Swiss banks is certainly no obstacle to a criminal investigation. Many thriller movies, e.g. James Bond movies, have helped create a myth that the Swiss banks have "secret" or "anonymous" accounts. As a matter of fact, such accounts do not exist in Switzerland as the banking regulations demand the bankers to have adequate information about their clients. Indeed, failing to establish the identity of the beneficial owner is a criminal offence under the Swiss Penal Code.

Actually, it is the financial privacy that has been misunderstood as "banking secrecy", and it is one of the private spheres for which protection is guaranteed by the Swiss Federal Constitution. Consequently, the professional obligation to confidentiality expected from a banker can be comparable to the ones expected from a doctor and a lawyer. Nevertheless, the regulatory framework within which the banks operate in Switzerland is very much effective in preventing abuse of the system.

As a matter of fact, Switzerland is fully aware of its responsibilities as an important international financial centre, and it cooperates effectively with other countries in fighting crime and in providing judicial assistance which involves the lifting of banking secrecy - in all forms of crime. Notably, Switzerland possesses an efficient set of legal instruments to defend itself against the inflow of illegal assets, and to identify, block and return them to their rightful owners. The country played an important role in the development of the UN Anti-Corruption Convention of December 2003, which enshrined the principle of the obligation to return the proceeds of corruption to the lawful owners. Recently, the Swiss Federal Supreme Court has given its decision (similar decisions have been given before also) to return the illegal assets of a politically exposed person from Nigeria, and this is bound to strengthen the deterrent effect for the persons looking for safe heaven for their ill-gotten money. As a matter of fact, the American administration has praised Switzerland for its "exceptional cooperation" on the fight against terrorism.

Switzerland cooperates closely with other countries also to ensure the stability of the financial markets and to meet the challenges raised by globalisation and technological developments. Furthermore, Switzerland looks for constructive solutions with its partners, in particular within the frameworks of the World Bank, International Monetary Fund, G-10, Bank for International Settlements, Organisation for Economic Cooperation and Development, UNO agencies, GATS at the World Trade Organisation, and the FATF (Financial Action Task Force on Money Laundering).

To conclude, no other industry shapes Switzerland's image abroad like the financial sector. Around the world, it stands for reliability, stability, prudence, and high efficiency. There is definitely a need to demolish the myth about the Swiss "banking secrecy", and to know more about the actual strengths of its financial sector.

Jacques Derron

*Counsellor (Economic and Commercial Affairs)
Embassy of Switzerland, New Delhi*

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Banking and Insurance- A UBS Perspective



Christian Frey

Although the pace of consolidation in the banking sector has slowed significantly since the end of the 1990s, the concentration process is still going on. At the beginning of 2004 there were 342 legally independent banks with a total of 2,744 branches, 76 of which were based outside Switzerland. There are still some sporadic mergers taking place among the smaller institutions.

The main motivation for integration efforts currently has more to do with strategic and logistic alliances, which are, however, not always stable, a regional banking association being one example. Taking gross operating income as the best measure of overall business volume, the two big Swiss banks hold around 50% of the market, followed by the cantonal banks and the foreign banks with around 15% each. Despite this high level of concentration by international standards, the banks in Switzerland compete intensively on service and price at all levels.

Success across the board

Thanks to the strong economy and despite the changeable financial markets, 2004 was a good year for the banks, whatever their size or focus. Strong credit demand, in the mortgage sector in particular, coupled with lower default risks helped domestic business with private and institutional clients to make a consistently positive contribution to results, although margins did come under pressure from keen competition and rising interest rates. Overall, wealth management (private banking) a mainstay of the Swiss financial industry saw positive performance and pleasing new asset inflows. Although the agreement reached with the EU on the taxation of savings income should take the bite out of discussions surrounding banking secrecy provided it becomes law, of course the shift from offshore to onshore business is continuing in the wealth management sector, where global competition is fierce, with private clients being increasingly serviced in their home countries. Investment banking, the third main pillar for the bigger banks, produced mixed results in a volatile market environment, with contributions varying from division to division and from one period of the year to another. Overall, however, results were positive here too.

Quietly optimistic for 2005

Our survey, which covered 148 banks, confirms the positive trend for 2004 that was reflected in interim results. The banks are in the top group of all the sectors surveyed in terms of revenues and earnings growth. Provided the economy slows only moderately and there are no major upsets in the financial markets, the banks are largely confident about 2005 as well, although slightly less so than before. As a result, earnings growth will probably come in at a slower pace than the moderate increase expected in volumes. On the plus side, however, stronger demand, lower provisioning requirements and despite fierce competition higher service prices are also anticipated. The regional, Raiffeisen and private banks remain optimistic, whereas the big banks (following last year's major gains) and the cantonal banks (due mainly to narrowing interest margins) are relatively subdued in their expectations. Overall, the banking sector has probably seen the last of the headcount reductions that have marked recent years.

Insurance

With an annual premium volume of some CHF 7,000 per capita (direct insurance not including social security contributions), Switzerland indisputably boasts the highest insurance density in the world. As can be imagined, the market is fiercely contended: at the end of August 2004, 203 insurers were registered with the federal supervisory office, with 7 subsidiaries of international groups being added to the reinsurance sector in the course of the year. This shows just how attractive Switzerland is for an industry that employs around 42,000 people in the country. In terms of

absolute size and growth potential, however, international business has clearly become much more important for the big insurance companies in particular. Over 70% of the group premium volume of Swiss private insurers is generated outside Switzerland. At close to 95%, globalization is clearly most advanced in reinsurance. In contrast, a few areas such as health insurance and social insurance are firmly focused on domestic clients. In line with the broad specialist and geographical focus of the individual companies, the sector comprises firms of all shapes and sizes.

Recovery consolidated

By 2003, the insurance industry had recovered from the major setbacks suffered in 2001 and 2002, and had managed to restore its weakened capital base to a large extent. This process was helped along in equal measure by better conditions in the financial markets, premium increases particularly in property/casualty insurance and stronger demand. These underlying trends continued through 2004, albeit on a much more modest scale. With the exception of notoriously spiralling health insurance premiums and increases in various personal liability and property lines, raising premiums was not as easy as it had been a year earlier. This did not prevent the insurance industry from coming top of our survey in terms of price increases, however. By and large, it was also spared any exceptional losses. The only event to trigger higher payments and provisions for global insurers was the severe hurricane season in the Caribbean (the insurance claims for the tsunami disaster in South-East Asia could not yet be reliably estimated). The sector as a whole is expected to report an improvement in earnings for 2004.

Varying degrees of optimism for 2005

Although the insurance sector expects 2005 to be almost as good as 2004 overall, the picture looks far from homogeneous. Whereas demand and, thus, premium growth is even set to accelerate for accident and property/casualty insurers, life insurers expect to see these factors slowing, as do pension and health insurers. This reflects, among other factors, the different effects generated by economic deceleration and the shift toward higher interest rates, as well as expectations with regard to premium rates, which are expected to decline in the life segment and remain largely stable in the re-insurance segment. Despite an increase in costs and, for property and health insurers, a higher claims frequency and benefits payments, our survey for the sector as a whole points to a further improvement in earnings growth. As long as the financial markets do not cause any major upsets, investment income should also play a significant role here.

By Christian Frey

Senior Economist

UBS WMR Swiss Economic Research



UBS - RECORD PROFIT

Swiss companies are extremely competitive in world markets. In some branches, more than 90% of goods and services are exported. Although the areas where Switzerland is a leading supplier include looms, paper and printing machinery, blanking tools for metalworking, elevators and escalators, packaging equipment and rack-and-pinion railways, consultancy, insurance and tourism are also part of the export trade.

In this context, the performance of the UBS group in the last fiscal should be noted. The AFP reports that the Swiss Banking group UBS, has recorded a net profit of 8.09 billion Swiss francs (5.30 billion euros, 6.62 billion dollars) for 2004. The reasons behind this increase are stated to be the buoyant financial markets and increased fees. Strong asset-based revenues, with UBS also benefitting from "substantial" increases in transaction and operation fees, are added reasons behind this result.

UBS chief executive Peter Wuffli says that the results that are the best in the history of this banking major, reflect the emphasis on growth put by the company. They go well beyond above analysts' expectations of a 7.7 billion to nearly eight billion Swiss francs annual profit.

The group also points out that it has recorded its best-ever fourth quarter result with a net profit of 2.02 billion Swiss francs, a 12 percent increase over the equivalent period in 2003. The reasons attributed to this are increased trading revenues amid "improved" activity in financial markets following the US presidential elections in November.

Clients poured 88.9 billion Swiss francs in net new money into the bank, an increase of 29 percent over 2003.

UBS estimated that fees and commission income accounted for 52 percent of its total operating income of 41.07 billion Swiss francs for the year.

Swiss economic policy has always been based on free trade, with low import duties and virtually no import quotas - the only exception being for agricultural produce. Even here many of the restrictions are being eased as a result of recent agreements with the EU.



Unveiling the Budget in Parliament on February 28, Chidambaram said that it was aimed at combating poverty and helping the common

The coalition government is also bound by a new law to cut the federal deficit by 0.3 percentage point annually from an estimated 4.4 per cent of GDP for the year to March 31st.

In a remarkable feat of fiscal management, India's Finance Minister P. Chidambaram has been able to meet the requirements of nearly every sector of the economy in his Budget for 2005-06 (April-March). The measures announced in the Budget, described by analysts as one of the most forward-looking fiscal exercises, are aimed at triggering all-round economic growth. By giving a spurt to investments in agriculture and related activities Chidambaram has brought two-thirds of the country's population into the mainstream of economic development.

Investors are keen to see if the government allows more foreign investment in banks and goes ahead with a controversial proposal to use some of India's \$133 billion of foreign exchange reserves to fund badly needed improvements to roads and ports.

Chidambaram has also initiated steps towards revamping the income tax structure for individuals to everyone's benefit. Implementation of value added tax (VAT) is a fantastic reform initiative that ends years of uncertainty. By lowering import barriers and rationalizing domestic duty structures the Finance Minister has set the stage for a more competitive domestic economy.

man in Asia's fourth-largest economy.

Releasing the government's second budget since it came to power last May, he said its central theme was job creation and he allocated 250 billion rupees for social programmes in 2005/06.

"India is not a poor country. Yet a significant number of our people are poor," he said. "The whole purpose of democratic government is to eliminate poverty and to give to every citizen the opportunity to be educated, to learn a skill and to be gainfully employed."

About 260 million Indians live below the poverty line and around two-thirds of India's population of more than one billion are dependent on agriculture.

He also unveiled a package of 102.16 billion rupees for Indians whose lives were affected by last December's tsunami in the Indian Ocean and said total health spending would be increased to 102.8 billion rupees in the year from April 1, a rise of about 22 per cent. The tsunami left more than 16,000 Indians dead or missing and tens of thousands lost their homes.

Chidambaram said all engines of the \$600 billion economy were running at nearly full speed and confirmed growth for fiscal 2004/05 was estimated at 6.9 per cent. Inflation had been reined in.

India has a combined fiscal deficit for states and the central government estimated at about 10 percent of gross domestic product (GDP), one of the highest in the world, while its debt-to-GDP ratio is above 80 per cent.

Budget 2005-06: Building India Anew **Striking A Fine Balance**

In a demonstration of fiscal prudence, the Budget has focused on agriculture, infrastructure, education, which are fundamental to the economic development of a country because of their multiplier effect. Services such as insurance, telecom, banking and IT have also got a fillip in this Budget. And if investment in infrastructure increases then industries such as cement and steel are sure to move up in the markets.

One sector that will benefit primarily from the Budget is the construction activity. Manufacturing sector too will benefit because of the reduction in customs duty. In one of the best possible balancing acts, the Budget has addressed the developmental needs of both agricultural and corporate sectors and both rural and urban areas of the country. The overall economy, which is already buoyant, is expected to get a further fillip.

The pat for the Finance Minister has come from none other than Prime Minister Manmohan Singh himself. Singh, the father of India's economic reforms described the Budget as "outstanding."

"The Finance Minister has done an outstanding job and worked very hard to produce a Budget which measures up to the challenges of our time. He deserves all the credit."

Singh said the newly-announced 'Bharat Nirman' (India Building) scheme would change the face of rural India and the Centre would work with state governments to make life in villages "liveable".

"There must be close cooperation between Centre and



The Union Finance Minister, P. Chidambaram entering the Parliament to present General Budget 2005-06 in New Delhi on February 28, 2005. Seen in the inset is Prime Minister Dr. Manmohan Singh.

the states. The effort will be to work with state governments to make rural life liveable. When one crore hectares come under irrigation, it will change the face of rural India beyond recognition," Singh said, adding that the focus would be on infrastructure development and telephone connectivity in rural areas.

Industry leaders too have rightly praised the Budget. According to a leading industry body, the finance minister has given direction to all the segments of industry. He has laid emphasis on agro and infrastructure sectors. He has reduced the corporate tax, excise to give boost to the Indian industry. He has presented a wonderful Budget. He has given thrust to village housing by announcing schemes for the village poor. He could not have done better after all he has his own limitations.

The stress on agriculture and rural development in the budget is most encouraging, especially for the food processing sector, which is expected to generate income for farmers, besides boosting employment generation. The relatively higher focus on rural sector of this Budget than previous ones, demonstrates a mindset towards removing constraints in agricultural development.

Additionally focus on a road map for diversification may address the areas of the much needed diversification beyond cereals and achieving value addition. A new scheme for agriculture marketing and intended increase in the micro-irrigation and micro-finance provide right signals for the sector. In a major relief to farmers, Chidambaram said the government would continue with the fertiliser subsidy regime and a restructuring of the mechanism was in the offing.

"We shall continue to provide subsidy on food, fertilizer

and petroleum," the Finance Minister said.

Naturally, the stock market, the barometer that quickly measures the possible impact of the budget, is jubilant. It greeted the Budget with a bang and hit all-time high amid sustained buying interest.

