



INDO-US BUSINESS

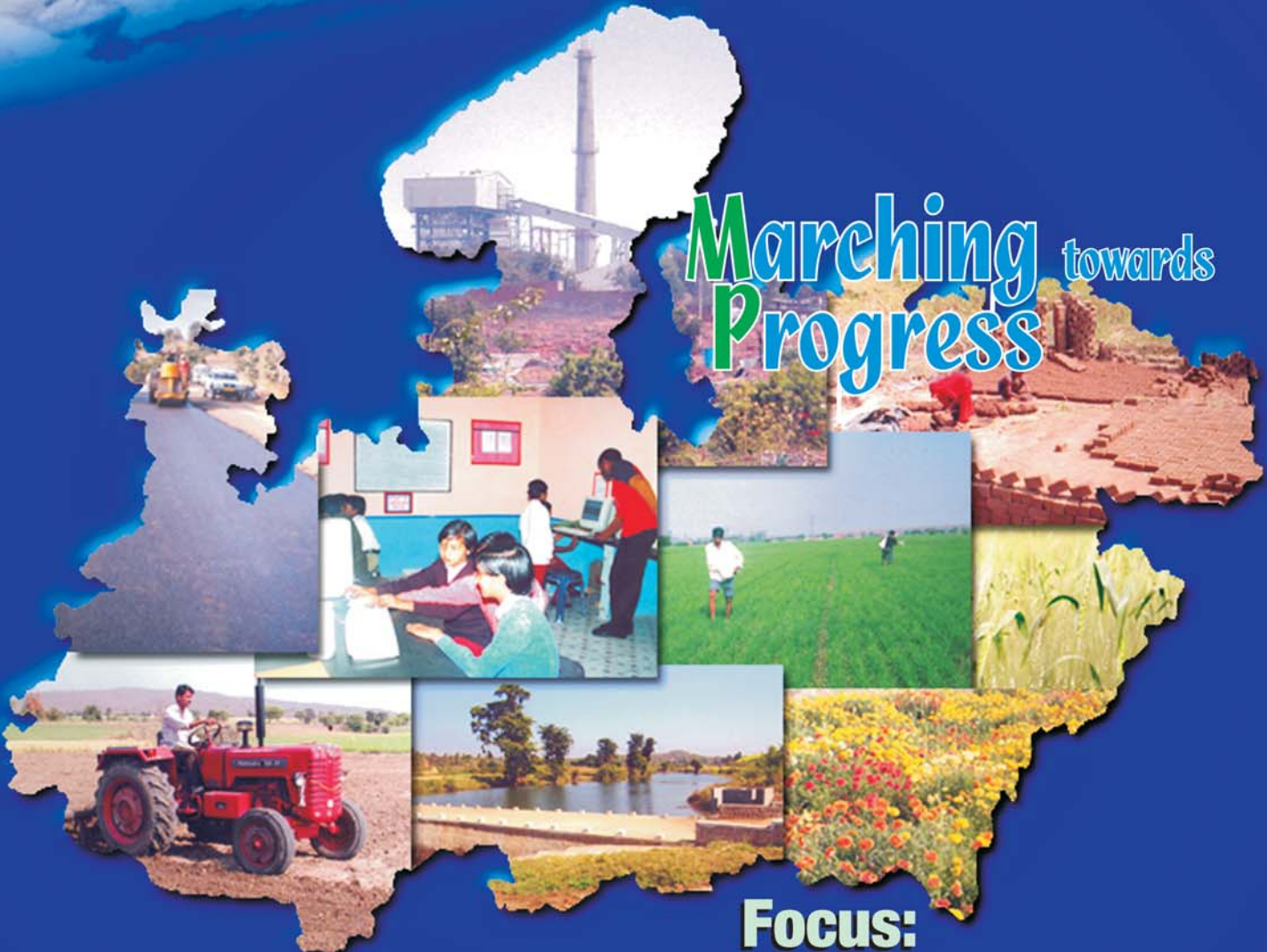
THE NEWS MAGAZINE OF INDO-AMERICAN CHAMBER OF COMMERCE

April-May 2005



*on cloud
nine...*

Marching towards
Progress



Focus:
Madhya Pradesh

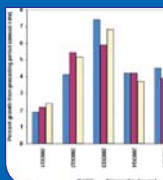
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The news items and information published herein have been collected from various sources, which are considered to be reliable. Readers are however requested to verify the facts before making business decisions using the same.



Dear Readers,

Greetings. Indo-US economic relations have received a shot in the arm with India's international carrier Air-India placing a \$ 7 billion order on America's Boeing Company for the purchase of aircraft. The decision of the national flagship carrier clearly reflects the Indian government's determination to further boost its bilateral relations with the US. We present a detailed report on the deal. The current issue of Indo-US Business covers different aspects of both the US and Indian economies. In Washington, President Bush presents a radical plan to reform social security. In Mumbai, the Reserve Bank of India (RBI) comes up with tough to control inflation. We carry reports on both developments. Indo-American Chamber of Commerce (IACC) conducted its annual Global Offshore Outsourcing Summit 2005 (GOOS 2005) in April and we offer a detailed coverage of the event. Ever since India initiated a package of radical economic reforms in 1991, the country's economic progress has been remarkable, with most states contributing to it. One state, which has taken advantage of the reforms to surge forward has been Madhya Pradesh. One area in which the state has done extremely well is agriculture. The state is the country's largest producer of oilseeds and pulses and also contributes to the national cereal and food grains production. It accounts for bulk of the country's soybean production. Its Agri Export Zones (AEZs) are active. The state has drawn up strategies to step up its overall agricultural output and announced incentives to boost the food processing industry. All this adds up to the state's advantage of being centrally located in the country and gives it the best connectivity with the rest of the country. We carry a special section on Madhya Pradesh, which is forging ahead, under the leadership of Shri Babulal Gaur, the down-to-earth Chief Minister of the state. We have had the opportunity to meet Shri Gaur recently. For a man who is at the helm of affairs in India's second largest state, Shri Gaur's humility is touching. His conviction is contagious and sense of purpose transparent. We sincerely believe Madhya Pradesh will march further on the path of progress under Shri Gaur's leadership. We wish him all the best.

Wish you happy reading



Satya Swaroop

Managing Editor

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My Dear Fellow Members,

I will keep my message short this time and request you to read the interesting Articles in this Magazine which carry useful information.

However, I would like to draw your attention to some of the recent steps taken by the US Government which continue to be more beneficial to Members doing business with the US. Of these, the US has imposed temporary quota on Textile goods from China. This will help Indian Exporters. H1B Visa allotments have been increased. Though the momentous Boeing deal may not have direct benefit to our Members but the fall out of the feel good factor of Indo-US Political relationship, will be far reaching. Subcontracts from large US Corporation like Halliburton, will directly benefit SMEs in India.

Not only is the US Economy, job market and productivity are growing, the reciprocal Indian fundamentals are also growing in response. Please help yourself.

In keeping with this tempo, we are planning to hold our Flagship Event, Indo US Economic Summit in New Delhi this year.

As I said before, business with the US can only grow. So please ask your friends and associates who are doing business with the US and are still not Members of the IACC, to join our fraternity. It is a Club they will find useful and we will all help them to benefit from it.

With all best wishes for now.

Truly Yours

Ranjit Sen

National President, Indo-American Chamber of Commerce

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Stress on Long-Term Welfare of Low-Income Retirees

President's Radical Plan To Reform Social Security

President Bush has presented a radical plan to reform social security by urging Congress to enact contentious Social Security and energy legislation and confirm his court nominees.

Prodding lawmakers to act on an ambitious second-term agenda, President Bush told Republican-controlled Congress in the last week of April 2005: "I'm not surprised that some are balking at doing hard work."

Nearing the end of a 60-day nationwide campaign for his Social Security proposals, Bush later told a prime-time White House news conference he favored changes to tilt the current system to favor low-income retirees of the future.

"If you work hard and pay into Social Security your entire life, you will not retire into poverty," he said.

'Sliding scale' data

Bush spoke as White House officials issued written material saying the type of change he had in mind could be accomplished with a "sliding scale benefit formula." That would mean lower payments for future retirees of middle and upper incomes than they are currently promised a fact Bush himself did not mention in his 60-minute session with reporters in the East Room of the White House.

In opening remarks that touched on the rising price of gasoline as well as Social Security, Bush pledged, "There will be no price gouging at gas pumps in America." The House has approved energy legislation, and a companion measure is awaiting action in the Senate. Bush said he wanted a bill on his desk by summer.

"Millions of American families and small businesses are hurting because of higher gasoline prices. My administration is doing everything we can to make gasoline more affordable," Bush said. "In the near term we will continue to encourage oil producing nations to maximize their production."

Bush also urged the Senate to take "up or down" votes on his controversial nominees to the appeals courts. Democrats filibustered 10 of his first-term appeals court nominees, blocking confirmation votes on them. Bush has renominated seven of the 10, and Democrats have threatened to attempt to block them once more.

He strongly defended John Bolton, whose nomination to become United Nations ambassador has come under heavy Democratic criticism in the Senate, calling him the right man to usher in an era of reform at the world body.

Unhappy with Putin over Syria

On foreign policy, Bush made plain his unhappiness with Russian President Vladimir Putin's decision to sell anti-aircraft missiles to Syria. "We didn't appreciate that," he said, "But we made ourselves clear." The two men are scheduled to meet in Moscow early next month.