The mood on the market appeared optimistic as investors cheered the government's announcements on infrastructure development and more reforms oriented projects. Banking, construction, textile, oil and sugar stocks were in the limelight. The reduction of corporate tax and rationalization of other duties and taxes are indeed positive steps. The Bombay Stock Exchange (BSE) Sensex ended at an all-time high of 6,713.86, a gain of 144.14 points.

A rural electrification scheme that covers 125,000 villages in a five-year period and a 4.0 cut in customs duty on capital goods have generated some sparks to keep the power sector going. Rural India, however, has much to celebrate. The four-year business plan for Building India, especially rural India has found concrete provisions in the Budget.

On the fiscal management front, the Finance Minister has been able to contain the fiscal and revenue deficit for 2004-05 and has made provisions for budgeting further reductions. On the macro front, the focus on burning issues such as education, water, health, rural development and agriculture is clear. While much more will be expected in the coming years, the process has been set into motion alright.

On the infrastructure front, in which India has been lagging behind most nations, the setting up of a Special Purpose Vehicle Fund, using foreign exchange reserves, is a good beginning, even though the limit of Rs 10,000 crore may be considered modest.

The rationalization of custom duties is expected to boost the infrastructure sector, particularly telecom. The focus on the manufacturing sector, especially on traditional sectors with huge growth opportunities like textiles, is going to help the economy.

Dr. Pratap Reddy, Chairman of Apollo Hospitals, said: "There is a focus on rural economy. The allotment for education is pretty good. The National Rural Health Mission is a step forward. So is the insurance scheme for weavers. Hopefully this scheme will be widened to have the whole rural population in its web.

The allocation for the health sector is still much below 6.0 per cent of GDP. A major investment thrust is needed in both the health and education sectors. These two can be growth drivers in the future. Moreover the government should encourage public-private participation in these sectors.

On an overall basis, the Budget ushers in a quiet revolution by focusing on the fundamental needs of the economy and fulfills the dream of the government for all-inclusive growth.



The Economic Survey 2004-05 - A Review

Surveys of the economy are pointers to the nation and are much awaited by both the government and the people. They lay threadbare the trends and developments and also discern the areas that need to be focused upon. The Indian Economic Survey 04-05, is not just an indicator of the pace of on going reforms in India but a further endorsement of the process of liberalization. A report by **Shruti Sinha**.

The Survey highlights the 6.9 per cent growth with inflation down to 5 per cent, agriculture and allied sector looking up despite deficient rainfall, prospects of good rabi crop, significant rise in industrial production, electricity generation, exports, services sector, foreign exchange reserves, lower revenue deficit, phenomenal growth in IPOs, improvement in poverty and employment ratio etc.

The economy has managed to maintain the growth momentum in spite of a deficient monsoon, hardening of world oil and steel prices and extensive damage caused by Tsunami in several southern States.

The overall food grain production during the year is estimated to decline by about 3 per cent but the buffer stock position will minimize the effect of shortfall.

Manufactured products and primary articles recorded lower inflation rates while it was higher in case of fuel, power etc.

India's foreign exchange reserves continued to rise and is expected to cross shortly the level of 130 billion dollars. The accretion to reserves so far this year is about 16 billion dollars compared to 31 billion in the corresponding period of last year.

The external debt position continued to improve and its share as proportion of GDP went down from 20.2 to 17.8 per cent between March 2003 and March 2004.

An impressive growth in gross credit by scheduled commercial Banks and the Government also announced a comprehensive policy to enhance agricultural credit by 30 per cent in 3 years. Deposit rates of 65 major Banks went up by 25 basis points and decline in prime lending rates of five major Banks.

Regarding fiscal consolidation, the deficit of the central Government as a proportion of GDP at 4.6 percent was lower than the Budget estimate of 5.6 per cent. The consolidated fiscal deficit of the Centre and States is budgeted to come down from 9.4 per cent of GDP in 2003-04 to 7.9 per cent in 2004-05. The decision of the States to introduce VAT from April this year marks the culmination of efforts taken at reforming domestic trade taxes. The equity markets continued to remain upbeat in the current year. The Initial Public Offerings (IPOs) grew five times to Rs.35,859 crore in 2004.

According to the second advance estimates of CSO, the foodgrains output is expected to decline to 206.4 million tones in 2004-05 from 212 million tones in the previous year. However, a bumper harvest of cotton during the year augurs well for the cotton textile industry. The industrial sector registered an impressive growth of 8.4 per cent in the first three quarters of the year. The improvement is particularly pronounced in manufacturing, capital goods and consumer durables. 6 core industries i.e. electricity, coal, finished steel, cement, crude oil and petroleum products registered a lower average growth of 5.4 per cent. The infrastructure sectors like rail goods traffic, cargo handled at ports and airports and air passenger traffic, however, recorded higher growth rates.

The National Common Minimum Programme of the Government attached high priority to the progress of social sector to enable the people to participate and benefit from the development process. The major programmes initiated under it during the year include,

launching of the National Food for Work programme in 150 most backward districts, introduction of National Rural Employment Guarantee Scheme, additional budgetary support for planned programmes like food for work, Sarva Shiksha Abhiyan, mid-day meal, basic health care, accelerated irrigation benefit programme, drinking water and roads, imposition of a cess of 2 per cent on Central taxes for universal education and a new universal health insurance scheme for the poor.

According to the Economic Survey 2004-'05, FDI limit in the private sector banks has been liberalized to 74%, under the automatic route, and the survey gives an indication of doubling the FII limit to 40%.

At present the total foreign holding in nationalized banks as well as SBI is limited to 20% but if the FII limit is pushed further, it will only enable our banks to have a strong foothold in the international or overseas market, tap its resources and will lead to greater value addition to its position in the local market.

The survey says at the same time that statutes should be amended to prevent board representation by the FIIs. It also posited favourably for the ADRs and GDRs, which are considered FDIs and would enable the PSUs to raise equity abroad.

Increased interest by the FIIs will only enable the banks to have access to greater capital and better compliance with Basel II norms.

The Economic Survey has emphasized the need for moving ahead with reforms. The trend of growth in the economy is well underscored by it and which stands well attested by the rise in investments, savings and younger percentage of the population.

The survey has also placed emphasis upon certain core areas that need to be given greater attention. In order to bring about greater fiscal consolidation, tax reforms are a must. They should corner on better administration and structure and not higher rates for augmenting revenue returns. The will to do so of course lies with the political leadership of the country. Tax Information Network and SEBI's Unique Identity Number has received a favourable nod from the survey. Agriculture, as per the report, can be transformed through greater investment in infrastructure, cutting down on subsidies and productivity in order to generate jobs and income in the rural segment. Financial sector can be reformed through development of the debt market. It talks about building further the infrastructure sector through public and private sector partnership and calls for increasing foreign investments in different sectors.

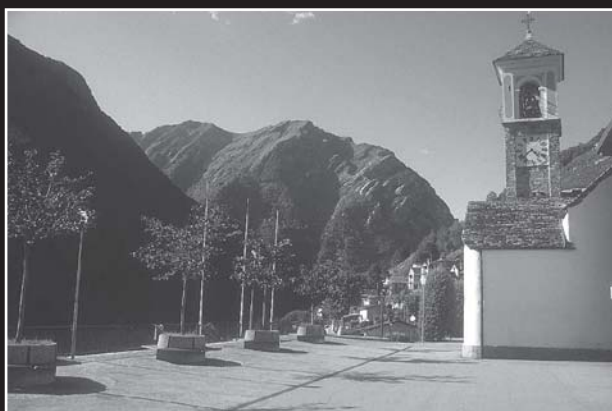
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Ticino Shows the Best way to Health

In Switzerland, healthcare accounts for 11% of the GDP. The cantons of Ticino, Jura, Fribourg and Valais are playing an active role in addressing the health concerns.

The approach being adopted by Ticino is a novel one in the sense that it is assessing the impact of the political decisions on the health of the population.

By this Health Impact Studies, HIS, the authorities will be able to make optimum usage of the resources invested and also minimize costs, at the same time.



The HIS commission is responsible for selecting key projects in terms of their potential impact on public health and informing the cantonal government about them.

Based on the information reported about these measures, the government decides which projects should be included in the HIS procedure.

It decides if and under which conditions a specific project should be initiated or how it should be implemented.

A national working group has been set up to monitor the Ticino experiment.

The project here comes in light of the decision taken to build more roads in the Mendrisiotto region. The region is as it is suffering with pollution. The study shall assess the impact of this construction on the health of the population, the aim being that the population is able to maintain its own health capital.

The HIS project also plans to reintroduce a dental service in schools as well as the situation of unemployed people over 50 years of age, single-parent families and foreigners experiencing difficulties integrating into society.

The HIS project has been commended by the WHO and the EU and both are working to promote it.

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India Getting Globally more Competitive

- **Joseph Koch**

President, Trade Commissioners' Forum

On Thursday, 10th of March, Pune was witness to the Pune Expo 2005, a business exhibition, hosted by the Maharashtra Chamber of Commerce, Industries and Agriculture (MCCIA), held at the Agriculture College Ground. What the exposition proposed to achieve can be well summed up from what, Mr. Kopardekar, Senior Assistant Secretary, MCCIA, has to say. The exhibition, he reflects, would enable unearthing the opportunities and strengths of various countries. He emphasizes on more of joint ventures, investment partners and sourcing of products from Pune itself. The time is right for globalizing and projecting Pune as an emerging IT city.

At the luncheon hosted at the Le Meridien, in the honour of the trade commissioners, New Media team interacted with them over an informal session. During the conversation the trade commissioners spoke on different matters like the focus of the forum, their expectations from the body and their assessment of the economic scenario in India. Following are the excerpts of the reactions of the different trade commissioners to the questions that were put up:

On being asked about the Trade Commissioners' Forum and the role it is expected to play, the participants made the same point and each of them emphasised on the need for such a forum to facilitate better business, though the manner in which it was put across, differed.

For **Helen Deas, First Secretary (Trade and Investments)& Deputy Head of Mission, UK** "the TCF is a new entity and I have a very open mind and open expectations out of it. I am also keen to have closer links particularly with my European colleagues who are members of this forum because EU is the largest supplier of goods and services to India. It is a very important relationship. Apart from the regular sectors we are looking at sectors like financial services, legal services depending on the WTO legalization, chemicals, food stuff, packaging. Hence, a lot of joint ventures, technology transfers and tie-ups are possible between India and UK.

Deepak Shikarpur, Director National Sales, Dimensions Engineering Software Services Pvt. Ltd., feels that the forum is a body where all the consulates can come together and one can expect a greater level of activity in the context of trade

and commerce.

For **Pieter Coetzee, Consul In-charge, South African Consulate General,** "the Trade Commissioners' Forum should and would facilitate only business". Very appreciative of the reforms in India, he felt that the present Prime Minister is indeed doing a good job. "The reforms have helped India emerge as a global village that is well aware of its responsibility towards its social and economic needs".

Maarten D. Reuchlin, Consul General of The Netherlands, believes, "although we are a part of this Trade Commissioners' Forum, we are here in our very bilateral capacity. I am from Holland, so I am truly looking at all the chances for Dutch business tie-ups, exports, imports and we all use the vehicle of the Trade Commissioners' Forum because it gives just a little bit more exposure. We are all competitors, but we know that although we are competitors, coming here as a group does have a win-win situation for all of us. I am not expecting any Trade Commissioners' Forum other than this win-win vehicle that we all see".



Joseph Koch

"For the Swiss business entities, it is interesting to note that Indian market is further opening up with reduction in import duties and as announced a couple of years back, there is a continued progression towards ASEAN level of customs duties. Indian industry is gradually improving its competitiveness in the global market, e.g. in sectors such as automobile, chemical and pharmaceutical, energy, steel, software and IT-enabled services and engineering. With this year's GDP growth of 6.9%, India remains amongst the fastest growing economies of the world and this scenario is expected to continue in the new fiscal year starting from 1st April 2005."

Irena Krasnická, Consul General of the Czech Republic, sees the forum meeting her expectations in a way that she thus explains. “The Trade Commissioners' Forum is a very useful organisation. We work together with other countries and we also go to some other places in Mumbai, other communities and chambers and we have a lot in common and we help each other. It is great to work with Indian companies, the government and the states we are posted at. This is the third time I think the Trade Commissioners' Forum is present at the Pune Expo. This time we have Australia's presence and Poland has set up its stall. We are considering emerging as a European Union team and also focusing on the other European countries. I feel that as the years go by, international presence is all set to increase”.

Irena also spoke about the trade ties between India and the Czech Republic.

“I must say that in the last three years the trade between India and the Czech Republic has doubled. It is more than \$30 crore and it has an equal balance. There have been a lot of imports and exports. And it has been very pleasant for both sides. It is machinery, and automobile industries in particular where the exports have been to India. Other areas are pharmaceuticals, jewellery, and glass beads. Our imports include machinery, some jewels and agricultural products from India as well. We also have representatives of Czech trade promotion agencies at our consulate. We have learnt to be more active and we conduct trade within the framework of the European Union and some trade bilaterally”.

To **Mr Harshit Desai, Director, Marketing and Information Systems, Emboss Technopreneurs**, “such forums bring different industries on one platform. People could be coming together and finding out what could be the thing between 2 industries and then move ahead in that direction”.

The **budget** was yet another topic that elicited various responses from the commissioners. While some of them spoke directly about the budget, others also incorporated their perceptions on the present government in India and the on-going reforms.

For **Helen Deas**, “in the last few years, we have seen a two-way trade between India and UK growing substantially. We are now at 6 billion pounds that is over \$10 billion a year between our countries with goods and services. We are also receiving a lot of Indian investment into UK. We have now over 40 companies who have set up their base in UK from India. We are encouraging more and more to come in. UK is interested in building long-term partnerships and relationships. We have in fact an open trade system and taxes are very low. We encourage entrepreneurship. We would love to work with India. We have a lot in common in the education and entrepreneurial fields. There are over 50,000 Indian students studying in the UK now. Hence, we are very keen to have exchange in the field of education. We are an Indo-British partnership and there are over 400 projects that are underway over a ten-year period. We launched the Joint Economic Trade Committee in January with the Secretary State for trade and industry visiting India this year. I am looking at all practical aspects to improve our very good trade relations”.

When asked about the budget, **Mr Shikarpur**, stressed upon the role of the government in treating the industry as a customer and giving greater importance to infrastructure.

Raj Khalid, Trade Commissioner of Flanders, Economic Representation of Flanders, put forth his views. “The ones who formalise the reforms are actually carrying the respect of every individual who votes respecting the constitutional rights of everybody and moving forward, which is a very challenging task. I personally think successive governments and finance ministers have done a very good job. Today even the inclusion of the left party in the government has been a very positive step because it is able to respect a lot of people who cannot speak like us such as the homeless people, people in the villages, etc. Growth has to go to them as well and there I think the government has done a good job. In fact even if you think of the patenting in the pharmaceutical sector, I will say that the government always has the right to declare a particular situation as an emergency, and make sure that the rules do not apply. So I do not think there will come a day when somebody would not get the medication because it is too expensive.

Maarten D. Reuchlin, commends the Indian government's emphasis on infrastructure but also feels that it should concentrate on manufacturing than IT as the former would be able to provide for more jobs than the latter for the Indian population.

Harshit Desai, touches a different aspect when he comments upon the budget. “The budget has been pretty positive but some of the sectors where perks have been taxed might appear different but then in budgets these ups and downs have to be balanced. Overall I think that it has been quite a positive budget”.

Mr Hyo-Choon Yoon, Director General, Korea Trade-Investment Promotion Agency, says that having come to the forum as a representative of all kinds of industries, his role is primarily to encourage interaction between countries that could be over a particular product or may be even services in different industries.

He feels that the reforms have done well to the Indian economy. “As far as India's reforms are concerned, the open policy started in 1991. This is the 15th year of this policy and a lot of the reforms and open policy as can be seen in bringing down of the customs duty by 5% and the FDI in telecom that has been liberalized. I am quite satisfied with this rapidity. Yet certain areas need attention. eg. FDI it is said is welcome a lot. Yet we find that at times the procedures need a little more simplification. So I feel that the need is to change the attitude as well”.

The **Australian Consul General, Don Cairns**, says that the Australian Consulate has entered into an agreement with the MCCIA. The nature of this tie up is intended to inform the consulate of new opportunities in Pune. Mr Cairns seems positive when he says, “We hope to get a good response from the session. The agenda of the talk would be to discuss on what Australia has to offer to India. And a little bit about what the consulate does in general”.

Developments during 2004-05

The broad based growth momentum continued for the first quarter of 2004-05. GDP growth at 7.4 per cent was higher by about two percentage points over the growth recorded in the first quarter of 2003-04. Output of major *Kharif* crops is expected to be lower this year as compared with the corresponding level of 2003-04. However, *Rabi* crop production is expected to be favourable. Seasonal (June-September) rainfall was excess/normal in 23 out of 36 meteorological sub-divisions and the remaining 13 sub-divisions registered deficient rainfall. While 56 per cent of the meteorological districts received excess/normal rainfall, the remaining 44 per cent received deficient/scanty rainfall. While the prospects are still somewhat unclear, the current assessments clearly indicate that agricultural growth of 3.0 per cent, projected earlier, is unlikely to materialise. Industrial growth as indicated by the Index of Industrial

cent, assuming that the combined downside risks of high and uncertain oil prices, and sudden changes in international liquidity environment remain manageable.

Money supply (M3) expansion in 2004-05 up to October 29, 2004 was lower at 6.6 per cent (Rs.1,32,428 crore) [6.4 per cent (Rs.1,28,859 crore), net of conversion] as compared with 8.9 per cent (Rs.1,53,474 crore) in the corresponding period of 2003-04. On an annual basis, growth in at 14.1 per cent (13.9 per cent, net of M3 conversion) was, however, higher than 12.1 per cent during 2003-04. Annual inflation, as measured by variations in the wholesale price index (WPI), on a point-to-point basis, which rose from 4.6 per cent at end-March 2004 to 8.7 per cent by end-August 2004 declined to 7.1 per cent by October 30, 2004. On an average basis, annual inflation based on WPI was 6.3 per cent as on October 30, 2004 as compared with 5.0 per cent a year ago. While WPI inflation increased

Banking Policy and Trends

Developments: 2004-05

Banking policies are amongst the foremost pillars of a country's economy. Likewise, the banking policy designed and followed by the apex bank, the Reserve Bank of India, forms a prominent section of India's economic growth and development. RBI gives an account of its banking policy and associated trends.

Production (IIP) has registered higher growth of 7.9 per cent during April-September 2004 as compared with 6.2 per cent growth during April-September 2003. There are signs of sustained growth in the production of basic goods, capital goods, intermediate goods and consumer durables. Thus, the prospects for growth in industrial output have improved. Further, exports continued to remain buoyant and recorded a growth of 24.4 per cent in US dollar terms during April-September 2004 as against 8.1 per cent during April-September 2003. While the CSO estimate of GDP for the first quarter is consistent with the earlier projected growth of 6.5 to 7.0 per cent for the full fiscal year, the deficient rainfall in some parts of the country and its impact on *Kharif* crop impart a downward bias to this growth projection. In addition, the higher oil prices tend to have an adverse impact on GDP growth. At the same time, the improved prospects for growth in industrial output and continued buoyancy in exports are likely to have a positive impact on growth. On the whole, while the picture is not very clear, it may be reasonable to place the overall GDP growth during 2004-05 in the range of 6.0 per cent to 6.5 per cent as against the earlier expectation of 6.5 per cent to 7.0 per

cent, assuming that the combined downside risks of high and uncertain oil prices, and sudden changes in international liquidity environment remain manageable. sharply on the back of a rise in international oil and metal prices, the CPI inflation witnessed only a moderate increase. On an annual average basis, inflation as reflected in CPI was 3.6 per cent in September 2004 as against 3.9 per cent a year ago. However, CPI inflation could be impacted by WPI inflation with a lag. On current assessment, assuming that there would be no further major supply shock and liquidity conditions remain manageable, the point-to-point year-end inflation based on WPI for the year 2004-05 could be placed around 6.5 per cent as against 5.0 per cent as projected in the annual policy Statement of May 2004.

The growth rate in aggregate deposits of SCBs was lower at 7.5 per cent (7.2 per cent, net of conversion) up to October 29, 2004 as compared with 9.0 per cent in the corresponding period of 2003-04, mainly attributable to reduction in nonresident Indian (NRI) deposits with the banking system. On an annual basis, growth in aggregate deposits at 15.8 per cent (15.6 per cent net of conversion) was, however, higher than that of 11.8 per cent during 2003-04. During 2004-05 (up to October 29, 2004), credit by SCBs increased by 17.5 per cent (Rs.1,47,491 crore) [13.7 per cent (Rs.1,14,809

crore), net of conversion] which was substantially higher than the increase of 4.5 per cent (Rs.33,088 crore) in the corresponding period of 2003-04. Food credit increased by Rs.3,751 crore as against a decline of Rs.13,459 crore in 2003-04 reflecting a turnaround of about Rs.17,210 crore. During the same period, non-food credit posted a robust increase of 17.9 per cent (Rs.1,43,741 crore) [13.8 per cent (Rs.1,11,059 crore) net of conversion] as compared with an increase of 6.8 per cent (Rs.46,539 crore) in the corresponding period of 2003-04. The incremental non-food credit-deposit ratio was substantially higher at 127.8 per cent during 2004-05 (up to October 29, 2004) as against 40.4 per cent in the corresponding period of 2003-04. The detailed information on sectoral deployment of credit available from banks reveals that over two-third of credit flow during 2004-05 (up to August 2004) was on account of retail, housing and other priority sector loans. There has been a revival of investment activity in 2004-05 with some evidence of expansion and scaling up of production plans. Credit needs of industry, therefore, are likely to gain further momentum.

In recent years, investment in Government and other approved securities by SCBs has been much in excess of the required SLR of 25 per cent. As at end-March 2004, such excess of SLR securities at Rs.2,67,328 crore constituted 16.3 per cent of NDTL of banks. However, during 2004-05 (up to October 29, 2004), the investment in Government and other approved securities of SCBs at Rs.28,955 crore (net of conversion effect) was lower than that of Rs.84,031 crore in the corresponding period of 2003-04 partly on account of pick-up in credit demand. Consequently, commercial banks excess holding of SLR securities was reduced to Rs.2,59,083 crore or 14.5 per cent of NDTL in 2004-05 (up to October 29, 2004). Since demand by the commercial sector is expected to remain buoyant during 2004-05, lower demand by banks for Government securities has implications for Government market borrowing programme.

During 2004-05 (April to October 31, 2004), financial markets have remained generally stable though interest rates have displayed some upward movement, particularly at the longer end. The average call money rate, 91-day and 364-day Treasury Bill rates and the yield on Government securities with one year, 10 year and 20 year residual maturity exhibited upward movements. The weighted average discount rate on commercial paper of 61 to 90 day maturity increased from 5.1 per cent in April 2004 to 5.4 per cent by end-October 2004. The market repo rate increased from 3.7 per cent to 4.7 per cent with an increase in daily volume during the same period. The typical interest rate on three-month certificates of deposit increased from 4.96 per cent in March 2004 to 4.75 per cent by mid-October 2004. The PSBs, however, reduced the deposit rates of over one year from 5.0-6.0 per cent to 4.75-5.75 per cent

as on October 29, 2004. The BPLRs of public sector and foreign banks were in the range of 10.25-11.0 per cent and 11.0-13.0 per cent in October 2004 as against 10.25-11.5 per cent and 11.0-14.85 per cent, respectively, in April 2004. In contrast, the BPLRs for private sector banks moved from a range of 10.5-13.0 per cent in April 2004 to a range of 9.75-13.0 per cent by October 2004. The representative (median) lending rates on demand and term loans (at which maximum business is contracted) of public sector banks were in the range of 8.25-12.5 per cent in September 2004 as against 11.0-12.75 per cent in March 2004.

On the external front, merchandise export growth in the first half of 2004-05 has been robust and well above the target of 16 per cent in US dollar terms set for the year. India's exports during April-September 2004 increased by 24.4 per cent in US dollar terms as compared with 8.1 per cent in the corresponding period of 2003-04. Imports rose faster by 34.3 per cent as against an increase of 21.0 per cent in the corresponding period of 2003-04. Oil imports increased by 57.8 per cent as compared with 6.4 per cent, while non-oil imports increased by 25.8 per cent as against 27.4 per cent. The overall trade deficit widened to US \$ 12.7 billion from US \$ 7.4 billion in the corresponding period of 2003-04. The higher trade deficit during 2004-05, in substantial part, reflects the high oil imports bill in the wake of the hardening of international prices and also the growth in import demand emanating from a pick-up in economic activity as reflected in higher capital goods imports. During the first quarter of 2004-05, a widening trade deficit was more than offset by the surplus under invisibles leading to a current account surplus. Net capital flows has been at US \$ 5.6 billion in the first quarter of 2004-05, comparable with the flows of around US \$ 6 billion registered in the first quarter of 2003-04. The net capital flows in the 2004-05 has been driven mainly by foreign direct investment, commercial borrowings, and short-term trade credits. As a result, the net accretion to foreign exchange reserves, excluding valuation effects, amounted to US \$ 7.5 billion during April-June 2004.

Against the backdrop of these developments in different sectors of the economy during the first half of 2004-05, the overall monetary policy stance for the second half of 2004-05 is to be (i) provision of appropriate liquidity to meet credit growth and support investment and export demand in the economy while placing equal emphasis on price stability; (ii) consistent with the above, to pursue an interest rate environment that is conducive to macroeconomic and price stability and maintaining the momentum of growth; and (iii) to consider measures in a calibrated manner, in response to evolving circumstances with a view to stabilising inflationary expectations.

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Indian Banks get ready for **Basel II**

The much talked about Basel II norms are capital adequacy norms for the banks that will be applicable by the 31st of March, 2007, as per the guidelines released by the RBI. These norms or rules are essentially meant to measure the various types of risks that the banks face, namely, credit, market and operational risks and the capital required to cover them. The Basel II norms incorporate approaches for meeting the risks and have two more props by way of a supervisory review process and market discipline.

Let us catch up with these basic components and understand what do they mean.

Credit Risk: It is a possibility that some of the borrowers of the banks may refrain from their promises of payment of loan, its interest or meeting other terms and conditions of contract on time. This risk is called credit risk and is borrower specific.

Market Risk: It is mandatory for the banks to invest in liquid assets such as cash, gold, government and other approved securities, by way of the SLR-Statutory Liquidity Ratio.

The portfolio of the bank driven by market becomes volatile in nature and therefore entails a risk factor, termed market risk.

Operational risks: These are the third category of risks and can be caused due to a whole number of reasons namely, processes, people and other internal or external factors.

What Basel II says is that Banks should in the first place measure and weigh their risks properly and also maintain sufficient capital to cover these up.

Under the supervisory reviews and market discipline components of Basel II, it is provided for better risk management practices, as it is well known that simply maintaining a buffer stock of capital is not good enough to fall back upon for meeting risks.

The supervisory process entails:

A process for assessing the bank's overall capital adequacy vis-a-vis their risk profile and a strategy for maintaining their capital levels.

Banks should operate above the minimum regulatory capital ratios.

Supervisors should seek to intervene at an early stage to prevent capital from falling below the minimum levels required to support the risk characteristics of a particular bank and come up with rapid remedial

action if capital is not maintained or restored.

In the context of **market discipline**, it should be said that Basel Committee has, recognizing the value of the market, included market discipline as being the third foundation stone of Basel II.

Market discipline is to be brought about through greater transparency by asking banks to make adequate disclosures.

There are two important components to it:

- Catching signals from the market that emanate in the form of change in bank's share prices or change in bank's borrowing rates
- Responsiveness of the bank or the supervisor to market signals.

All said about the characteristics of the norms, there are a few concerns that are being raised.