Bush said he is pressing Iraq's incoming prime minister, Ibrahim al-Jaafari, to refrain from tinkering with the structure of the Iraqi security force that the U.S. military is creating and training. Bush called that possibility "one of the real dangers" as Iraq transitions to an independent democracy.

"Keep stability, don't disrupt the training that has gone on," Bush

said he has told al-Jaafari. "Don't politicize your military, in other words. Have them there to help secure the people."

Bush renewed his call for Congress to pass Social Security legislation that allows younger workers to create personal accounts with a portion of their payroll taxes.

"The money from a voluntary personal retirement personal account would supplement the check one receives from Social Security," he said.

Bush has been adamant that any overhaul of Social Security include private retirement accounts. Democrats have rejected those accounts, saying they'll undermine traditional benefits and pile up debt.

Conference amid controversies

Bush shifted the focus of public attention away from the alleged ethical improprieties of a key White House ally in Congress, House Majority Leader Tom DeLay, R-Texas, and the troubled nomination of Bush's choice to be U.N. ambassador, John Bolton. Both controversies have dominated talk in the nation's capital in recent weeks.

Bush and top administration officials have been traveling around the country to pitch his proposal for overhauling Social Security, in part by allowing the creation of private investment accounts for younger workers. A 60-day nationwide blitz aimed at building support for that idea is ending on Sunday with some signs that public support has dropped.

Democrats in Congress remain nearly unanimous in their opposition to that proposal and have said they won't begin negotiating a broad restructuring of the program with Bush until he drops the idea of private accounts.

Nevertheless, White House spokesman Scott McClellan said that there has been "stepped-up legislative activity" on Social Security in the Senate and extensive consultations with lawmakers by Bush, and the White House is ready to enter a new phase of the debate.

'A dismal failure'

House Minority Leader Nancy Pelosi, D-Calif., said Bush's cross-country sales job on Social Security has been "a dismal failure."

"What I'm hoping" is that he would say "uncle" about his privatization plan, she said. The White House shot back that Democrats are behaving as the do-nothing party with no ideas to offer.

On energy, McClellan said Bush would push Congress to pass his long-stalled energy plan. Soaring oil and gasoline prices are beginning to take a toll on U.S. economic growth and on Bush's approval ratings.

The Commerce Department reported Thursday that the economy grew at an annual rate of just 3.1 percent in the first three months of this year, the slowest pace of expansion in two years.

US website on soybean rust surveillance

U.S. Agriculture Secretary Mike Johanns has unveiled USDA's interactive soybean rust Web site as part of a national soybean rust plant disease surveillance and monitoring network, during remarks to the Kansas, Iowa, Missouri and Nebraska Farm Bureau Federations meeting in Washington.

"USDA is launching this Web site to help ensure farmers and producers have easy access to all the best information and guidance on soybean rust," said Johanns. "This web page will serve as a one-stop shop for anyone who depends on the soy industry to help understand these issues and make informed decisions."

The one-stop federal resource, <http://www.usda.gov/soybeanrust>, provides timely information on the extent and severity of soybean rust outbreaks in the United States, Caribbean basin and Central America. It will give users up-to-date forecasts on where soybean rust is likely to appear in the United States, reports where the disease exists by county, refers growers to county extension agents nationwide, lists the National Plant Diagnostic Networks laboratories and links to other Web sites to give producers effective disease management options.

USDA agencies, including the Animal and Plant Health Inspection Service; the Cooperative State Research, Education and Extension Service; the Risk Management Agency; and the Agricultural Research Service, partnered with soybean industry organizations, state departments of agriculture and many in the research and scientific communities to launch this comprehensive Web site. This effort is part of the strategic plan that USDA implemented in 2002 in anticipation of a potential soybean rust find in the U.S., which established priorities of protection, detection, response and recovery.

Soybean rust is caused by either of two fungal species, *Phakopsora pachyrhizi*, also known as the Asian species, and *Phakopsora meibomiae*, the New World species. The Asian species, first found in Louisiana last year, is the more aggressive of the two species, causing more damage to soybean plants. The fungus has been found in eight other states: Alabama, Arkansas, Florida, Georgia, Mississippi, Missouri, South Carolina and Tennessee.

BABULAL GAUR

Chief Minister



Government of Madhya Pradesh
BHOPAL 462 004

April 13, 2005

MESSAGE

I am delighted to note that the Indo-US Business is bringing out a special supplement on “Agri-Business in Madhya Pradesh.”

Madhya Pradesh is fast emerging as India's favoured destination for investment and business in every sector. With the vigorous efforts for infrastructure development and agriculture growth, the entrepreneurs have ample opportunities for business. The state is aggressively promoting horticulture, floriculture and food processing industries also.

I hope that the special supplement on Madhya Pradesh would help the state promote agri-business in multiple ways.

With best wishes.



Babulal Gaur



US Growth Rate Slows in 2005 1st Quarter

The Bureau of Economic Analysis (BEA) reported today that real gross domestic product (GDP) increased at an annual rate of 3.1% in the first quarter of 2005, down from a 3.8% growth rate in the fourth quarter of 2004. This is the slowest growth rate since the first quarter of 2003.

Personal consumption expenditures and private fixed investment decelerated from the fourth quarter, posting growth of 3.5% and 5.0%, respectively, compared to 4.2% and 10.5% in the previous quarter. Total investment grew at a 12.5% rate because of more rapidly accumulating inventories.

The upshot of the slow GDP growth and the strong contribution of inventory accumulation is that this quarter saw significant weakening in *domestic demand*, with final sales to domestic purchasers rising only 3.2%, compared to average growth of 4.2% in 2004. This is, like the overall growth number, the weakest performance in terms of domestic demand since the first quarter of 2003.

Moreover, the rising trade deficit continued to exert a strong drag on growth. Export growth of 7% was swamped by import growth of 14.7%, leading *net* exports to pull down overall economic growth by 1.5%. Because imports met so much of domestic demand, the demand for domestic output grew at only a 1.9% rate (down from 3.4% in the fourth quarter).

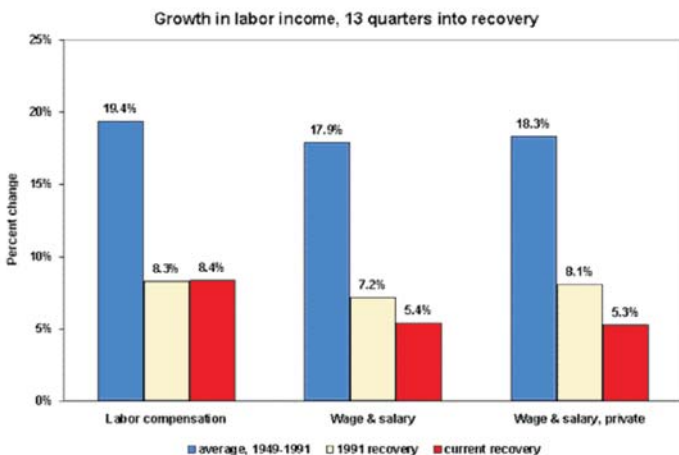
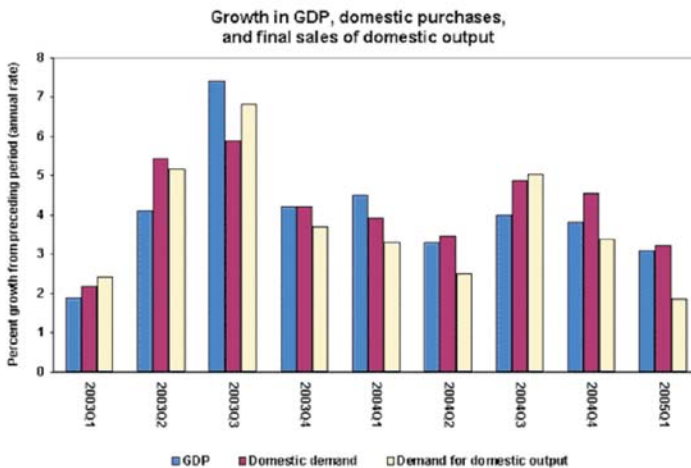
Real disposable personal income (personal income minus taxes) declined in the first quarter of 2005 by -0.3%. This is the first decline in this number since the third quarter of 2002. However, this decline from the previous quarter can be attributed to the unusually large boost to personal income in fourth quarter of 2004 that resulted from a large one-time dividend payout of the Microsoft Corporation.

The continuing weakness in the labor income, particularly private-sector wage and salary growth, can

be seen in the chart below. Since the recovery's start in the fourth quarter of 2001, (real) private wage and salary income is up only 5.3%. The average for all economic recoveries that lasted 11 quarters or more from 1947 to 1982 is 18.3%, and even the "jobless recovery" of the early 1990s saw 8.1% growth. Workers' wages have yet to see much evidence of this recovery.

Inflation, while still relatively low by historical averages, picked up a bit in the first quarter, with overall prices rising by 3.3%, compared to 2.3% growth in the previous quarter. The "market-based" index for personal consumption expenditures, excluding food and energy (a commonly used measure of "core" inflation), rose by 2.2% in the first quarter, up from 1.7% in the previous quarter.

In the end, the news from today's BEA report is not encouraging. Domestic demand for U.S. production has significantly weakened, and this quarter's large inventory accumulation may reduce firms' needs for new production in coming quarters. Furthermore, labor income has yet to see much gain from the recovery. These considerable "soft patches" in the economy should be monitored closely. ■



India's 2005-06 GDT Growth Pegged at 7.0 pc

RBI Stress on Inflation Control, Financial Stability

The Reserve Bank of India recently kept the Bank Rate unchanged at six per cent. The central bank also maintained the Cash Reserve Ratio steady at five per cent in its annual policy for 2005-06 unveiled in Mumbai.