For one, increased demand on the part of banks adapting themselves to sophisticated techniques of risk management. They will also have to gear up their systems and manpower to ensure greater sensitivity to risk.

It has to be ensured that banks have all the data and at the same time can build models dynamically designing risk-reward relationships.

This shall be a task of mammoth dimension for largely branched out public sector banks.

Weaker banks too will be needed to have higher capital. One can see that banks have already started lining up IPOs and Tier-2 issues, therefore.

It must also be remembered that as matching capital to risks becomes the norm and costs rise, mergers and acquisitions could emerge as the next ruling and eventually lead to greater consolidation in the banking sector.

What they mean for banks

BASEL II norms are expected to have far-reaching consequences on the health of financial sectors worldwide because of the increased emphasis on banks' risk-management systems, supervisory review process and market discipline.

- The new norms bring to fore not only the issues of bank-wide risk measurement but also active risk management.

This will help in better pricing of the loans in alignment with their actual risks. The beneficiary will be the customer with high credit-worthiness and ratings as they will be able to get cheaper loans.

- Basel II norms require vast amount of historical data and advanced techniques and software for calculation of risk measures. This will translate into huge demand for IT, BPO and outsourcing services.

According to estimates, cost of implementation of the new norms may range from \$10 million to \$150 million depending on the size of the bank.

- A flip side is that the knowledge acquired by the big banks due to the implementation of complex norms would act as an entry barrier to any new competitor entering into the market.

Small and medium sized banks will find it difficult to finance high implementation costs of the norms. If national supervisors make the norms compulsory to implement, these banks might have no other option but to merge with other banks. Therefore, consolidation in banking industry with increased mergers and acquisitions is expected.

- Higher risk sensitivity of the norms provides no incentive to lend to borrowers with declining credit quality. During economic downturns, corporate profits and ratings tend to decline. This can lead to banks pulling the plugs on lending to corporates with falling credit ratings, at a time when these companies will be in desperate need of credit.

The opposite is expected during economic booms, when corporate credit worthiness improves and banks will be more than willing to lend to corporates.

- With better risk measurement practices in place the capital allocation for loans to quality borrowers are going to decrease. Banks can use this capital for other purposes to increase profits.

The benefit of lower risk weight of 20 per cent and 50 per cent would, therefore, be available only for loans to a few corporates. The cover required for bad loans will increase exponentially with deteriorating credit quality, which can lead to an increase in capital requirement.

In short, Basel-II will push the Indian banking system towards improved health.

At the same time, however, there are limits to what regulations can do. Mergers and acquisitions mean little when banks are not allowed to shed redundant staff or when they have to ensure that the high salaries of staff in bankrupt banks being taken over are protected.

Moreover, while ensuring that banks comply with Basel-II, there is also need to resolve the fundamental contradiction between the philosophy of directed lending and that of fine-tuning the allocation of capital to risk.

Similarly, incentive structures in public sector banks need to change. More attention also needs to be paid to cooperative banks.

In the final analysis, the introduction of new technology and competition will do more to make the Indian banking system stronger than mere regulations.

Technology will be the key for banks in their effort to implement the Basel II norms was the consensus at the CTO Summit, a seminar on technology in the banking sector, organised by Banknet India.

Experts from the banking sector and the information technology industry agreed that data collection, networking and risk management will be the key areas where banks will need to implement technology, in their efforts to achieve standardisation.

R. Gandhi, Chief General Manager, Department of Information Technology, RBI, says, "Basel II norms came into effect because central banks all over the world wanted to bring a co-ordinated and standardised approach. Very soon the distributed processes of banks will have to go for centralisation."

He adds, "IT helps banks in data collection in a big way. That is why core banking solutions are essential for strong risk management. This will also include profiling of customers and their transactions."

Crisil is of the view that banks will comfortably be able to meet the incremental capital requirements for the implementation of the Basel II norms, through internal accruals and fresh capital issuances.

In the long term, the implementation of these norms will encourage banks to be more risk-sensitive, leading to an improvement in risk management systems.

Operational risk will be addressed for the first time and market risk will be measured more scientifically under the proposed framework. It will also encourage better risk appreciation and foster risk-based pricing.

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Hans Jörg Tobler

Mummenschanz: Speaking through the Unspoken

A country is very often known by the riches of culture that is enshrined in its history and present. But let us just ask this question to ourselves. How do we ensure the perpetuity of this culture? It could be through written, spoken or visual aids or of course through practice of our own customs and traditions. However, have you ever heard of the non-verbal as a means to ensure the continuity? The

Mummenschanz or the masquerade as the term literally means is that theatre of art where it is the silence and total absence of the spoken words that conveys messages through thousands of stories. It is that point of perfection in creation where one rises into a realm that is nothing short of pure magic. This theatre is a creation of **Bernie Schuerch, Andreas Bosshard** and **Florian Frassetto**, in the year 1972. The purpose behind this was to give to the world, a form of art where the media of expression are the unspoken word, the masks, the light, subtle choreography and the shadows. As **Hans Jörg Tobler**, President, Mummenschanz Foundation St. Gallen, says, "I think that you could emphasize that we follow a philosophy to continue with this non-verbal theatrical art. As globalization is bringing a future that is multicultural in many cities, with the non-verbal theatre you can reach anybody, anywhere."

Elaborating what Mummenschanz is all about Mr Tobler says, "Mummenschanz is a nonverbal theatre form, but it does not run under the category pantomime nor under the category mask theatre. Mummenschanz is really a form of performing art on its own. I think the most impressive fact is, that the abstracted expression of feelings and interaction is understood everywhere. People enjoy and have fun."

On his inspiration behind joining Mummenschanz, he has something substantial to narrate. "I have followed Mummenschanz since its beginning and I was deeply impressed about the innovative character of this nonverbal theatre form and I saw in Mummenschanz an important form of theatrical expression which appeals to people of all cultures. In 1998 we established the Mummenschanz Foundation. As its president, I am responsible for the management of Mummenschanz performing art company."

India to him is a very interesting multi culture country with a great future. It is certainly a challenge for the artists to perform in a few important cities of

India. Mummenschanz toured in India in 1992 with great success. "We had several calls for a new tour by people who still remembered the tour in 1992, 13 years ago". He feels that India has changed a lot since then. Particularly about Mumbai he opines, "I have seen Mumbai very much changed from the name and its culture. It has improved a lot. The poverty was appalling. There were cows on the streets and I don't see them anymore. It hints at the economic improvement of India." His work profile in the present visit is to see that everything works well. And it pleases him to see that his people are in good hands here. The preparation he feels has been fantastic from the General Consulate to the Embassy.

About the interest and enthusiasm that Mummenschanz espouses amongst youngsters,

Hans feels, "our experience is that all over the world young people are enthusiastic about Mummenschanz. Mummenschanz is really not bound to a certain age group. It is appreciated by all segments of the population. We can also see in many countries, that in





the world of the theatre many artists experiment with new forms of theatre. I don't think that there are fewer innovations in the theatre world, than it used to be in the past."

The stage set up and costumes that are required by Mummenschanz are quite typical of the art form. "It has to be black box with velvet back drop and velvet legs, in order to achieve the right light effects. The costume can be described as a kind of masks, mostly covering the full body of the performers, inflatable objects made of textile, plastic, cardboard etc." When you talk of stage, the next step obviously is the audience and to Mr Tobler, "it is interesting to see the different reactions in the audience in the various countries. In some countries the audience is reacting spontaneously, laughing loud and applauding frenetically, while in some other countries the audience is just enjoying quietly and the applause is only at the end."

When Mummenschanz reaches out to the audience what is it that it aspires to do? "Mummenschanz just wants to entertain people to give some happiness. It is same whether our artists perform in so called developed or underdeveloped nations, they try to make people forget their daily worries for a few ours and to take them away in the world of fantasy for some time. Mummenschanz wants to activate the imagination of the spectators and give them a

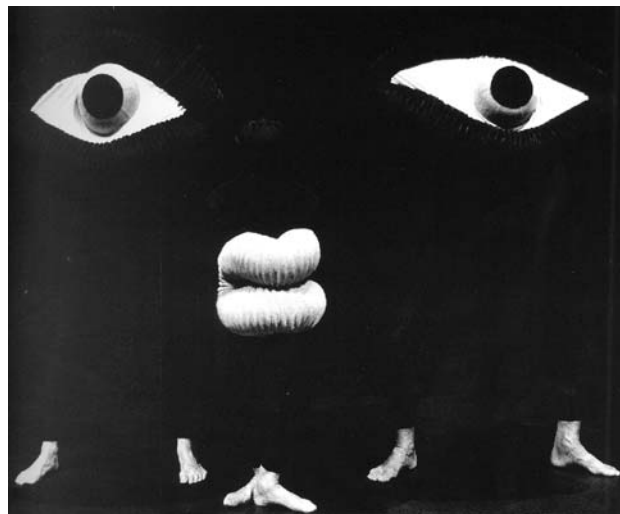
good feeling."

He is, however, a little skeptical over Mummenschanz giving training to the artists. "The Mummenschanz founders, Floriana Frassetto and Bernie Schürch unfortunately are so busy with their world wide tours, that they don't have time to run such a school."

Talk to him of India and he has so much more to add. India to him is a land that he would want to know more about. To learn India not just from its cities but also from its villages is what he aims to do and wishes to spend one vacation here. He is very much fascinated by the mask and dance theatre of India, as one of the components of India's rich culture. Culturally speaking he feels that Switzerland and India share a culture that is marked by its multifacetedness. And this becomes even more spectacular when one considers the massive difference in size and population of the two nations. Though India might not be very promising remuneration wise for him right now, but its rising economy is sure to make it very attractive remuneratively in the near future. To him performing in front of the huge population here is indeed a challenge.

Switzerland, the land to where he belongs, is indeed unique in its own way. Apart from the fact that, "we have German, French, Italian and Romansch, we also have many immigrants who bring influences from Turkey, Greece, Italy, Spain, Portugal and northern Europe as the borders open and people come to work and that makes the mix interesting", he says.

Swiss tourism and banking are two other segments he dwells upon. The proposition of



Swiss banking, according to him is chiefly in its efficiency. "Our banks were keeping up with development and they are the most leading. Also we have very liberal politics, freedom and as the estimation of the individual is high, it helps. In Switzerland the secrecy norms are good. It is no longer easy to deposit bad money, as the banks now demand the proof for the source of money. But it is the liberal structure and no spying and safety that attract people. The stability of the Swiss Francs is also a reason."

The heart of Switzerland is tourism. Ask him why and you promptly get the answer. "The reason behind Swiss tourism is the advantage of variety in nature in a small area. A travel from North to South shows you this. You have palm trees in the south that has a mild climate and you have a very different climate in the North. You have mountains and lakes and rivers. You travel for a few kms and the change in landscape and culture is evident. The use of different idioms in different cities makes it interesting. These are some intricacies that an average tourist cannot understand but the difference in architecture is seen and that is a variety, in a small space."

Coming back to his sojourn in India that involves performances in Chennai, Bangalore, Mumbai and New Delhi, Hans Jörg Tobler, is hopeful that this trip will be successful in weaving the magic of its previous performance in India.

Sure enough...we wish you all the best!

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Team- Mummenschanz:



Bernie Schürch (Mummenschanz founder), Switzerland, trained as an actor in Berne before moving on to the Lecoq school in Paris. From 1969 he toured in various clown/theatre shows with his fellow student Andres Bossard. In 1972 they founded the Mummenschanz mask theatre together with Floriana Frassetto. Schürch's creative passion has remained undiminished ever since.



Floriana Frassetto (Mummenschanz founder), Switzerland, studied at the Academia Alessandro Fersen and the School of Pantomime in Rome. She gained her experience on stage touring with the pantomime group "Gesti" until she met Bernie Schuerch and Andres Bossard in 1972. Mummenschanz is her most important meaning of life. She transforms her ideas into the play with an excellent sense for colors, shapes and effects



Raffaella Mattioli from Italy, started with classical dance education in Rome and London, with Yuriko, Pearl Lang, Mary Hinkson, Noemi Lapzon and others. She performed as a dancer and actor for theatres everywhere. In 1989, she went to Prague as a choreographer to Laterna Magica. She was responsible for several contemporary theatre productions for festivals.



Jakob Bentsen (Performer) from Denmark studied as well at the School of Lecoq in Paris. He then played with several independent ensembles on multiple tours. From 1978 to 1980, 1986 and 1988, he worked with Mummenschanz. Today he is working as an actor in the silent as well as in the spoken theatre, and as puppet player and regisseur.



Ueli Riegg (Technical Director) from Switzerland developed a keen interest for the theatre from an early age. He soon became a regular stage actor and in a first period performed locally and on tour. Later he specialized in stage management and light design. Before he joined Mummenschanz, he worked as a free lance tech. director at the Stadttheater of St. Gallen and as a project manager for a local lighting company, designing lights and sets for various big events, concerts and theatrical shows.

NEWS WATCH

The Swiss Watch industry is one of the most watched sectors internationally. Its performance in the past year and the recent developments in the arena of some of the most popular watches in this sector have been well accounted for by the Swiss Watch Federation, FHS. Enabling us to catch up with the latest, it also gives an insight into what the future beholds.



The year 2004 saw the value of Swiss watch exports establish a new record, exceeding for the first time the 11 billion franc mark. This represents an improvement of 9.2%, or 932.3 million francs, on the 2003 result. The industry posted two very strong monthly increases in June and August in 2004, as well as two successive records with the highest monthly values ever achieved, in October and November. Factors that have contributed in minimizing the losses of 2003 are the return of a more stable world geopolitical situation and a sustained economic recovery in the United States and Asia.

Exports of finished watches made even stronger gains than the sector as a whole. Their value rose to 10.2 billion francs, up by 9.9% compared to 2003. Contrary to the trend over recent years, the number of pieces exported showed a positive progression. With 25.1 million units, the increase was +2.1%. The value of steel timepieces rose by 10.9% and that of gold timepieces by 10.2%. Bimetallic and platinum watches also outperformed the average, with respectively +11.4% and +15.4%.