The economic growth for 2005-06 was pegged at 7 per cent. The inflation rate for the current fiscal is estimated to be in the range of 5-5.5 per cent, RBI Governor Y. V. Reddy said while addressing the bankers.

Agricultural growth is likely to be three per cent and industry and services sectors are expected to continue the current growth momentum while absorbing the impact of oil prices.

The monetary policy would aim to provide liquidity for credit growth and support investments along with emphasis on price stability, Reddy said.

He said the focus would be on financial stability and stabilising inflationary expectations. On the repo rate, he said the fixed reverse repo rate would be raised by 0.25 per cent to five per cent.

The RBI, starting this financial year, would also conduct quarterly review in July and January. The mid-term review will be carried on October 25, he added.

The Reserve Bank of India also kept the Bank Rate unchanged at six per cent in its annual policy for 2005-06 unveiled in Mumbai. The economic growth for 2005-06 was pegged at 7 per cent. The inflation rate for the current fiscal is estimated to be in the range of 5-5.5 per cent, RBI Governor Y. V. Reddy said while addressing the bankers. Agricultural growth is likely to be three per cent and industry and services sectors are expected to continue the current growth momentum while absorbing the impact of oil prices.

Highlights of Credit Policy 2005-06

Monetary Measures

- Bank Rate kept unchanged at 6 per cent
- Reverse Repo Rate increased by 25 bps to 5 per cent.
- Cash Reserve Ratio kept unchanged at 5 per cent

Domestic Developments

- During 2005-06, real GDP growth projected at around 7 per cent, inflation rate in a range of 5.0 - 5.5 per cent and M3 at 14.5 per cent
- GDP growth for 2004-05 placed at 6.9 per cent

- Inflation rate stood at 5 per cent as on end-March 2005
- Money supply (M3) increased by 12.8 per cent
- RBI's foreign currency assets increased by Rs 1,15,044 crore (Rs 1150.44 billion). The expansionary impact of foreign currency assets was neutralised to a large extent by substantial recourse to the MSS in conjunction with reverse repo operations under LAF
- Non-food credit increased by 26.5 per cent. Total flow of funds from SCBs increased by 23.6 per cent exceeding the growth of 19 per cent anticipated in October 2004
- Combined market borrowings of the Centre and States were lower
- During 2004-05, financial markets remained generally stable. While interest rates in money and government securities markets rose intra-year, they stabilised in the later part of the year, albeit at higher levels
- While the share of sub-PLR lending rose, lending rates remained stable
- Combined daily transactions of market repo and CBLO was higher than those in the uncollateralised call/notice money market

External Developments

- Exports in US dollar terms increased by 27.1 per cent while Imports by 36.4 per cent leading to widening of trade deficit to US \$ 23.8 billion during 2004-05 (upto February).
- During 2004-05 (April-December), current account showed a deficit of \$7.4 billion as against a surplus of \$ 4.8 billion in the corresponding period of the previous year.
- Net accretion to foreign exchange reserves, including valuation changes, amounted to US \$ 18.2 billion during April-December 2004 Indian foreign exchange market witnessed orderly condition with rupee exhibiting two-way movements.

Global Developments

- Though world economy is projected to slow to 4.3 per cent in 2005, expansion is above trend.
- Oil price appears to have larger permanent component.
- Risk to growth arises from current account and fiscal imbalances necessitating exchange rate adjustment.
- The global financial system is stable but risks have increased

Stance of Monetary Policy

- Overall stance of monetary policy for the year 2005-06 will continue to be as set out in the mid-term Review of October 2004, which includes:

- (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.

Developmental and Regulatory Policies

- Status quo on the administered interest rates on (i) savings deposit accounts, (ii) non-resident Indian (NRI) deposits, (iii) small loans up to Rs.2 lakh and (iv) export credit.

- Effective June 11, 2005, non-bank participants would be allowed to lend up to 10 per cent of their average daily lending in call/notice money market during 2000-01.

- Effective August 6, 2005, non-bank participants would be completely phased out from the call/notice money market.

- Effective April 30, 2005, the benchmark for fixing prudential limits on exposures to call/notice money market in the case of scheduled commercial banks would be linked to their capital funds (sum of Tier I and Tier II capital).

- From April 30, 2005, all NDS members are required to report their term money deals on NDS platform.

- A screen-based negotiated quote-driven system for all dealings in call/notice and term money market transactions is proposed.

- An electronic trading platform for conduct of market repo operations in government securities, in addition to the existing voice based system to be facilitated.

- Participation in market repo facility in government securities for nonscheduled urban co-operative banks and listed companies having gilt accounts with scheduled commercial banks will be allowed subject to eligibility criteria and safeguards.

- The minimum maturity period of certificates of deposit reduced from 15 days to 7 days with immediate effect.

- Consolidation of debt and building up of large liquid securities in consultation with the Government while continuing the programme of reissuances.

- Post-FRBM, functional separation between debt management and monetary operations within RBI. For this purpose, RBI will have discussions with market players on the modalities and procedures of market operations.

- The settlement system for transactions in government securities will be standardised to T+1 basis.

First Quarter Review of Part I to be undertaken on July 26, 2005. ■

Investment in rural America to create jobs

US Agriculture Secretary Mike Johanns has recently announced that \$5.5 million will be invested in nine organizations for business development and job creation in six states, including hurricane-stricken areas of Florida.

"These funds will be available to America's rural small businesses to spur job creation as part of President Bush's initiative to create jobs and improve economic opportunities in rural communities," said Johanns. "This investment by the Bush Administration, along with local financing partners, will bring new economic opportunities to support rural families and businesses."

Johanns noted that in 2004, \$39.7 million in 63 revolving loan funds supported 223 businesses and created or saved over 30,000 jobs. Since 2001, the Bush Administration has invested an estimated \$150 million to support local revolving loan funds.

Loans are made available through the USDA Rural Development Intermediary Relending Program. The aim of business revolving loan funds is to finance business facilities and community development projects in rural areas. This is achieved through loans made to intermediaries who in turn re-lend funds locally to support businesses or community development. Loans from intermediaries to the recipients must be used to establish new businesses, expand existing businesses, create employment opportunities, save jobs or complete community development projects. Funding of selected applicants will be contingent upon meeting these conditions of the loan agreement.

USDA Rural Development's mission is to deliver programs in a way that will support increasing economic opportunity and improve the quality of life of rural residents. As a venture capital entity, Rural Development has invested over \$50 billion since the beginning of the Bush Administration to provide equity and technical assistance to finance and foster growth in homeownership, business development, and critical community and technology infrastructure. As a result, over 800,000 jobs have been created or saved through these investments. ■

Air-India strikes \$7 bln deal with Boeing

On Cloud Nine ...



In a significant development that could further boost the bilateral economic relations between India and the United States, Indian flag carrier Air-India has selected the American aircraft manufacturing giant Boeing for a fleet replacement order worth a whopping \$ 7 billion or Rs 30,000 crore. The deal, finalized on April 26, 2005, brings to an end the bitter corporate lobbying battle between Boeing and the European consortium Airbus for the massive purchase order from Air-India, which has taken almost a decade to work out its requirements and choose the seller.

The Air-India Board has approved the acquisition plan for 35 aircraft, with an option for 15 more. The aircraft will be the mainstay of Air-India's fleet for the next decade and will be inducted over a seven-year period after the order is placed. The airline has taken a big leap by ordering 27 of the yet-to-be launched Boeing 787 'Dreamliner,' which the manufacturer claims offers unmatched fuel efficiency and a 20-30 per cent savings in operating costs. A-I Board also approved in principle plans for an IPO to raise funds from the market.

Boeing 787 will first fly in '07 and is expected to enter service in '08. The decision by the Air-India board will have to be cleared first by the Public Investment Board (PIB) and then the Cabinet.

Air-India's order comprise eight Boeing 777-200 LR (long range) aircraft, 15 B777-300 ER (extended range) and 27 Boeing 787 aircraft. The 777 aircraft will be powered by GE engines, while for the 787s, Air-India has to choose between GE and Rolls Royce.

Dinesh Keskar, Senior VP (Sales), Boeing, said, "the order is a win-win situation for both Boeing and Air-India."

The battle to clinch the deal was very keenly fought by Boeing and its rival, Airbus, with both sides lobbying hard politically and commercially for the deal. US Transportation Secretary Norman Mineta, who was in New Delhi recently, said relations between the US and India would benefit if Boeing got the order. The fact that Boeing has bagged the multi-billion-dollar order indicates that India is keen to promote its relations with the US in preference to the powerful European countries.

The Air-India order was on top of the agenda for US Secretary of Defence Donald Rumsfeld, who was in India for a day in February. On the European side, the French government has been lobbying on behalf of Airbus. French Transportation Minister Gilles de Robien was in New Delhi last week to meet with Aviation Minister Praful Patel.

For the American company, Air-India's decision comes as a shot in the arm. Only, the day before, Air Canada placed a fleet replacement-cum-expansion order for as many as 96 Boeing 777s and 787s. The US major has been trailing Airbus on aircraft orders for the past two years. Soon it will announce a third, this time from Northwest Airlines for its new 787 long-haul aircraft.