Growth of volumes was due mainly to steel timepieces, which accounted for more than one in two watches exported. These products gained more than a million units compared to 2003, rising to a new level of 12.8 million pieces (+8.7%). Bimetallic timepieces (+3.5%) and gold timepieces (+3.0%) registered more modest increases.

A look at some of the most talked about watches of the world.

2004 was a good year for the Swatch Group. The Swatch Group's sales resumed an upward trend last year. At 4,152 million francs, they increased by 4.7% and even 6.2% excluding exchange rate effects. The board claims to be confident moreover for the current

year, during which the emphasis will be placed on the group's internal growth, although, depending on opportunities that may arise, acquisitions are not to be excluded in the light of an excellent cash-flow and a solid financial situation.

The collaboration between Audemars Piguet and Desco von Schulthess acquires a new dimension in Asia. Audemars Piguet (Hong Kong) Limited and Audemars Piguet (Japan) KK are two joint ventures that are majority controlled by the Le Brassus watch manufacturer and are now selling Audemars Piguet watches in the former British colony and in Japan. The two partners will also be finalizing collaborative projects for China and Australia. Audemars Piguet feels that by this collaboration, they will be able to gain hold of strategic markets and benefit from Desco's know how. Desco, on its part is happy to be adding value to the Swiss brand and feels by so doing it is putting up a good example of a brand owner and a brand manager in a good combination.

Hermès International last year realised sales of 1,331.6 million euros (+8.3%), thereby exceeding its own growth forecasts. The increase for watches was 3.7%, which accounted for 8% of the sales.

For Montblanc, the success story of its watches has reached another level. Today it has a capacity of 200,000 pieces, a figure that the company intends to attain within a three to five year timescale, targeting in particular emerging markets such as China and India. Now accounting for 20% of the company's turnover, the watchmaking arm of Montblanc, which employs around 50 people in Le Locle, includes around 100 references divided into five groups (Star, Sport, Timewalker, Summit and Profile). After starting out with a rather classic style, the collection has shown a marked tendency to develop along more fashionable

lines. It consists in large part of men's watches, with the ladies' range accounting for only 20% of sales.

In the last quarter of 2004, the third of its 2004/2005 financial year, the Richemont luxury group achieved 9% sales growth. In terms of market, maximum contribution was from Europe, followed by Japan, the Americas and finally the Asia-Pacific region. By sector, sales rose by 7% (12% at constant exchange rates) for companies specialising in jewellery (Cartier and Van Cleef & Arpels), 10% (14%) for watch companies (Baume & Mercier, IWC, Jaeger-LeCoultre, A. Lange & Söhne, Panerai, Piaget and Vacheron Constantin) and 9% (12%) for the makers of writing instruments (Montblanc and Montegrappa). The companies operating in the leather goods and household accessories sectors (Alfred Dunhill and Lancel) saw their sales rise by 4% at constant exchange rates, although they remained flat in absolute terms.

As the global leader in luxury products, LVMH (Moët Hennessy Louis Vuitton) achieved record sales worth 12.6 billion euros in 2004 (+6%, with +11% organic growth i.e. assuming comparable structures and exchange rates). This more so, when we consider the fact that it was achieved in a monetary environment in

which the dollar and yen continued to fall against the European currency.

Last year, Italian jeweller Bulgari realised a turnover of 827.7 million

euros, up by 9.0% compared to 2003.

With sales of 256.3 million euros, the watchmaking sector performed well in the trading year, posting an increase of 5.0% at variable exchange rates and 8.7% at comparable exchange rates.

At the end of last year, Chopard

opened a new shop in Almaty, the capital of Kazakhstan. In harmony with existing stores in prestigious locations such as Geneva, London, Paris and New York, Chopard is now expressing its universe of elegance and refinement in the outermost reaches of Asia. Indeed, Chopard's worldwide success owes much to the development of a broad network of boutiques, serving as highly effective brand embassies in the world's great cities. Chopard's boutiques are appreciated the world over because of the unique 19th century Viennese feeling which they exude. Also this boutique shall have a corner dedicated to LUC, exhibiting the high-precision mechanical movements developed by the Manufacture LUC in Fleurier.

The Swatch Group is increasing the number of its members of the Executive Group Management Board by three to again eight members, and is strengthening the Extended Management Board by adding

s i x , adding up to fourteen members. The new members reinforce, among others, the luxury segment, the electronic and production divisions and the distribution sector.

TAG Heuer is far more than a brand that creates and manufactures sporty luxury timepieces. It is a cutting-edge brand that has a formidable history of excellence, precision, prestige and performance. TAG Heuer has always used sport and arts as a source of inspiration, a driving philosophy and attitude on how to tackle life proactively, passionately and creatively. The result is the brand's outstanding line of superior quality timepieces. The major's present team of ambassadors, Uma Thurman, Brad Pitt and Juan Pablo Montoya, symbolize this aspect. TAG Heuer will partner with other major movie and sport stars on a local and regional basis in the coming year. These include Chinese NBA Houston Rockets player Yao Ming, Bollywood superstars Shah Rukh Khan and Sushmita Sen, Nascar idol Jeff Gordon, Indy Racing League 2003 champion Scott Dixon, Champ Car 2004 World Champion Sébastien Bourdais, Euro-PGA Golf star Ian Poulter, world free diving record-holder Tanya Streeter, and Japanese top fashion model Ai Tominaga.

According to a licensed agreement, designed to run for a period of 8 years, signed between the German fashion company and the Biel subsidiary of the American watch manufacturer, MGI Luxury Group is going to produce and distribute Hugo Boss watches worldwide.

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objects on display, mostly dating from the 16th to 19th centuries. The permanent exhibit consists of over a thousand pieces, out of the 12'500 owned by the museum.

Watches, clocks, pendulums large and small, enamels painted on gold or copper, providing the decorations for a multitude of jewels, boxes, snuffboxes, vases and other accessories... little gold pieces, miniature portraits on ivory or enamel as well as drawings and engravings show us the incredible creative force that inspires these various disciplines... And which continue to inspire, since a large part of the museum is reserved for the exhibition of current works by artist watchmakers, jewelers and enamellers, which Geneva can take pride in possessing, training and promoting.

Fascinating temporary exhibitions enhance the interest of this watch making museum which you must visit, of course, while taking your



time.

Franck Muller Watchland

The young watch designer and manufacturer specialized in "complicated" conventional watches", Franck Muller has inaugurated the Watchland, a showcase for Swiss expertise, on March 31st 2001. The two buildings of this new center, only five minutes from Geneva International Airport, will enable a new insight into the understanding of the centuries-old watchmaking tradition. The first building will house the various machine-tooling stages of the cases very few watchmakers today completely control and integrate this technology while the second building will house the workshops in which the watches are assembled. Since summer 2001, it is possible to visit the Watchland site, (only by appointment).

Patek Philippe Museum

The most prestigious and comprehensive collection of timepieces ever compiled.

Reflecting the tradition of excellence of the Genevan watchmaking community, the Patek Philippe Museum, which opened on November 13th 2001, presents about two thousand exceptional timepieces, automata, miniature portraits on enamel, and rare exhibits, which trace a fantastic journey through five hundred years of European horology; at the same time, they showcase the 160-year heritage of a watchmaker which connoisseurs agree is the finest in the world. The collection consists of two complementary departments. One is dedicated to rare timepieces of European and mostly of Genevan provenance, the other is devoted exclusively to Patek Philippe watches, spanning the workshops' history from its beginning to the present day.

Located in Geneva's Plainpalais district, the building, which today

houses the Patek Philippe

Museum dates back to 1920. The idea then sprang to light of opening a museum to present to the public the two fabulous watch collections acquired by Philippe Stern over more than 30 years.

The visit begins on the ground floor and continues on to the third, the second, and finally the first floor.

For shopping, your options are:

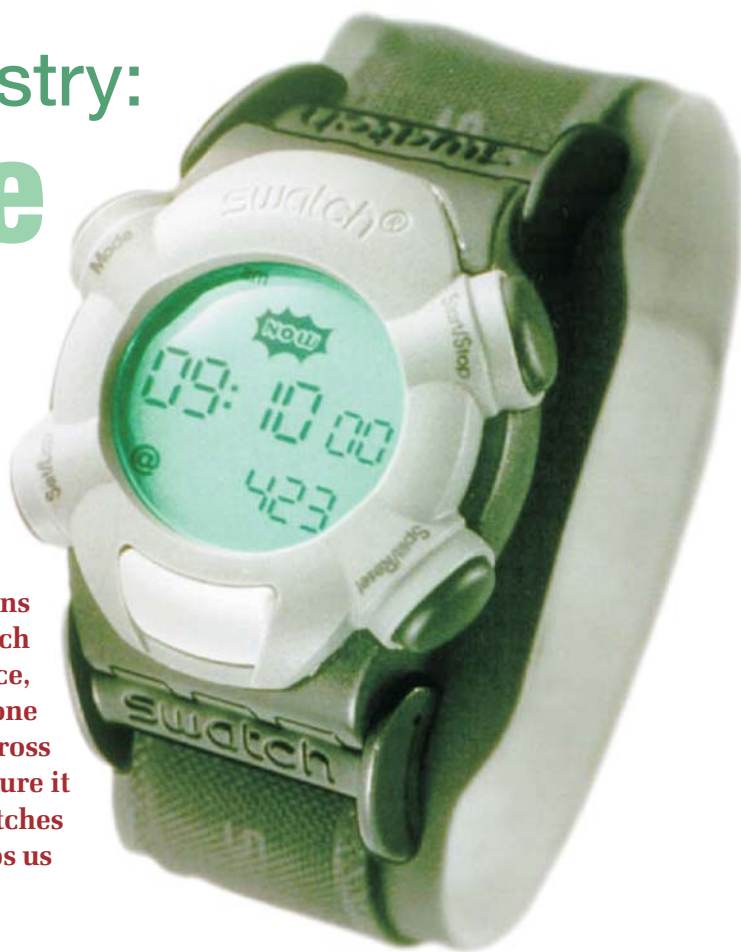
- Audemars Piguet
- Bucherer
- Bulgari
- Cartier
- Chopard
- Gübelin
- Franck Muller
- Patek Philippe
- Rolex Chrono-Time
- Swatch Store
- Vacheron-Constantin
- Van Cleef & Arpels

Article by Schaer Geneviève, Sales Manager Geneva Tourism.

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Indian Watch Industry: On the Rise

Defining time is perhaps the most difficult thing to do. We have metaphors for time but no definition. We do have notions, wherein lies the difference between the West and India. Hajime Nakamura, in the Notion of Time in India, draws this distinction, when he says that the notion of time in India emphasizes on it being static as things may change but their substance essentially remains stable. Western comprehension tends to catch action in its dynamic or changing aspect. Hence, the difference in perception. But there is one prime commonality, though. All cultures across understand the value of time, the need to measure it and when we talk of the need to measure it, watches come to the forefront. Europastar's dossier helps us recount the Indian watch market.



With inhabitants running into more than a billion, the Indian watch market is a strong potential market. Apart from this, the policy followed by the Indian government of gradually opening up the watch sector has borne fruits for the watch segment. This gave India the time to build up on its own its watch sector. Consequently we had the historical HMT that was followed by the Titan. With this strong position and a watch industry that was ready to confront the competition, India has been able to open its marketplace to outside products while at the same time avoiding savage deregulation.

India, which up to now was simply a watch market, is modernizing and becoming a brand market. There are many entities vying for position in the subcontinent, from large groups wanting to gain a foothold, even to the point of losing money for the first few years, to independents that have been in the country for a long time, to local players solidly implanted in the marketplace and the onslaught of Asian brands. To this eclectic mix, we can also add fakes and counterfeit products.

Today, what is important, it seems, is to 'be there'. Not a month or a week goes by without hearing that X or Y

brand has introduced its products into this South Asian marketplace.

The Indian watch market grew at 6-7 per cent during 2003-04 after witnessing slumping sales during the year ago period.

As in Brussels last autumn and Bangkok this summer, the FH delegate was again asked by numerous young people for the addresses of schools of watchmaking. This augurs very well for the school of watchmaking due to open shortly in Mumbai, with the backing of Swiss patrons.

Swiss watches enjoy a place of prime importance in the Indian watch segment.

As per the last financial, TAG Heuer, intends to capture about 10% on the Indian market. For this purpose it has targeted the cinema going segment by tying up with multiplexes and having actor Shahrukh Khan as brand ambassador. This is the best way the watch major feels it can reach out to the young, ambitious and enthusiastic crowd. TAG Heuer is present in 14 cities and 34 points of sale throughout India. LVMH, feels that in line with the increasing internationalization of fashion, luxury watches segment too is buoyant and

hopes to obtain a good chunk of it in the present year.

Piaget, which has been present in India since 1996, feels that the Indian market has a huge potential for evolution. Edox, a mid-segment Swiss brand, plans to lay special emphasis on the slimmest watches in the Edox range.

For Raymond Weil, Indian market has a peculiarity by way of purchases made abroad. The reputation that Raymond Weil has in India also travels abroad. Wherever there are major Indian communities, we are registering remarkable sales." The 'Indian market' is obviously therefore not limited to only the nation's geographical boundaries.

Chopard has strong reasons to be in India. It feels that India provides a good reason for luxury watches as, India has an old and close relation with

initiatives and latest international trends.

He feels that the Indian watch market has matured over the years and has seen a paradigm shift from gold to white metal, which is in line with international trends. Till 2001, the Indian watch market was dominated by gold. But the introduction of Cognoscenti and Matrix range in metal and bi-metal in 2001 by Timex, targeting the smart, fashionable and techno-savvy Indian youth, soon became a trend. The Big Bold & Beautiful collection launched in May 2002 paved the way for the new big 'n' chunky looks of today. The Indian watch industry as any other industry viz. clothes, personal accessories, takes cue from the international trends and goes with it. Sporty and casual looks are seeing a growing trend today.