The timing may well have been deliberate. Nevertheless, the three orders are more than marketing hype, and should worry Airbus. They all come from airlines that have long been big Airbus customers, and they reflect a new sense of purpose at Boeing, which now looks like outselling Airbus for the first time in recent years under its new super-salesman, Scott Carson. They also bring the tally of launch orders for Boeing's new 787 to over 200 impressive for a new plane which has been on the market for only a year. Airbus, by contrast, has only one customer for its rival A350 long-haul plane, and sees orders for the A380 obstinately stuck at 154.

Boeing sorely needed a boost, not least to spread cheer at its civil-aircraft base in Seattle. Airlines have stopped ordering the venerable 747, except in cargo versions, and the firm may soon have to close the production line, along with those of several smaller planes such as the 717 and the 767.

Boeing clings to the hope that the 747 will survive in a new advanced version, carrying 450 passengers (instead of the usual 416), using composite (weight-saving) technology and engines developed for the 787. British Airways, Cathay Pacific and Japan Airlines three big carriers that have conspicuously avoided signing up for the new Airbus are understood to be potential launch customers of the new Boeing jumbo.

Airbus, the loser, is naturally bitter. Soon after it lost the A-I order to Boeing, Airbus called for 'independent' investigation by the Central Vigilance Commission (CVC) to unearth 'irregularities' in the \$ 7 billion deal.

The current choice of aircraft would only drag A-I into losses, and there was a need to scrap the entire evaluation process and go in for fresh tenders, Nigel Harwood, vice-president of Airbus, said. Two of the most modern products of Airbus A380 and A350 were not considered by A-I and the entire selection process was biased in favour of Boeing, he told reporters in Delhi.

With stakes being high in the Indian market, the Europe-based aircraft manufacturer is considering a detailed communication to A-I, seeking a review of the decision to buy 50 Boeing aircraft. "We feel that we have not been given a fair evaluation. There is a clear need for scrapping the biased evaluation and going in for fresh tenders," Harwood said.

Air-India promptly rebutted the allegations. In a statement issued from its Mumbai headquarters, Air-India has said it took strong exception to the misinformation campaign on the selection process. "The airline has not deviated one bit from the specifications in the selection process," the airline spokesman said. On the subject of why the A 350 was not considered for the evaluation, he said the announcement for the aircraft was made only after the tender was finalised and approved by the airline.

However, Airbus seems to have a point. When the Indian Airlines board decided to recommend purchase of 43 Airbus aircraft at a cost of \$2bn, the evaluation details were referred to the CVC and the Comptroller & Auditor General (CAG) to avoid any controversy. Airbus is now seeking a similar verification of A-I's decision.

Aviation analysts say the country has now balanced its orders between the two global manufacturers, with Indian Airlines opting for Airbus. The Indian Airlines Board had decided in favour of Airbus two years ago. However, the government has yet to clear the proposal and an order is yet to be placed.

Airbus' outburst is also likely to give a new twist to India's economic and trade relations with the US and the European Union.

With A-I deciding to buy 18 B737-800 aircraft for its low-cost subsidiary, Air-India Express, implementation of the latest board decision would mean purchase of 68 Boeing aircraft by the national carrier. Airbus feels that it would be 'out for A-I' for a long time if the proposals are cleared by the government.

In the case of medium-capacity long-range (MCLR) aircraft

with 200 seats, Airbus feels that the A330-200 is superior to the B787. The B787 has been declared winner on the strength of additional seats thanks to a change in configuration.

The lobbying for A-I order began in 2001, when Thomas Pickering joined Boeing as a V-P. Pickering had been under-secretary of state for Clinton and served as US ambassador to India.

At that time, it was known that India was shaping up to be one of the biggest markets in civil aviation and market analysts saw a smart move in Boeing picking the experienced diplomat for what would be a lobbying job.

With domestic traffic poised to grow 25 per cent year upon year, India needed scores of airplanes. Indian passenger traffic is projected to grow from 50,000 passengers a day now to 150,000 in five years.

By late last year, both Boeing and Airbus were lobbying in India. Not only were A-I and IA due for big inductions to augment their aging fleet, there was also a spurt of private airlines. The proposed open skies policy was certain to multiply routes and traffic.

But the battle is far from over. Airbus protested and Europeans are in a sulk. With more airlines and purchases in the offing, including pending decisions by IA, the European consortium is fighting for its share. But for now, America's greater clout has spoken and Boeing is set to dominate Indian skies.

Airbus, a consortium of companies from France, Germany, Spain and Britain, and Boeing, an American company that merged with McDonnell Douglas in 1997, have been bitter rivals for over a decade. A long-running row between Boeing and Airbus about state aid (both receive large amounts) is set to go before the World Trade Organisation, as talks between America and the EU in early 2005 ended on a bitter note.

Meanwhile, Jeffrey Immelt, CEO of General Electric, is expected in India in May and the main item on Immelt's agenda is signing the lease for the multi-billion dollar Boeing deal.

GE, the diversified giant which also operates GE Capital Aviation Services (GECAS), the largest aircraft leasing entity in the world, is expected to be financing the deal for A-I.

A typical lease finance transaction is customised with operating leases typically ranging between 3-12 years in length. The nature of the lease term for the Air-India-Boeing deal would be important, given the size, which is the biggest ever in the Indian aviation history.

This would be Immelt's fourth visit to India and the first after GE offloaded 60 per cent of its equity in a multi-million dollar private equity deal in November last year in GECIS the BPO company which is one of the biggest block of GE's business in India and certainly the most visible face of the US-based giant in the country.

USA calls it Intellectual Property Partnership.

The US has proposed creation of a partnership program within the World Intellectual Property Organization (WIPO) that would strengthen the roles that WIPO and protection of intellectual property (IP) play in promoting development.

U.S. officials made the proposal during an April 11-13 WIPO intergovernmental meeting, according to an April 14 news releases from the U.S. Mission to the United Nations in Geneva. "Intellectual property plays a critical and positive role in development. It encourages creativity and innovation, investment, technology transfer, and economic growth," Paul Salmon of the U.S. Patent and Trade Office and U.S. Delegation Head said. WIPO, an organisation of 182 member states, is dedicated to helping protect the rights of creators and owners of intellectual property worldwide.

The U.S. proposed partnership program would improve WIPO'S ability to provide better and more coordinated assistance to developing countries

by facilitating links among developing countries, WIPO, other United Nations agencies, nongovernmental organizations and other groups. The Partnership Program would include two main features : a WIPO Partnership Database and a WIPO Partnership Office that would seek out partners, funds and matches.

The WIPO Partnership Office would have a partners section listing available, partner institutions with contact information, a country and region section where specific needs could be notified, and a success section with descriptions and/or evaluations of successful partner matches.

The WIPO Partnership Office would have WIPO staff that aggressively seek partners, funds and matches.

Partnerships with NGOs, IGOs [intergovernmental organizations], IPOs [intellectual property owners], the private sector, academia, industry, charitable organizations and other institutions through the Partnership Program would bring about synergies not seen before, without imposing a huge burden on the WIPO International Bureau.

New IPR initiative by US

Ten Technologies of Future

M.I.T (US) has identified 10 High Impact Technologies of the Future. These are:

- | | |
|----------------------------|------------------------------|
| • Airborne Networks | • Universal Memory |
| • Quantum Wires | • Bacterial Factories |
| • Silicon Photonics | • Enviromatics |
| • Metabolomics | • Cell-Phone Viruses |
| • Magnetic-Resonance Force | • Biomechatronics Microscopy |

Out of numerous technologies in which R & D effort is being pursued in American companies and universities, the above 10, are likely to make big splashes in the future, as per M.I.T. ■

असह्यश्यामलां Green is my land...

Madhya Pradesh is majestic. The towering Vindhya, the sprawling Narmada valley, endless plains and criss-crossing rivers evoke memories of an ancient, timeless past. You think of the state, the colour that comes to mind is green. You travel through the state, you confront green - the lush green of the fields, the dark green of the forests and the tender green of the countless herbal plants that grow all over the place. It is a naturalist's delight. Bestowed with Nature's bounty, Madhya Pradesh couldn't have been anything other than an agricultural state. About 73 per cent of the state's six crore population lives in rural areas and villages. Agriculture and agro-based services have a 44 per cent share in the state's economy while nearly 75 per cent of its workforce is directly engaged in agricultural activities.

Self-sufficiency in food grains

Since its formation on November 1, 1956, through the merger of various princely states, development of agriculture has been taken up seriously. At the time of its formation, the State was facing an acute shortage of not only food but also for agricultural raw materials for industries. Since then, a number of national and state-level schemes have been implemented in Madhya Pradesh. These included Community Development Programme, National Extension Service, the Intensive Area Programme, etc, which helped development of agriculture in the state. Introduction of High Yielding varieties in 1964 brought about a real breakthrough in food grain production. This resulted in the development of suitable production technology and package approach for different crops, intensification of research for developing better high yielding strains and creation of infrastructure to support production programmes.

These measures set the state on the path to self-sufficiency, particularly in food grains. The food grains production increased from 8.9 million tonnes in 1964-65 to 10.8 million tonnes in 1970-71 and reached to 16.0 million tonnes by 1999-2000, at which level it has stabilized. The

food grains production comprises cereals 12.6 million tonnes and 3.4 million tonnes of pulses, besides 5.7 million tonnes of total oilseeds. Soybean alone accounts for 4.44 million tonnes. The state's contribution to the national food basket is about 7.0 per cent. The state's contribution to cereals is 6.5 per cent and pulses 24.29 per cent. The contribution to national oilseeds production is about 25.9 per cent. Thus the State is the highest producer of oilseeds and pulses in the country.

Wonder oilseed -Soybean

The introduction of soybean in the state during the 80s has given a boost to the oilseeds production and helped improve the economic conditions of the farmers, as it fetches higher prices. Soybean production during the seventies was less than 2000 tonnes but shot up to 2.0 million tonnes by the 80s and crossed 4.0 million tonnes as of now.

After separation of Chhatisgarh from the state on November 1, 2000, the total geographical area of the state came down to 30.75 million hectares, which is divided into 48 districts, from the earlier 61. The state has 313 development blocks which are the units for developmental activities. The forests occupy as much as 8.49 million hectares which is 27.2 per cent of the total area, of which the cultivated area is about 49 per cent.

To overcome the constraints of agricultural growth, which include recurrence of drought in the state, where more than 70 per cent of the area is rain-fed, the state government has drawn up various strategies. These include a massive soil and water conservation measures through an integrated watershed development programme.

For all information regarding agro based industries & investment incentives, please contact: Managing Director, M.P. State Agro Industries Development Corporation Limited, "Panchanan" 3rd Floor, Malviya Nagar, Bhopal - 400003 Phone: +91 755 2551807 Fax: +91 755 2557305





A five-year initiative to double farmers' income

In a candid interview with Indo-US Business, Madhya Pradesh Agriculture Minister Gopal Bhargava explains the various projects and programmes undertaken by the state government to boost agricultural production and development of agribusiness and food processing sectors in a bid to generate more employment as well as double the incomes of farmers in the next five years. Experts

Agriculture is the mainstay of the state's economy. What is the main thrust of the state government's agricultural policy?

The aim of development in agriculture and allied sectors such as agribusiness, including food processing and marketing, is to ensure the doubling of incomes of farmers and those in rural areas engaged in these activities in the next five years.

What facilities and incentives are provided to promote export of agriculture produce in the policy?

On the policy front, the government is keen on revamping the present system of marketing at the mandis to ensure a better price for the farmers' produce. To step up export of agricultural produce, the government is modifying the rules and regulations of the mandis. Outside the mandi premises, a provision has been made for granting single licence and contract farming. Apart from this, five Agri Export Zones (AEZs) have been established wherein all the benefits of the center-initiated projects are incorporated.

Which agricultural products are exported and where?

Exports from Madhya Pradesh comprise durum wheat, masoor dal, soybean products, spices (dhania or coriander), methi, garlic, and herbal products. There is great demand for spices in the Gulf countries and South-East Asia.

As of now, a number of agricultural products, especially oilmeal, are being exported from Madhya Pradesh. Is the

government setting up necessary infrastructure such as warehouses and cold storage facilities?

As far as infrastructure is concerned, there are sufficient warehousing facilities available in areas where the AEZs are set up. With the help of the National Horticulture Board and the Rural Warehousing Project, cold storage and warehousing facilities are being set up in private, non-government, cooperative and government sectors. In the eastern region of the state, the cold storage facility is inadequate although efforts being made to provide a chain with the help of private investment.

Are there any special incentives such as subsidized power, fertilizers and pesticides and other inputs like seeds, to boost overall agricultural production in the state?

We are providing central initiated subsidies in chemicals, fertilizers and agricultural inputs as incentives to boost agricultural production.

What is the overall irrigation scene in the state? Is the government investing in any new irrigation projects?

There are five projects initiated to harness groundwater resources and conservation. The state started a "minimum irrigation project" under a 100-acre lake and stop dam development project. In addition, under a macro management project, development of percolation tank and ground water conservation are at various stages of construction initiated on a large-scale. Under the River





Valley Project, combined efforts are being made by the State Agricultural and Forest Departments to carry out irrigation development in select areas.

The center is keen on encouraging farmers to shift to oilseeds from cereals in order to meet the shortage of edible oils in the country. As a major oilseeds producing state, what is being done in this regard?

Madhya Pradesh is India's number one soybean producing state and has undertaken to step up production of

rape/mustard seed. Agricultural universities in the state have developed new varieties of mustard/toria oilseeds and every year the area under sowing of these oil seeds is being increased.

Apart from being a major producer of oilseeds, especially soybeans, the state also accounts for the production of a wide range of cereals, fruits and vegetables and spices. What policy measures the state government has initiated in promoting agribusiness?

As mentioned earlier, infrastructure facilities are being developed to promote agribusiness in AEZs and mandi rules are being modified to facilitate agricultural exports and traders are being extended special benefits.

What incentives are being given to attract entrepreneurs to Madhya Pradesh and induce them to invest in agribusiness in the state?

Large plots of government land are given on lease to private entrepreneurs for agribusiness. Apart from this, a lot of benefits are being given to the investors by modifying the mandi rules. Definitely there is a lot of scope for creation of employment in agribusiness. The skills of the rural youth will be utilized through self-financing groups, cooperative institutions and non-government organizations (NGOs) by implementing new projects, which have been initiated.

Madhya Pradesh at a Glance

Foundation Day	: 1 November, 1956
Geographical Area	: 308,000 Sq. KM
No. of Districts	: 48
Road length	: 67,600 KMs
Airports	: 5
Total villages	: 55392
Population	: 60253000
Population density	: 196 persons/SqKM
Literacy	: 64.1% (Male 76.5, Female 50.6)
Population engaged in Agriculture	: 71.48%
Average rainfall	: 1200mm
Agro climatic zones	: 11
Total agricultural land	: 66.37 lakhs hectare
Irrigated	: 28.5%
Non-irrigated	: 71.5%
Fertilizer consumption	: 46 kg per hectare
Food grains production	: 15.48 MMT
Major Crops Kharif	: Soyabean, Maize, Jowar, Arhar
Rabi	: Wheat, Gram, Masoor,

Crop leader in India	: Pulses & Oilseeds
Agri Export Zones	: 5
Crops for Agri-Export Zones	: Potato, Onion, Garlic, Seed Spices, Wheat, Pulses, Oranges
No. of Cold Storage	: 122
Biogas Plants	: 172853
Agriculture University	: 1 (Jawaharlal Nehru, Jabalpur)
No. of agriculture graduates passing out each year	: 350
No. of Dairy Technology graduates passing out each year	: 65

Agri processed food exports

MP signs three MOUs with APEDA, two more in offing

- K.K. Tiwari



The M.P. State Agro Industries Development Corporation Limited has so far signed three MOUs with Agricultural and Processed Food Products Export Development Authority (APEDA) for setting up three Agri Export Zones (AEZs) Potatoes, onion & garlic, seed spices (coriander & fenugreek) and wheat (sharbati & durum). Two more MOUs are in the process of being signed for pulses and oranges.

These projects had earlier been submitted to APEDA and finally a steering committee constituted under Ministry of Commerce & Industries, the Government of India has approved five Agri Export Zones in MP.

The preparation for setting up the AEZs had begun in 2001 following a directive from the government of Madhya Pradesh to identify agriculture produce having potential for exports. Accordingly, the M.P. State Agro Industries Development Corporation took up extensive study of agri produce and separate project reports of each the identified commodity have been prepared with the help of reputed consultants.

S. No.	AEZ Crop	Districts selected.
01	Potatoes, Onion & Garlic	Indore, Dhar, Ujjain, Dewas, Mandsaur, Neemuch, Ratlam & Shajapur
02	Seed Spices (Coriander & Fenugreek)	Ujjain, Ratlam, Mandsaur, Neemuch, Shajapur, Rajgarh & Guna.
03	Wheat (Sharbati & Durum)	Neemuch, Mandsaur, Ratlam, Ujjain, Dhar, Shajapur, Dewas, Indore, Bhopal, Sehore, Vidisha, Raisen, Hoshangabad, Harda, Guna & Narsinghpur.
04	Pulses	Shivpuri, Guna, Vidisha, Raisen, Narsinghpur, Chindwara
05	Oranges	Chindwara, Hoshangabad, Betul

Present Status:

In brief the details of exports made by various exporters & country exporters is as under :

(Volume in MT, Value Rs. in Lakh)

	Volume	Value	Remarks	
Potato				
Yr. 2002-03	575	23.00	Raj International & other Exporters, Mr. Yugal Kishor Patidar, Indore	Exports to Malaysia, Shri Lanka, Dubai and Mauritius
Yr. 2003-04	10000	400.00		
Onion				
2002-03	2300	69.00	Jain Irrigation Systems Ltd., Indore & M/s Garlico Industries Mandsaur	Exports to Dubai, Shri Lanka, and Bangladesh, Sharjaha.
2003-04	5475	345		
Garlic				
2002-03		150.00	M/s Garlico Industries Mandsaur.	Exports to Malaysia, Dubai, Shri Lanka, and Bangladesh, Sharjaha
2003 04		175.00		

Seed Spices

(Volume in MT , Value Rs. in Lakh)

	Volume	Value	Remarks	
Coriander 2002-03	1,840	396.08	Coriander Seed from Indore M/s Kannan & Co M/s Navneet Implex (61 M.T. amount in Rs 14.63)	18000 MT performed Middle East Dubai, Canada, UK, South Africa, Mauritius, Malaysia.
Coriander 2003-04	2124	600.00		
Coriander 2004-05	2244.5	732.00		
Fenugreek 2002-03	970	297.00	M/s Omprakash Gurvani and M/s Janki Exports and others from Jawra Mandsoore.	
Fenugreek 2003-04	1475	504.00		
Fenugreek 2004-05	1500	550.00		

Wheat

(Volume in MT , Value Rs. in Lakh)

	Volume	Value	Remarks
Wheat Flour 2003-04	7000	700	Middle East/ Africa by M/s Omprakash Gurbani & Sons, Bhopal
2004-05	90	8.83	Malaysia by Navneet Implex

Irradiation Project: Electron Beam Technology introduced by CAT Indore having Capacity 97000 Mt for various products located near the Special Economic Zone at Indore. The project is likely to be completed by the year 2007.