Big, Bold is still in; there is a trend towards 2-tones



gold. It is a very important gift for weddings in this country, and even men are wearing jewellery and gold items on 'the most important day' of their life."

The expansion of Swiss watches in the Indian watch segment is reflective of two trends. First of all, the demand by Indian customers for its jewellery watches. It also reflects the determination of the brand to expand into the Asian marketplace

Having gone through the basics hinted at in the dossier, we should also take a look at what one of the leading watches of India has to say about the Indian market. Kapil Kapoor, Managing Director, Timex Watches Ltd. says that the segment that has been growing at the fastest rate is between Rs.1000-3000. Timex's share in this segment has grown steadily in this price band and Timex is working on having a significant share of its business (more than 50% in value) being catered to by this segment, with new product launches, marketing

in Gold plus Steel i.e Bi-colour watches have been catching on; Sporty, outdoor material/texture/colors are seeing a growing trend. Also feature-laden watches with lots of buttons are in vogue with younger kids. Convergence of technology seems to be the new mantra internationally and there are a lot of high-tech watches hitting the market. Never-seen-before Indiglo displays, internet messenger watches, heart rate monitors, eco-friendly watches, 100-hour chronograph with lap, etc have already become popular features today.

India has finally entered a new time zone.

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Baur Au Lac - Where Exclusivity Reigns



Fivestars being opened in the metropolitan cities of the world and arousing wonder from one and all is but a very common feature. However, a lot of this popularity is owed to the brand to which these classy establishments belong. But have you come across an establishment that has been the trademark of international hoteliery for more than a century and not because of any brand association but because of the tradition of excellence? Baur Au Lac is the answer that befits the description. **Michel Rey**, Managing Director, Hotel Baur Au Lac, discusses the hotel with **Indo-Swiss Business**.

What can be termed as Baur au Lac's contribution to the hotel industry in Switzerland?

The Baur au Lac founded 160 years ago and one of the oldest hotels in the Swiss hotel industry has written history over the last three centuries. During the 19 century mainly European aristocracy stayed at the Baur au Lac. In 1853 in its Petit Palais, the "peace of Zürich" was made and in 1892 here in the Baur au Lac, Baroness Bertha von Suttner convinced the Swedish industrialist Alfred Nobel of the necessity for an international peace prize. In the 20th century artists, musicians, politicians, industrialists, etc. used the Baur au Lac as their home in Zurich and during the 1st and 2nd World wars the Baur au Lac was an important platform. In addition, a descendant of the Baur family, Theodor Baur, was co-founder of the world famous hotel school in Lausanne. There is hardly another property in Switzerland with this important and long lasting reputation as the Baur au Lac.

Tell us something about the décor at Baur au Lac

and latest additions made to it? Are they thematic in orientation?

In the course of an unparalleled renovation project involving an investment of over 100 million Swiss francs the hotel was just recently totally refurbished. The rooms are individually decorated in different styles such as Art Deco, French Louis XVI and English Regency, combined with contemporary features and the most exclusive French, Italian and English fabrics. While offering the ultimate in comfort, luxury and privacy, the rooms and suites have been equipped with every, yet hardly noticeable technical refinement. The large, luxuriously appointed marble bathrooms with separate shower and toilet, heated floor and daylight match up to the highest demands of comfort, design and equipment.

What are the plans of capacity expansion at Baur au Lac?

There are no plans for expansion.

Comparing the hotel industry sectors of Switzerland and India, what are the characteristics you find?



Since this was my first visit to India the only hotel known to me is the Taj Mahal Palace and Tower Hotel in Mumbai and for this reason I am not able to do a well-founded comparison. What I can state after three days is that with regard to history, tradition, flair, etc., there are many similarities between the Taj Mahal Palace and the Baur au Lac; in addition both properties belong to The Leading Hotels of the World.

The Leading Hotels of the World, Ltd. has announced Commitment to Quality Award Winners, declaring Baur au Lac best in Europe. What factors do you feel have contributed to this?

Every day we try to meet the high expectations of our guests. The quality training plays an important role at the Baur au Lac. Furthermore, we are very proud to have about 80 percent repeat clients. This fact together with winning the quality award means that we are on the right way. Moreover it is a great motivation for all of our staff members and a commitment on their part to improve their skills further.

As Managing Director, Baur au Lac, what change or new face do you wish to give to the hotel's operations?

The perfect match between maintaining the assets of the heritage of history and tradition on the one side and the ever increasing demands of travellers of the 21st century, on the other side. Examples:

- perfect service
- state of the art comfort
- most updated technology

Has the segment of corporate travellers increased over the leisure travellers in your hotel? If yes, then what impact does this trend in occupancy have on the business of the hotel?

We have about 70 percent business travellers staying at the Baur au Lac. Zurich plays an important role in the financial world. Therefore, it is obvious that most of the visitors come for business reasons. However, Zurich Tourism tries hard to promote the city as a leisure destination. They even call Zurich a Lake-Side-City-Resort. The lake and the mountains nearby are ideal to enjoy a relaxing vacation combined with culture. In May the launch of the teddy promotion (every shop and hotel at the Bahnhofstrasse designed a teddy bear which will be displayed in front of the entrance) will take place. This promotion follows the cow promotion a few years ago, which was a big success.

Indian hotel industry has been taking stronger strides on the path of internationalization boosted by the increase in economic activity in India. Your comments?

The most recent development of the Indian Hotel industry on the path of internationalization is highly exciting indeed needless to say that personally I am enthusiastically looking forward to its further progress.

Anything else you would like to add?

New in 2005: the Rolls Royce Phantom, model 2005, has been added to the Baur au Lac family as a much appreciated transportation service.

ACI EUROPE and Unique (Flughafen Zürich AG)- Hand-in-Hand

More and more European airports are using their non-aeronautical revenues (commercial income) to help build the airport infrastructure that can meet the increasing demand for air travel. This issue was addressed at the "14th ACI EUROPE Trading Conference and Exhibition" in Zurich. Hosted by Unique (Flughafen Zürich AG), the event welcomed debate on ways to improve airport retail, the low-cost explosion and the relationship with commercial partners.

Roy Griffins, Director General, ACI EUROPE, says that the 'capacity crunch' that is set to take place as passenger traffic doubles, necessitates massive investments in aviation infrastructure. Plus airport/retail/suppliers partnership has to be right and the event, he hopes will improve the retail experience at Europe's airports.

Josef Felder, CEO and President, Unique (Flughafen Zürich AG): "An increase in revenues generated from retail earnings per square meter of commercial infrastructure is therefore not only important to maximize overall earnings but to help the airport become less vulnerable to volatile aviation markets as well as the dominance of a main customer such as a home carrier."

ARBi, the Airport Retail Benchmarking Initiative, was also launched at the conference enabling airports and concessionaires to see how to improve performance. The event includes cutting edge presentations.

Airports Council International (ACI) is the only worldwide professional association of airport operators. ACI EUROPE represents over 450 airports in 45 European countries. Member airports handle 90% of commercial air traffic in Europe, welcoming over a billion passengers each year.

“My profession gives to me the platter to test my talent and creative instincts”



Knut Janson

Bernard Gothuey

Robert Ackermann

The chefs of Baur au Lac have the distinction of catering to the tastes of members of the European aristocracy. This year on the 16th of February, at the Taj Mahal Palace and Tower, chefs were specially flown in from Switzerland, to recreate the magic and enthrall one and all by the finest in Swiss food.

Chef **Robert Ackermann** and **Knut Janson** accompanied Master Chef **Bernard Gothuey**. He has been associated with it for about last 29 years. Currently, he is the Director of Food Production and Beverages at the hotel.

In the relaxing atmosphere of The Taj, amidst the aroma rising from the delicious cuisines around, he shared with **Shruti Sinha**, his thoughts and his association with Baur Au Lac.

Since when have you been in this profession and what according to you is the most attractive aspect of it?

I started with this profession in 1961 and the reason why I chose this profession was because I feel that it gives to me a lot of pleasure. I like being around with good food, quality food. It also gives me the opportunity to travel around and meet people, something that I really like doing, as I am people oriented by nature. Moreover, my profession also gives to me the platter where I can put to test my talent and my creative instincts.

What do you have to say about your early days in this profession and institution from where you got the essential training?

I started my apprenticeship in a small town in Murten, Switzerland, in a specialty restaurant and it was here that I got all my basic training. After this

apprenticeship, I had the possibility to go to Sweden, where I served in one of the best hotels for a year and after that I moved to Holland, came back to Switzerland, where I took my classes in butchery and pastry department and all the special departments that are there in the kitchen. Then I also got the chance to work in one of the best hotels in Switzerland, The Suvretta-House in St. Moritz, from where I got great support from the Executive Chef, to work in the final school for obtaining the Executive Chef Diploma, the highest that is got in Switzerland. When I graduated, I was the youngest, only 25 years old ever, in my profession. This is how my career graph began taking a shape.

How has your stay at the Taj been so far and what purpose do you feel food festivals serve in furthering Indo-Swiss relations?

I am very appreciative of the Taj Mahal and I do like the Indian cuisine. It is so different from the European and Swiss cultures. It is very good for people who are traveling to India and the Swiss cuisine that the Taj offers is very authentic. It is a very good experience to try it once and people who travel from Switzerland or from other places, who have been having Indian food for days will just love to do so as the Swiss specialties like the Fondue or any other dish is like honey to the stomach.

Your comments upon your working attachment with the Baur au Lac Hotel? How is this hotel different from the rest?

The Baur au Lac has a very long tradition behind it. It is the best hotel in Switzerland. It shares with the Taj Mahal the same goals. The aim of both is to make the visit and stay of the customers and guests as pleasant as possible and offer the best of the services. It tries to meet every possible demand of the customers and makes sure that they are happy to be here. In effect this would lead to the customers coming back to the hotel and also by word of mouth contribute to enhancing the reputation enjoyed by the hotel.

Baur au Lac is a very successful family owned business that has been in the scene of the hospitality industry for more than a hundred years. It has a huge size and belongs to the same class of hotels as the Taj Mahal. This establishes a certain connection between them.

I joined this hotel in the year 1976. Initially, my designation was the Executive Chef.

During this entire journey from the Exec. Chef to the Director, I have fallen in love with the hotel. I feel like home there and that is the reason why I spend my days and night at the hotel itself. The connection that I have with this place is so special and so strange that it is very difficult to explain. It is like falling in love with someone. The chemistry is very good. The environment is very motivating and enables me to tide over many issues and problems that I face in my profession daily. I may be traveling all around but my heart still belongs there.

Having mastered the art of cooking, how would you define it? What factors go to making one reach perfection in cookery?

Most important, that I recommend very highly is training, training and training. The individual has to be open for learning, be open for new things, and you have to be a real lover of food and cooking. You have to establish that connection with the work that you are doing. You have to realize that perfection is a step-by-step process. You have to work with other chefs, see and understand their cooking styles and cooking and also be open to new ideas, all at the same time. Even today I am learning. It is an ongoing process. Even the

chefs have to be in touch with the latest and must continue to evolve.

Tell us something about your signature creations. What has been the inspiration behind them?

Till sometime ago when I used to go bicycling, I loved being in nature all by myself. Infact this is something that I still like to do. These were the moments when I was in connection with my inner self and these were also the moments that inspired my creativity and my desire to come out with something completely new. Even today when I go bicycling or riding a bike through the Swiss landscapes, I feel so much inspired by nature. And all my creativity I put on the plate. Infact it is very similar to what an artist does. It is like a gift of God.

We would like to know about the clientele you have served and anything particularly striking about them that you would like to mention?

One of the most memorable clients whom I have served is the King of Sweden, when he was visiting Zurich in Switzerland in 1985. He was visiting with his wife. I was very keen on obtaining his stamped as a souvenir. So I cooked for him the menu and I made for him a beautiful crown, exactly like his, of sugar and also presented him with a plate of Mignardises, which is an after dinner delicacy. It comprises, chocolate and sweets, which are very special. I went to the dining room, to the king and presented him with my creations. He was first kind of astonished. Then I asked him about Mr Werner Vögeli, who was the Executive Chef in Sweden at a hotel where I had been previously, namely, Operakällaren. To my surprise the King knew him and thus, an instant connection was established. The king then gave the signature to the stamp and was happy to know that I had been in one of the best hotels in Sweden. And though this is one experience that is very close to me, yet, I will say that every guest that comes is and should be very special in his own way and this is also the hallmark of Baur au Lac's success.

What are the similarities and differences between the Swiss and Indian food and food habits?

Swiss and Indian foods are representatives of two different cultures, in general. Yet, there are similarities too. So it is like two different cultures coming together. To combine them it is almost impossible as every culture has its own kitchen and habits that render to it a speciality. In Switzerland we use a lot of fresh butter, cream and cheese and chocolates, factors that make the Swiss food so special. In India the spices lend that special touch to the food here. So both are unique and special in their own way.

Have you also been involved with teaching at any point of time? If yes, then please tell us about it and your plans for running any such institution.

I have taught many people in my lives. One of my wish and dreams is to open a school in the hotel by itself like the Hotel Baur au Lac Kitchen School and College. People will have the possibility of getting an idea of what teaching at high levels is as many of them are not able to go abroad for higher education. The new generation that is coming up wants things to happen at the fastest pace, from apprenticeship to being a chef and then an executive chef. And that's not the way I perceive things should happen. I believe in giving the necessary education of all the steps involved. I would like to impart every bit of my knowledge.

These days people have grown extremely health conscious. How do you plan to establish that necessary balance between taste and good health in the food that you prepare?

I am a computer fanatic. I do understand that people are very health conscious these days. We should use it as a tool to make life easier. However, I am strongly against food being stored in preservatives or artificial stuffs like coloring. They go into your body and stay there and are not digested properly. In effect they harm your system. I also think that it is better to have things like butter or sweets in lesser quantity and do good to your body rather than have these stuffs and harm yourself. In our hotel we have also started working on a programme where the recipes on the menus will carry along with the food item the calorie, protein, fat, carbohydrate count, etc. This will take about 5 years to come about and that is the reason I feel that it is an absolute essentiality to have the computer as a tool for only the computer can help us a lot in this. This will bring together technology and food.