Some of silent features of selected Agri produce is as under :

Potato : Low sugar, High dry matter, Processable Variety, Kufri Jyoti, Chipsona I & II.

Onion: Less or more pungency as required, Culinary & Salad Uses High Export Potential.

Garlic: Less pungency, High yield, Short Gestation, Disease resistant.

Coriander: Colour, flavor retention

Fenugreek: Quality Excellence. India Major Supplier in the International Market 75 % Share

Wheat: MP's Durum wheat is free from disease like Karnal bunt and loose smut, Highly resistant of leaf rust, Rich in protein, Low yellow Berry incidents, Bold and lustrous grain, bio-technology being applied, aestivum suited as Chapati wheat, durum consumed in the form of Sujji, Macaroni, Noodles, Vermicelli & Pasta & also Popular for Indian food "Bati" and "Baffle", The wheat flour has 75.4% extraction & 8.8 % protein having 26.5% gluten.

Pulses: Second Largest producer (3.32 m/ha), Production 2.08 M/MT, Highest yield after UP, Bold seed genotypes both Kabuli & Desi varieties with tolerance to salt, Lentil - More than 20 varieties, genotypes have resistance/tolerance to rust, Higher nutrient value, Organic farming being adopted, Quality compliance with CODEX requirement : Contract Farming.

Oranges: Produced in compact contiguity, Improved post harvest handling facilities- packaging, pre-cooling, cold storages etc available in the closer vicinity of production - improved quality management, Nagpur Mandarin variety predominantly available, Internationally popular amongst ethnic population.

Proposal Submitted to Small Farmers Agri Business Consortium New Delhi

S No	Entrepreneur	Project For
1.	Insta Foods Pvt.Ltd. Indore	for Vegetable & Fruit processing
2.	Dashpur Dehydrates Mandsour	for dehydration of vegetables
3.	NeoTech Food Processing Cooperative Society Jabalpur	for dehydration of vegetables Pea's
4.	Centre For Advance Technology & Modern Rural Society Indore	for Radiation Food Processing Park Indore
5	M.P. State Cooperative Dairy Fed Bhopal	A project on Productivity & Clean Milk Production in Bhopal Cooperative Milk Union Bhopal
6	Nvadarshanam Sarvangeen Gramodhyog Evam Anusanghan Sansthan Gwalior	Vermi Compost & Mushroom Cultivation Project
5	Atomic Energy Department, Govt. of India, (CAT) Indore	<ol style="list-style-type: none"> 1. Irradiation Project based on Electron Beam Technology having capacity 97000 MT . The Project is fully funded for Rs. 12 Coror by GOI. The Initiative for this project has been taken by SFAC New Delhi. 2. GoMP has sanctioned Rs. 25.00 lacs for construction of approach road.

Project Submitted to APEDA

S. No.	Entrepreneur	Project For
1.	Singh Cold Storage Ujjain	Grading Sorting of Potato at Ujjain
2.	DP Agri Export Guna	Marketing
3.	M/s Flavourite Foods Indore	Mobile Grading
4.	M/s Flavourite Foods – Indore	Chips grade processing
5.	Adarsh Bhandaran Sahkarita Ltd. Harda	Grading Sorting & Packing Unit for seed production programme of society being submitted

Project Submitted to MOFPI (Sanctioned)

S. No.	Entrepreneur	Project For
1.	M.P. Audyogik Kendra Vikas Nigam (Indore) Limited, Indore	Setting up of Food Park at Jaggakhedi, Distt.Mandsaur
2.	M.P. Audyogik Kendra Vikas Nigam (Indore) Limited, Indore	Setting up of Food Park at Nimrani, Dist.Khargone
3.	M.P. Audyogik Kendra Vikas Nigam (Bhopal) Limited, Bhopal	Setting up of Food Park at Piparia Distt. Hoshangabad
4.	M.P. Consultancy Organisation, Bhopal	Conducting study for setting up Food Parks in M.P.
5.	M/s. Insta Foods Pvt.Ltd. Indore	Setting up of a plant for processing Fruits & Vegetables.
6.	M.P. Consultancy Organisation Limited, Bhopal	Conducting E.D.Ps on Food Processing Industries during the year 2001-2002 in 5 districts of M.P.
7.	M.P. Consultancy Organisation, Bhopal.	Conducting EDPs in 10 districts of M.P.
8.	M/s Sunmark Foods Pvt. Ltd, Bhopal	Setting up of Ready -to-fry Wheat Pellets Unit
9.	M/s. Garlico Industries, Mandsaur	Strengthening of Backward linkages of Food Processing Industries.
10.	M/s. Insta Foods Pvt.Ltd., Indore	Modernisation & Expansion of Fruit & Vegetable Processing Unit
11.	M/s. Progressive Extractions & Exports Ltd., Bhopal	Expansion of Oil, Extraction & Refining and setting up manufacturing facilities for Edible Soya Flour.
12.	M.B. Bakers Limited, Indore	Biscuit Manufacturing Unit

Contract Farming Arrangements

S. No.	Name of Company	Districts	Product	No of Farmers	Remark
1.	M/s Veg-o-Fresh Indore 1. Fritolay India 2. Papsico	Mhow, Rau, Ujjain, Shajapur Ujjain, Indore	Potato Potato	500 150	600 Hectare area has been covered. Uncle Chips
2.	M/s Bikanerwala Foods	Ujjain	Potato	100	Bhujiya
3.	M/s Jain Irrigation Jalgoan	Ujjain	Brown Onion	150	For Export
4.	M/s Garlico Industries Mandsaur	Mandsour Neemuch	Garlic/Onion	600	Dehydrated flacks & powder for their own industries for export
5.	M/s Raj International, Indore	Babai & Indore	Potato	300	Exports to Sri Lanka, Dubai and Mauritius
6.	S Kannan & Co.	Mandsour, Neemuch, Rajgarh, Dewas	Coriander	250	Exports to Canada, UK, South Africa
7.	Besides above Horticulture Department has identified Farmers for Contract Farming in Ujjain, Indore, Dewas, Dhar, Shajapur, Ratlam, Neemuch, Mandsour and Guna.			7000	
8.	Cargil India Pvt Ltd.	Harda Hoshangabad	Wheat	1000	
Total				10050	

(The author is Managing Director, M.P. State Agro Industries Development Corporation Limited)

Forest-Rich MP Offers Incentives to Boost...

Herbal Medicine The Business of the Future

- R.K. Chaurasiya



Herbal plants have been used in traditional systems of medicine since ancient times. The usage patterns and various formulations have been properly documented and detailed in ancient texts such as like Charaka Samhita, and a few others. Ancient Indian systems of medicine and health upkeep and care, in the main, include Ayurvedic, Siddha, Unani, Yoga and Naturopathy. All these systems have been more or less in practice in India, as these are affordable by the people, besides being harmless without any side effects. These systems could also be easily administered even in the absence of a doctor. Common health problems and treatments of ailments can be handled through harmless and easily dispensing potent household medicines.

- The World Health Organization (WHO) has estimated that 90 per cent of the population of developing countries relies on traditional medicines, derived mostly from herbal plants, for their primary health care needs. The demand for medicinal plants is increasing in both developing and

developed countries due to growing recognition of natural products, being non-narcotic, having no side effects, and easily available at affordable cost.

- Medicinal Plants as a group comprise approximately 8000 species and account for around 50 per cent of all the higher flowering plant species of India. There are estimated to be over 7800 manufacturing units in India. Medicinal plants constitute nearly 80 per cent of the raw materials used in the preparation of drugs. The effectiveness of these drugs mainly depends upon the proper use and sustained availability of genuine raw materials.

- "Herbal" is the business of the future. Even though the last decade has been the decade of IT, a reliable study has predicted that this decade would be the decade of Biotechnology and Herbal-based business activity especially because not much of technical know-how or heavy expenditure is required for starting Herbal-related business activity. The activities and the sphere of Herbal could be related to growing of rare Herbal species, bulk

growing of herbs on commercial scale, export of herbs, contract farming of Herbal items and finally manufacturing of Health and Beauty related herbal products for sale in the Indian and Overseas markets.

- The State of Madhya Pradesh is at the heart of India with a geographical area of 3.08 lakh sq. km. Of this 95,220 sq. km i.e. 31 per cent is forest area.

- Madhya Pradesh is the largest forested State of the country and has a rich resource base of medicinal plants (over 2200 species). With 11 Agro-climatic Zones, the State is well suited for cultivation of a large number of medicinal and aromatic plants. Already more than 1000 farmers are engaged in their cultivation. Thus, there is a huge potential to generate employment and income in the State through development of the medicinal and aromatic plants (MAP) sector.

- The Government of Madhya Pradesh has adopted a five-year strategy for the development of Medicinal & Aromatic Plants. One activity under this strategy is the facilitation of establishment of 10 big herbal processing units in the State over a period of five years. Besides this, the establishment of 600 primary and secondary small units is also envisaged. Thus, the project has great significance to the overall economic development of the State.

- The proposed business models are: -

- Contract farming initiatives with the farmers.

- Contract collection areas with forest committees.

- Setting up big processing units in the State.

- Collaborative manufacturing under an agreed band.

- The Malwa region of the State is endowed with enterprising farmers where contract-farming initiatives may be undertaken. Rest of the forest-rich areas of the State may be utilized for contract collection by forest communities. Bhopal, Indore and Jabalpur are appropriate centers for setting up processing units.

- The entrepreneur friendly government of Madhya Pradesh offers various concessions and facilities to entrepreneurs in the form of capital investment subsidy, interest subsidy, land at concessional rates industrial investment promotion assistance, exemption from entry tax etc. Besides this, there is a special package of assistance for Herbal Industry in the State.

- Special arrangements have been made for pharmaceutical and herbal industries for fast track clearance from licensing authority as well as from other departments.

Cultivation of MAPs to be increased from 10,00 hectares at present to 50,00 hectares by 2009.

Production of medicinal and aromatic plants in the State to be increased from present 20000 tones to 40,000 Tones per year by 2009. [The production is to be increased mainly by increase in planting area, raising the share of Madhya Pradesh in National Production from the present 6.25% to 8.63% by 2009]

The State is also a pioneer in Joint Forest Management with 14000 "Joint Forest Management Committees (JFMCs)" involved in the protection and management of about 60% of the forest area.

The State is a hub for medicinal plants collection catering to the requirements of many pharmaceutical industries. The potential of a few species is as follows :

i)Aonla, ii)Harra, iii)Bel Pulp, iv)Safed Musli, v)Ashwagandha, vi)Isabgol vii)Nagarmotha, viii)Giloy stem, ix)Kalmegh, x)Satawar, xi)Neem seed, xii)Essential oils

- The State also has a network of nurseries producing more than 20 lakh plants per year for plantation on government and private lands.

- More than 25,000 traditional health practitioners with vast ethnic knowledge Ayurvedic treasure.





Viable Herbal Processing Industries in the State

- « Aloe Vera Gel extraction and spray dried powder manufacturing units.
- « Units to produce extracts of various herbs.
- « Fractional Distillation units for value addition in essential oils.
- « Various Ayurvedic Drugs formulations units.
- « Production of food and vegetable colours and dyes.
- « Production concentrate and absolutes from flowers.
- « Primary processing of raw herbs.
- « Isabgol dehusking units.
- « Preparation of herbal cosmetics.
- « Units to make perfumery compounds.
- « Expeller units (Production of Bio-Diesel and Neem Oil etc.)

• Under implementation of Industrial Promotion Policy 2004, to boost export of Herbal / Natural Products various steps had been taken such as Participated in the "Middle East Expo-2004 held at Dubai in the month of December, 2004. A market survey European Countries has also been conducted under MAI (Market Access Initiative) Scheme. And also participated in Arogya Mela 2004 held at New Delhi in Sept. 2004. A buyer-seller meet with the UAE based Herbal buyers is also planned and going to be held very shortly.

- Sustainable development of export market.

The herbal product export trade in India consists of major product groups; like medicinal plants crude drugs and plant portions, herbal products their formulations and natural extracts and Ayurvedic drugs and medicines.

HERBAL / NATURAL PRODUCT GROUPS AVAILABLE IN MADHYA PRADESH FOR EXPORT.

- 1) Raw Herbs like Harra, Bahera, Aonla, Bael, Safed Musli, Isabgol, Nagarmotha, Giloy Stem, Kalmegh, Satawar, Gudmar etc.
- 2) Processed Herbs like Senna Leaves, Sikakai, Aonla Powder, Rose and Brahmi powder etc.
- 3) Herbal food / dietary Supplement like Chyawanpras, Spirulina capsules, Triphla powder and manpower tonic etc.
- 4) Single Herbs like Ashwagandha, Tulsi, Kalmegh, Neem etc.
- 5) Natural Health Drinks like Thandai, Sharbat etc.
- 6) Herbal Extracts: wide range of Form Dry Powder, Soft Extract, Granules.
- 7) Herbal Medicine for ailments like diabetes, blood pressure, arthritis, lever, piles etc.
- 8) Herbal Cosmetics (Hair oil, shampoo, powder, cream, Aloevera Gel etc.)
- 9) Herbal Mehendi (Henna).
- 10) Essential Oil Lemon-grass, Palma Rosa, Nagarmotha etc.
- 11) Honey.

(The author is Chief General Manager, TRIFAC & Nodal Officer, N.T.F.P., Bhopal).



Diverse Agro-climatic Zones

Know your soil to get the best out of it

- P.K. Mehta

The Government of Madhya Pradesh accords the highest priority to agriculture production and marketing, as this sector constitutes the backbone of the Indian economy. As much as 70 per cent of India's population of one billion people depend upon agriculture for their livelihood. The state government is acutely aware of this truth.

The soil, a natural resource even today is less understood and less recognized in comparison to plants. The school going children do recognize and can describe plants and animals, but only a few people are able to do the same for soils. Perhaps this is also one of the major contributing features for increasing degradation of soil resources. There cannot be any sustainable development without a sustainable management of soil resources. For better management, it is imperative to know the characteristics, potentials and problems of soil resources in different agro climatic zones of the state.

Madhya Pradesh is a resources-rich state and ranks first in geographical area. From the point of view of soils it can be called as a "Mini India" as the dominant soil groups of the country cover large tracts in the state. These soils, however, are faced with problems of tillage, drainage, erosion, drought, excess moisture and nutrient deficiency stress, and hazards of water logging, salinity and alkalinity. It is, therefore, necessary that the developed technology be transferred at an accelerated rate and systematic research efforts be made to devise location specific technology for harnessing the potential of these soils.

Significant efforts have been made in characterizing soil resources of different agro climatic zones of Madhya Pradesh and presenting a mirror image of nutrient status of various soils along with their major problems and potentials. Attempts have been made here as in article to bring this useful information under one article. This information will be surely be helpful in increasing agricultural production and productivity in the state.

Major soils of the country - Vertisols, Inceptisols, Entisols and Alfisols - cover large tracts of the state too. These soils are highly diversified and are being cultivated primarily under rain-fed conditions. Vertisols and associated soils, covering around 50 per cent of the geographical area, are potentially productive but are faced with problems of drainage, tillage, and excess moisture and drought stress. If managed properly, these may prove to be the granaries of the country.

The second biggest group of soils is of Alfisols which are inherently poor in fertility and moisture retention capacity. The third major group is of alluvial soils, which have a high percentage of irrigated farming and are faced with problems of salinity/ water logging. Along with deficiency of major plant nutrients, some of the soils are reported to be deficient in secondary and micro-nutrients, specifically in **S** and **Zn** also wasteland, such as gullied and/or Ravinous lands. Degraded forest/ plantation crops/ pasture lands and mining industrial water lands cover large tracts of the state. For better understanding and developing location specific technology, it is necessary that the valuable information on various aspects of the soil scattered in various reports and publications be put together.

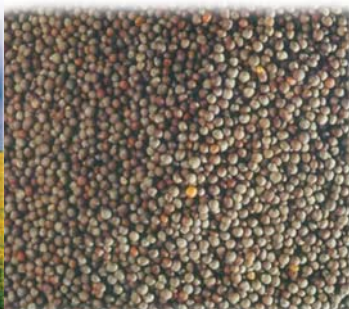
The Madhya Pradesh state is situated between 18 ° - 26 ° 30' N latitude and 74 ° - 84 ° 30' E longitude out of 44.34 m ha total geographical area of the state, 19.66 m ha is net area sown and 14.29 m ha is under forest (it is called Land use classification).

The country has been divided into three major physiographic-regions viz., the mountain region of the Himalayas, the great Indo-Gangetic and Brahmaputra plains and the triangular plateau of the peninsula.

The Madhya Pradesh state falls under the region of triangular plateau of the peninsula, which is sub, divided into as per landform units. Major land form units of MP is:- **1.** Northern Plains **2.** Central Highlands **3.** Eastern plateau **4.** Deccan plateau.

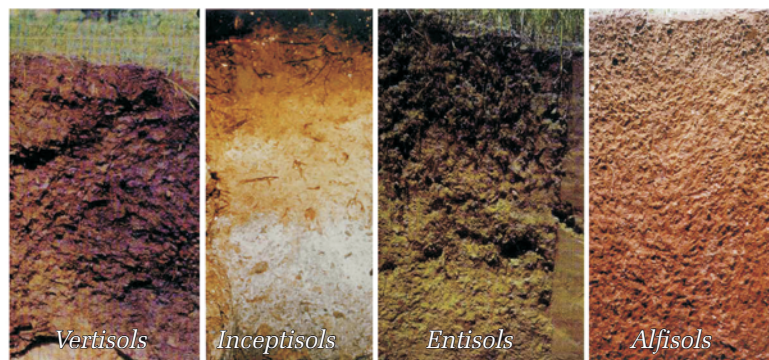
AGRO CLIMATIC ZONES AND THEIR GENERAL CHARACTERISTICS:

Concept of Agro climatic Zones: The concept of agro climatic zoning was



developed by FZO (1976), which involved an ecological frame work with a strong emphasis on agro climatic parameters for delineating potentials areas for agriculture. An agro climatic zone is a land units in terms of major climate and the growing period which is climatically suitable for a certain range of crops and cultivars. An ecological region is characterized by destined ecological responses to macro-climate as expressed in vegetation and reflected in soils, fauna and aquatic systems.