Essential of a true human being...

My biggest wish is that people have more respect for each other. Food wise respect the produce and the ingredients that we have and also be respectful and be thankful for all that we have. Many a times I have noticed that the day we make a career for ourselves, we cease to have respect for any body else especially if the person happens to be our junior. We start pushing others. This should not happen.

Chef Robert Ackermann's career has spanned a wide course of events and places. These and his meeting with Mr Gothuey have been important factors that have shaped his philosophy towards life. He recounts his experiences below.

My career...

I made my apprenticeship in a very small Fish Speciality Restaurant in Switzerland. After three years of hard work and a lot of training I graduated as best of the State.

Then I got the chance to work in one of the luxury hotels in Berne, the Hotel Schweizerhof. To learn more,

I got the opportunity to move to Zurich and get a job at the best Hotel, the Dolder Grand at that time, in 1981. After a year of the old classic French Cuisine there I got the chance to go to St. Moritz to work for the Suvretta - House, a well established 5 star Luxury Hotel, where I worked for a winter season.

It was in the same Hotel and even the same post at which Mr. Gothuey worked before me.

From there I went to the Hotel Baur au Lac, where I met Mr. Gothuey for the first time in 1982.

I stayed for two years. Mr. Gothuey supported my career there.

It's hard to explain but there was something special about it, which gave my career a big boost. - I think it was the fact, that Mr. Gothuey saw my qualities and eagerness to learn, and also the person I was....

Looking back now, Mr. Gothuey was like my mentor in my professional life and still is!

After that I left and got my first job as an Executive Chef in a 100 Bedroom Hotel which just opened up in a Ski area in Switzerland. I put a lot of energy there to make sure it became very successful, and it did so.

After earning three years of experience and also the first time enough money, I came back to the Hotel Baur au Lac. On account of my experience I was appointed Chef Tournant. I was happy to get more chances of further refining my cooking skills, which were already high.

The second time I left the Hotel I had to make a personal decision; either graduate in two years with the Diploma as an Executive Chef or go to the Hotel Management School in Zurich. My thinking was and is, that there should be more than just being best in the kitchen. I wanted to learn the Hotel-Industry as a whole and once in my lifetime I also want to have my own business where I could practice my accumulated knowledge.

The school was a pretty hard thing to do for me, money wise and also because of my age. I was already the oldest student at that time with 27 years. But at the end it paid off, I graduated as best in the Management- and Kitchen Department.

After that I got the offer to work for the Swiss Government. So I went to Washington D.C. (USA) to work for the Swiss Embassy as the Privat Chef for the Ambassador, his family and all his guests, like high ranking Diplomats from all over the world, Kings and Queens and many others from the royalty.

That was a very good experience, especially I was in charge of everything. From planning the Special Menus, to purchasing the food, to looking after the whole organization, the hiring and firing of staff, as well as taking care of the whole wine seller.

Business-My aim...

As my goal was to have my own business, I left my job after 4 years. I saved enough money, which enabled me to buy my own restaurant with a bakery and a coffee shop in the Southwest of the United States, in Sedona, Arizona.

My enterprise was a Swiss Restaurant with 200 seats and a wonderful Swiss Pastry Shop with 20 people working for me.

It was a great experience and I did it successfully for 12 years. One of my biggest pleasures was always to see the shiny, happy eyes of my customers after a visit at my restaurant and the feeling that I touched so many hearts with my cooking and baking!

Sedona is a very spiritual town near the Grand Canyon with many people, who work there as healers and therapeutic doctors, because of their excellent climate. I always felt being "a healer" myself with what I accomplished through my work in my business. Money and profit was not the most important thing....it was the joy of work I did! The money and success were just nice side effects.

The home-coming...

Due to a separation of my life partner, I changed my life again and came back "home" to Switzerland. Since I was always a little bit in touch with Mr. Gothuey over all these years, I met him in Zurich once to seek his guidance and the coincidentally it so happened that he was looking for an Executive Sous - Chef at the Baur au Lac, due of unexpected changes they had, at that time. So he offered to me to join the crew of chefs at the Baur au Lac Hotel and that's where I am right now. For myself it was "a coming home" in two ways! I always loved to work here and see the very high standards the hotel provides to all the guests as well as to the employees!

So the crisis that came in my life gave to me an opportunity that actually changed my life for the better.

What humanity means to me...

Last of all, I will stress upon the human factor. My 30 years of experience has shown to me off and on that this is some thing very important to remember and to keep in mind always! The heart and the passion of whatever somebody will do in his life is one of the most important thing we should never forget!

What I think of India...

India is a land of varied experiences, lots of opportunities for everybody and it's wonderful to be here.



Restructuring of Banks

Think of the banking sector and there is always something new to herald. This time is the Bank of Punjab. Following the fact that its stocks have risen by 14.14% to 44.40, the Board of the bank, based in Mumbai, made the announcement of selling 4.99% of its equity to the Scotia Bank of Canada at Rs 38 per share.

Very soon a similar stake will be offered to ICB Financial Group Holding Ltd. Switzerland and Bank of Bharati Enterprises Pte. Ltd.

Such measures shall serve to bring the nations closer financially speaking and are an indicator of the benefits that will accrue to the bank from such sell offs and acquisitions. It is also reflective of India's rise as a high potential market that holds promises of long term economic growth and has strong financial demands. The Indian market is throwing up great opportunities as the markets here are under penetrated, is giving a growth rate on the higher side and has a young population.

in yet another aspect of restructuring, the PNB will be merging the RRBs where it has got a stake. A consultancy has been appointed to look at the broad aspects, namely, centralization, product profitability, restructuring and integrated risk management.

According to the New Banking Policy, termed the New Bank Managerial Autonomy Policy, the state banks have got the freedom to enter new businesses. At a later stage it will also enable the banks to enter the world of commodities. But this will only come with significant amendments in certain sections of the Act.

By now it is well known that the IDBI will be merged in IDBI Bank. However, it should also be kept in mind that post merger, the financial body's share in the bank will be annulled. This is also expected to increase government's stake to 53%.

New age commercial banks in India are planning an expansion of their capital. Yes Bank is aiming to do so by raising Rs 300 crore through IPOs. Post- issue the public share holding in the bank will go up to 25%.

Appointments:

SBI, the largest bank of the country has appointed Mr T.S. Bhattacharya, previously MD of the State Bank of Indore, as the MD of SBI.



DINA Institute: Giving a New Face to Management

When your intentions are correct, it takes no time for the best results to follow. The **DINA Institute of Hotel & Business Management (DIHBM)** at Pune, India, exemplifies this contention. An ISO 9001 : 2000 Institute, it is managed and run by thorough professionals from the hotel/hospitality industry, **Inderjot K. Oberoi** and **Ajit Kumar Oberoi**. Products of the Oberoi Group of Hotels, their career has spanned a wide range of fields within the hotel sector. What follows is their interaction with **Shruti Sinha & Amit Verma**.



Ajit Kumar and Inderjot K. Oberoi

Inderjot Oberoi begins with recounting the various steps the couple has taken in their career in hospitality.

"We started with the Oberoi School of Hotel Management at Delhi, India. Ajit started with the 1976 batch and I was from the 1977 batch. We trained at the Oberoi Intercontinental, Delhi, and in 1978 were posted at the Oberoi Sheraton at Bombay.

After putting in six wonderful and exciting years at the Oberoi Sheraton, we moved on and worked with different groups- the **Centaur at Srinagar** (part of Air India), where we were part of the team that set up and commissioned the Hotel, moving on to **Kodaikanal, with the Carlton Hotel** owned by the Rahejas, with Ajit joining as the General Manager and I as the Executive Housekeeper. **Hotel Clarks Shiraz at Agra** followed, where he was again the GM and I was the Corporate Executive Housekeeper for the entire Group. We came back to Bombay thereafter, with Ajit taking up an assignment with the **Ambassador Hotel** as its General Manager. An offer from **Kenya** for setting up and expanding the property, took us to the **Sun - n Sand Hotel** there.

Once the project was over, India beckoned with a choice of 3-4 offers. But destiny had Pune in mind, with the **Pride Hotels** offering Ajit the position of Vice-President for their Hotel Group, later elevating him to



the position of Director-Operations on the Board. Whereas he oversaw operations, including marketing, development, renovations and expansion activities for 8 years, I started as a Consultant with the Group and contributed substantially in up-gradation and streamlining the systems and procedures.

While with the Pride Hotels, I started the **DINA Institute** in 1996-97. My experience of almost two decades helped me and by the grace of God, it has truly grown into a highly professional and reputed educational body, specializing in courses in both Business and Hotel management today. In September 2001, around 3 ½ years ago, realizing that I had my hands full and could do only with his presence, Ajit gave up his job with the Pride Group. Initially when I started, I had taken up 2 rooms at a local school on lease. Then the students were also few and the classes were held on a part- time basis, either in the morning or evening hours. Subsequently, I shifted to our present leased premises, starting from a single apartment and growing into not only the whole building being with us today, but also taking the adjoining premises on lease as well.

What propels DIHBM to surge ahead?

The Institute takes it upon itself "to provide the best of education and professional job-oriented technical training, relevant to industry, both corporate as well as the hospitality & service industry, at par with global standards, and thus to mould individuals into effective self motivated professionals of the future at all levels."

How do you ensure that this working philosophy is successfully implemented at your Institute?

There are a few critical points that must always be kept foremost in the minds of all people associated with training and education, so as to make it effective:

The first is the curriculum. At **DINA** the curriculum is international and always kept updated and relevant to

industry needs. We have two of the best international tie ups one with the EI-AH&LA, USA (Educational Institute of the American Hotel and Lodging Association) and the other with the Middlesex University, London, UK. While studying with us, students earn not only DINA's reputed Diplomas, but also the globally recognised EI-AH&LA Diploma. Further, they can enroll directly in the final year of a 3-years BA(Hons) Hospitality Management Diploma at Middlesex University, London.

With respect to the Business Management Courses, DINA offers a choice of two wonderful MBA options.

One affiliated with the well renowned Manipal Group (Sikkim Manipal University) and the other its own autonomous Post-Graduate Diploma in Business Management (PGDBM). Both these courses offer Dual specializations with a choice between Marketing + HR or Finance or Operations or Systems. In addition, **DINA also offers a BBA Degree course affiliated with the Manipal University once again.**

The second aspect is that of faculty. At DINA, our system of faculty selection is very different. We may be small today but are surely choosy. Some bigger institutions on the other hand at times compromise on this point, leading to mediocrity.

The same thing goes with our class size as well. We have a limited number of students per class-not more than 30. This enables our faculty to establish a one-to-one relationship with the students and consequently, quality never takes the backseat.

The next and the most critical aspect is one of the delivery system itself. DINA adopts a very unique training methodology that combines the three important elements of academic abilities, practical skills and personality development. As part of its system, over and above the intensive theoretical and practical training at our Institute, we also organize study tours, apart from inviting industry leaders for special lectures and seminars. Next, Industrial training forms a major pillar of our educational system. Whereas for Hotel Management Courses students undergo anything from 9 to 14 months of training in leading hotels, our Business Management students go through 4 months of scientifically worked out internship training.

Student's progressive performance is monitored and corrected through a well laid-out testing and examination system. Apart from quarterly unit tests and annual examinations, detailed industrial training reports, special projects, attendance, level of class participation, personality development and communication skills, inter-personal relationship index, and so on, are major tools used for development of students at DINA.

The last important aspect is that of certifications. As mentioned earlier, DINA enjoys affiliations and accreditations with not only the EI-AH&LA, USA and the Middlesex University, London, UK, but its courses

are further affiliated with the highly reputed Sikkim Manipal University. It also enjoys membership of renowned academic institutions and trade bodies like **the HCIMA** (Hotel & Catering International Management Association), **UK** ; **FHRAI** (Federation of Hotel & Restaurant Associations of India), **New Delhi** ; **HRA-WI** (Hotel & Restaurant Association of Western India), **Mumbai**, **MCCIA** (Maharatta Chamber of Commerce, Industries and Agriculture), **ISTD** (The Indian Society for Training & Development) ; **QCFI** (Quality Circles Forum of India) ; **TMC** (Top Management Consortium); **British Council Library** and **Alliance Francaise**.

These multiple internationally recognised qualifications give the candidates a decisive cutting edge when it comes to expanding career options, on account of wide recognition the world over.



The above-mentioned factors are the hallmark of our system of education and training. However, having said that, the other crucial variable factor is the students themselves. Given the same atmospherics, some students perform well but some do not. The ones with initiative and a developmental and career focused approach go through successfully, whereas the others do not. We try and counsel them into thinking on lines of being fighters and winners, that they should not think about degrees or certificates while studying with us, but instead focus on their self-development, both professionally and personality-wise. They should consider degrees, Diplomas and jobs as being by-products, which would happen automatically at the end of their course. Our system of education is such that it enables them to become more analytical and probing, helping them to get their perspectives right.

Discussing other strong propositions of the School, the Oberois highlight very important aspects of education and thinking patterns and the impact of the two and their team on the behaviour of their students. The two feel that Indians have a major psychological complex about going abroad. However, unless the candidates wish to relocate overseas, where studies at overseas institutions would probably enable them to get job offers faster, it would be advisable for students to look at professional institutes of repute within the country.

In any case, work visas are restricted in quite a few countries and on the other hand, India has emerged as a major education center with globally acceptable quality standards. India today has been producing excellent managers, who are not only technically competent and committed, but also flexible enough to adapt to the fast changing economic, political and social scenario from time to time. Also since globalisation has finally taken roots, even courses like international culinary skills and those in specialized management areas are on offer here.

With respect to industrial training, Mrs. Oberoi adds that they have a properly laid out schedule even when they are under training and "we interact both with the students and training establishments on a regular basis to ensure that they learn well during this period as well. This too is a very important aspect".

Mr. Oberoi says, "compared to the others, our Institute does make the difference in the overall finished product, i.e. students transforming into total quality professionals. Normally when I interview an MBA, I expect him to be knowledgeable, crisp, polished and one who is able to understand and analyse situations. And that is the kind of person we produce. We believe that education has 3 parts-the knowledge aspect, the skills and lastly the intellectual and emotional aspects. The last one involves inculcation of an attitude, an ability to understand the situation, relate effectively with people and act accordingly. A mindset that never says 'no', and explores options both vertically and laterally.

Right from the start, our ideology and system emphasizes on students building on values of self-discipline, healthy inter-personal relationships, sincerity of purpose and delivering on commitments, whether specified, implied or otherwise.

Talking about the quest for jobs among the education seekers, both these professionals touch the right nerve. Says Inderjot, "everybody is talking these days about job guarantees. True educational institutions are not supposed to be job placement agencies. At DINA Institute of Hotel and Business Management, we believe in educating the students and making them so competent that they can rise in their careers on their own merits.

I am not saying that we do not help our students. While definitely assisting them, we do not want to provide them crutches by talking about any sort of guarantees.

We invite the industry to interview the students and are proud in that all our earlier students are employed in some of the best establishments in the hospitality and service sector.

Adding to this, Ajit Oberoi says that there are two perspectives that one can start with. Should job placement be the first objective of an Institute or should it focus on training and grooming of the students? At DINA, we talk of placement assistance. We would rather ingrain knowledge, skills, vision and perspectives in our students through our unique training methodology, where the emphasis is on developing and enabling them to be strong enough such that jobs come after them.

About their expansion plans, the Oberois have this to state "We have bought around 80,000 sq. feet (about 2 ½ acres) of land recently, where we intend to build our own Institute premises. We are also tying up with a foreign institute of repute for starting some advanced culinary courses, aimed at both our own students as

also working professionals who may want to upgrade their skills further. A campus in North India is also on the cards, apart from our looking at opportunities for overseas campuses as well in the course of the next few years. As far as new courses are concerned, we would be introducing courses in IT, Mass Communications and

Journalism and so on, both at the under-graduate and post-graduate levels, apart from a College of Arts & Commerce. So the coming few years seem to be holding a lot of promise and interest.

The proposed expansion is an indication of the progress of the Institute. Inderjot Oberoi feels that the reason behind this is that "we innately feel that if your intentions are right, then things do work out well for you. Quality is the main thing that we lay a major emphasis upon. Every thing that we do is with the interests of the students and industry in mind, since we sincerely feel that we professionally and morally need to live up to their expectations and the trust reposed by them in us. Our logo is also designed after a lot of research and work where each and every element featured has a meaning. It is a manifestation of the saying "amongst all the noble and charitable deeds, imparting education is the foremost of them all."

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Zooming Into Geneva- The 75th Annual Motor Show

The 2005 Geneva International Motor Show has marked the celebration of the Centenary of the first national automobile and cycle exhibition and the 75th version of the international show. Apart from the world and European premieres that are exhibited each year, this Show has been marked by many special events. The various cars under different categories and the accessories that were on display are indicators of giant strides made by technology and human mind. The event has received an audience, whose number has broken the past records. Media coverage too has been exhaustive. What went down well with the public were the special exhibitions devoted to the history of the Show and to 100 years of Swiss coachwork, and the exhibitors' presentations on the theme Image & Emotion. Below is a report on the show, after it had just begun on the 3rd of March, 2005 and was to be followed by a range of most awaited events.

A look at some of the premiers:

While the **Alfa Romeo Brera**, is marked by raciness and elegance.

Audi A6 Avant, is another vehicle to watch out for.

Bentley Motors Saloon Car, Continental Flying Spur, emphasizing on refinement with speed, is considered to be the fastest in Bentley's history.

Special wheels and tyres, and most notably a V8 4.4-litre engine producing 500 bhp and a torque of 700 Nm at 4,250 rpm characterize the **BMW ALPINA B5**.

It is also the first appearance for the new **Sirion 5** door "multi purpose compact".

Fenomenon Ltd has proudly presented the original 1970 factory prototype of the famous **Lancia Stratos HF**, to mark the 35th anniversary of the iconic Lancia Stratos.

Certain other cars that will make news are:

A new concept car from Dodge, by the name of **Calibre**. Though the company plans to introduce into the European market in 2006, March 1st has seen its introduction to the press. The concept sports the crosshair Dodge grille atop a C-segment chassis that's shod with 19-inch wheels.

For **Mazda Miata**, the wraps have come off (literally) at a press conference held on Tuesday March 1 at the

Geneva show.

Citroen C6, a new top-of-the-line car from the French manufacturer, is poised to give fresh competition in Europe. Powered by new V-6 engines, a 3.0-liter gasoline unit providing 215 hp and a 208-hp 2.7-liter diesel, both linked to six-speed gearboxes, comfortable and safe cruising tops its priorities chart.

Pagani's Zonda series has been diversified by producing a high-performance "F" version. Its speciality is a 602 bhp, 7.3 litre V12 AMG motor that will catapult the car from zero to 200 km/h in less than 10 seconds.

The **Maybach** refined by BRABUS offers the most comfortable way to enjoy true high performance. The 640-hp / 471-kW BRABUS SV 12 Biturbo engine gives the Maybach a top speed of 314 km/h, making it the fastest and most exclusive ultra-luxury sedan in the world.

Ferrari F430 is also set to make the debut at Geneva. This droptop includes a number of striking technical features.

Renault will show the Z17 concept car, in the Geneva show, a time when it will get its new name.

Electric cars section features around 9 competitors. Among them one of them is the **Opel-Astra Diesel Hybrid Concept**. This concept based on the Opel Astra GTC combines a new diesel 1.7-liter CDTI power train

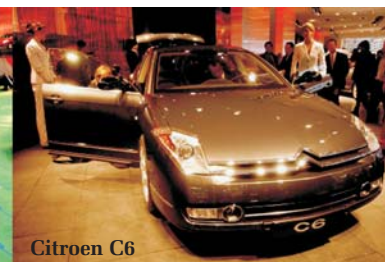
Alfa Romeo Brera



Bentley



BMW Alpina B5



Citroen C6

On the 1st of March, India's largest automobile manufacturer **Tata Motors** unveiled its crossover vehicle **Xover** at the 75th Geneva Auto Show. The vehicle is reflective of Tata's conception of a segment that is emerging strong globally, namely, crossover. The Tata Xover, a 4.85-meter car, uses a rugged frame-based design with large interior space and flexible seating that can comfortably accommodate upto 7 adults and ample cargo area.



According to Tata Motors, the car is a blend of family-friendly luxury, driving dynamics and the visual cues of an activity-oriented sports utility vehicle.

Lets see what Tata Group Chairman, Ratan Tata, has to say about this venture. "The Tata Xover demonstrates Tata Motors' desire and commitment to innovate and address new market segments," is what he has to say.

Also on display at the show are the Tata Indica hatchback, Tata Indigo Station Wagon, the Tata Indigo sedan and the Tata Safari sport utility vehicles.

with the new compact and flexible two-mode AHSII hybrid system, that is compatible with any kind of architecture

In the **special bodywork category**, you can look out for **Aagland, Castagna, Sbarro, Volvo** and many more.

Amongst various Converted cars, will feature:

Compressor tuned engine with 200 HP, prototype, the **Delta Motor's Chevrolet Nubira DMK 200**.

Accessories, OEM (Equipment), Garage Equipment and Miscellaneous Products are some of the other sections, where debuts are the eye catchers.

Termed "an expo within an expo", the exposition designed in collaboration with French-speaking Swiss Television, shall showcase around 12 exceptional vehicles all connected with the **Swiss automobile Industry** and placed in a way to take the visitors on a voyage through time. These vehicles will be exhibited in a manner so as to highlight important watermarks of history.

With the intention of giving to the visitors a complete

understanding of the history, present and a peep into the future, each exhibitor has devoted its stand to such presentation.

Believing that no show is complete without literature, the show has also stood host to a 300 pages plus work by **Joëlle de Syon** and **Brigitte Sion**. This work encloses rich illustration of the history of the exhibition, making of different models, and the essential link between technical, human progress and concomitant social changes.

To mark the event, the **Federal Mint** has specially issued two commemorative gold and silver coins, with a nominal value of CHF 20 and 50. With the same purpose in mind, The Swiss Transport Museum of Lucerne is also having a stand promoting the car exhibition A.U.T.O.

The **Swiss Post Office** is issuing two special stamps, which will be released in early 2005.

The **Federal Archives** and **Memorial** have a stand showing free screenings of a souvenir film based on archives of the Geneva Show. ●●●



Tatra



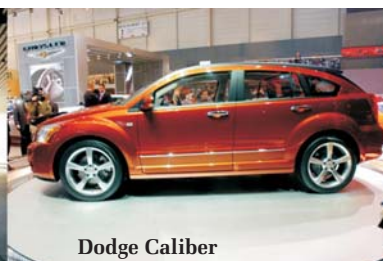
Ferrari F430



Maybach



Audi A6 Avant



Dodge Caliber

ADIV: Blending Art with the Soul

Peace. The quest of mankind ever since its inception on the earth. Combine this with serenity and you don't have to go far looking for it. Nature beholds it. The sad part, however, is that most of us have begun to lose touch with its bounties. And we seem to be so ignorant of this loss that we are incurring. **Rupa Trivedi, Director, Adiv Exports, wants to change this equation between man and nature and that too in a way so exquisite that it deserves attention.**



pashmina

Touch, is one of the most essential components of our physical existence. Infact it is so profound that it penetrates the body and goes into the soul.

Touch leading to tranquility and tranquility leading to the essence of our existence. Yes, this is the chain that Rupa wants to weave for her clients. She attempts to capture nature's best vibrations in various forms, be it textiles, aromatic oils or pieces of handicrafts. She appeals to the sensitivity of fine arts. In the process, she makes us relive our rich tradition and culture and re-acquaint ourselves with the enigma that India is.

What inspires ADIV?

Inspiration comes from the exotic cultural heritage of India. The legacy left by our ancestors in places like the Ajanta, Ellora, the caves of Khajuraho, to name a few. In all art forms that symbolize their natural spirit of freedom, something that they cherished and bequeathed to us.

ADIV has its products designed on the basis of concepts.

First let us talk about the Peace Silks. These are fabrics made of silk no doubt, but the difference is that rooted in them is life. Life, because for extracting the silk the millions of pupae are not killed before reeling the yarn from the cocoons. The silk moth is let off before the yarn is spun from open ended or pierced cocoons found in the wild or from those used in breeding cycles. This process, born of the ancient Indian systems and beliefs, respects not just life in any form but also provides a strong case for biodiversity. The fabric's multi-weather

properties are integrated with its multi-fiber compatibility and multifarious end use, giving it the uniqueness. The varieties here are **Special Mulberry Silk and Eri Peace silk.**

Next comes the turn of the heart and soul of the Indian handloom industry, cotton. ADIV comes out with cottons that are dyed with natural or herbal dyes. Nature is where we all belong. These herbs with strong medicinal properties are eco-friendly, antiseptic and non-allergic, bio degradable and skin friendly.

Keeping in mind the importance and sensitivity associated with aroma, Rupa has designed **Aromasense, where she** presents three exotic blends that provoke and enhance life-giving senses all the way from fire to peace. Aromatic essential oils play a vital role in stimulating the Chakra system or the vital energy centers of the body, as the essential oils are the spirit and life forces of a plant.

Adiv also presents a coordinated box, which is a combination of fabrics, aromatic candles and essential oils, and where the emphasis is on coordinating and connecting the fabrics and the aromatic essential oils.

F i n e conventional fabrics are offered with traditional and modern embroidered



Kothali

designs in the form of stoles and shawls. This includes very exceptional Pashminas. A fine silk-like touch with gentle warmth of Himalayan wool, this stole adorns and highlights the natural beauty that you are. Also offered are the cut work fabrics, stoles and shawls woven with silk and cotton on traditional Indian handlooms as well as the world renowned jamevar shawls of Benares available in all possible colours and designs. Embroidered articles- intricately hand embroidered and handmade articles from the deserts of Kutch in the form of pouches, tote bags, handbags, cushion covers, bedspreads are also offered in their most exquisite and traditional design styles like neran, mutwa, jat, among others.

Having mentioned in brief about the products Rupa deals with, need is felt for going beneath the obvious and figure out what else is in store.

Rupa says that she enjoys the long travel that her work profile entails. Not only just this give to her the connectivity with the interiors of India, which some of us simply miss out staying in the city, but she is also able to bring to the fore art and artisans, who otherwise go unnoticed, despite being storehouses of artistic wealth.

For instance, in the Kutch region of Gujarat itself, there are dozens of embroidery patterns and each is patronized by a tribe and passed on as a lineage. The Jat Muslims of Kutch specialize in square shape designs. Also the mirror work that is done in Kutch is done from broken mirror. Then there is a particular kind of embroidery, which is in the shape of the eyebrow and is locally known as the 'neran'. Talking about handicrafts. One cannot ignore the different products that are made from palm leaves by the Zorabis of Pulicat. The wax candles from Pondicherry are

again
handmade
and real
flowers are
dried and
pressed against
them.

These are just a few examples to mention. There can be no end to art and creativity in a rich and diverse land like ours. So what Rupa

does is perhaps something unique. She fetches these artworks from the innermost recesses of the land and in the process of trying to give to them a recognition long overdue, she is also bringing to light the people who are behind them, their hardwork, their sensitivity, their dedication. After all, every conscientious Indian does owe something to these folks who have helped us retain our connectivity with our composite past.

And what does she get in return? Apart from the link that she is able to establish, Rupa reaps a rich benefit in terms of understanding and handling with sensitivity the human psyche. She says that if one is even a little bit sensitive to these people, they are willing to go overboard with favour.

Art and a healthy body and mind...if we understand the two, we do justice to our existence. This is what Rupa wants to say. So give time to yourself, think and realize. If you want to seek it, ADIV is not far from you.

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