Agriculture is highly dependent on soils and climatic conditions, which in combination with other parameters decide the agro ecological setting, An agro-ecological region is, therefore, the land unit on the earth's surface carved out of agro climatic region, when it is superimposed on land form and the kind of soils and soil conditions that act as modifiers of climate and length of growing period (NBSS & LUP, 1933). Out of 15 major agro climatic zones (as



follows) of India (Planning Commission): following three are spread over the Madhya Pradesh (undivided)

- **Eastern plateau and hills region :** The region covers the Chattisgarh plains, Baster plateau and Northern hills zone of Chhattisgarh excluding Balaghat District)
- **Central plateau and hills region:** The region covers Balaghat District of Northern hills zone of Chattisgarh Kymore plateau and Satpura Hills, Gird zone, Bundalkhand zone, Vindhya Plateau, Central Narmada Valley and Satpura Plateau.
- **Western plateau and hills region:** The region covers Malwa Plateau, Nimar Valley and Jhabua Hills.

The agro-ecological regions as described by **NBSS & LUP(1993)** have been modified considering the specific variability in soil types. The M.P. state has now been subdivided in seven agro-ecological regions which are describe below :

- **N 8 D 2 :** Northern plains and Central highlands including Arawallis, hot semi-arid eco-region, with alluvium derived soils, and growing period 90-150 days.
- **I 4 C 3 :** Central highlands (Satpura) hot sub-humid eco-region with shallow and medium black soils, and growing period 150-180 days.
- **I 5 C 2 :** Central highlands (malwa) hot semi-arid eco-region with medium and deep black soils, and growing

period 90-150 days.

- **I 5 C 3 :** Central highlands (malwa, satpura) hot sub-humid eco-region with black and red soils, and growing period 150-180 (to 210) days.
- **I 6 C 3/4 :** Central highlands (Bundalkhand, vindhya plateau) hot sub-humid eco-region with medium and deep black soils, and growing period 150-180 days.
- **J 3 C 3 :** Eastern plateau (Chhattisgarh) hot sub-humid eco-region with red and yellow soils, and growing period 150-180 days.
- **J 2 C 3/4 :** Eastern plateau hot sub-humid eco-region with red and lateritic soils, and growing period 150-180 (to 210) days.

Agro Climatic Zones: Further, the National Agricultural Research Project (NARP), based on rain fall, existing cropping pattern and administrative units, divided the whole country into 129 sub-zones, out of which 12 sub zones of undivided M.P., hereafter referred as “Agro Climatic Zones” and maximum geographical area of the state in percentage are as following :

I. Chhattisgarh plains (17.55%) **II.** Baster plateau (8.82%) **III.** Northern hills zone of Chhattisgarh (12.5%) **IV.** Kaymore plateau and Satpura hills (11.27%) **V.** Vindhya plateau (9.61%) **VI.** Central Narmada Valley (3.40%) **VII.** Gird zone (8.46%) **VIII.** Bundalkhand zone (4.67%) **IX.** Satpura plateau (4.94%) **X.** Malwa plateau (11.68%) **XI.** Nimar valley (5.67%) **XII.** Jhabua hills occupies only (1.5%) area. It is the lowest among all the zones of M.P.

RESULT OF ABOVE SCHEMES

The President of India, Dr. A.P.J. Abdul Kalam has also mentioned in his book “Vision 2020” about the various development projects of agriculture to increase the production twice as of now.

With the above vision in mind, the state agriculture department has introduced a high breed seed of “mustard” in Ujjain division . When farmers sown these seeds in there demonstration farms and the results were overwhelming. These results were recognized when the crops came for sale at agriculture produce marketing committees (APMC's) of Neemach, Mandsour, Ratlam & Shajapur districts.

I was surprised at the arrival quantity of mustard in these APMC's are more then 248% in comparison with last years arrival. This time mustard rates were Rs. 1800-2000 per quintal (a good sign of economic profit). The above scenario was even discussed in M.P. assembly during budget session. This is an achievement of Agro climatic zone scheme in M.P.

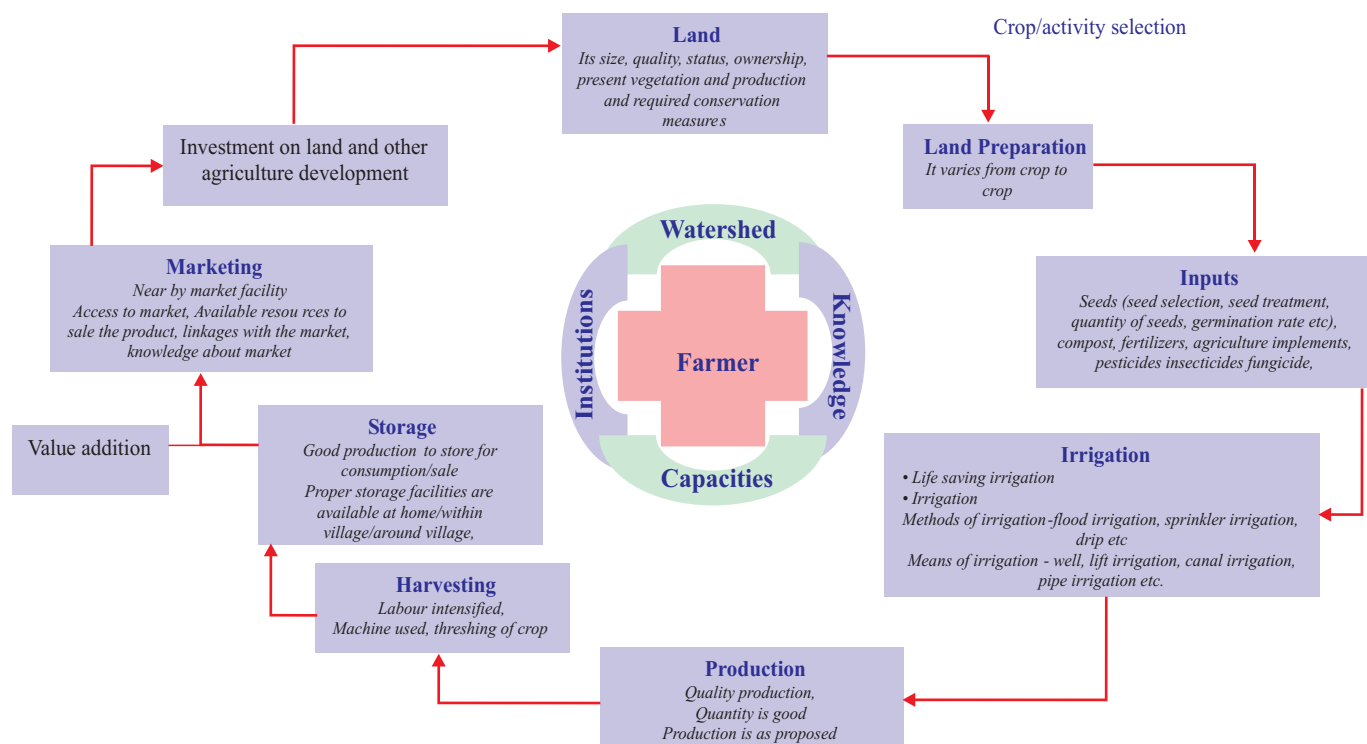
Thus, we can say an honest effort leads to destiny.

(The author is Asstt. Statistical Officer, MP State Agriculture Marketing Board, Bhopal).

The Cycle of Agro-Based Livelihoods

- Sandeep Khanwalkar

To understand agriculture based livelihood it will be useful to understand its cycle. There are different components in this cycle. To address this cycle it would be useful to understand different components and their present status in the area where one is going to take up activity to promote agriculture based livelihood interventions.



Detailed note on each components of Agriculture based Livelihoods Cycle

This model is prepared for practitioners who are working at field level. This model would help them in identification of any activity based on its cycle in a particular situation/geographical condition. After identifying the activity like crop/plantation etc. steps can be identified for every activity.

Land:

It is an important component in the entire development cycle of the agriculture based livelihood. There are various issues which, requires immediate action before taking up any developmental interventions. To work on different issues related to land following steps are required:

- Situation analysis of land status in project villages/cluster/district
- Need for land development and other interventions based on situation analysis
- Base line data collection
- Land classification
- Ownership pattern
- Vegetation analysis
- Production analysis
- Identification of different activities
- Budget requirement
- Strategy of operation

Land preparation:

After assessment of land condition next step is to prepare a plan of action for activities identified. This would be a document that would help in preparing a detailed plan of action at field level. This would be for every individual village. This can be divided into following major parts: Information on

- Traditional agriculture
- Horticulture
- Agro-forestry
- Silviculture
- Floriculture
- Vegetable farming
- Medicinal and aromatic farming
- Sloping area land treatment for traditional agriculture

Based on above-mentioned sub sectors specific activity plan will be prepared. While working on land preparation pest control should be incorporated for every sub sector.

Inputs:

This is third important component of this livelihoods cycle. To work on it, it would be useful to follow the sub sector plan. This would crop to crop, plant to plant and soil to soil. Before going for sub sector plan it would be useful to read the information on different types of crops, plants and soil. To know about the soil, soil testing would be one major activity. Broad inputs that would require for good output are as follows:

- Seed
- Organic manure
- Nursery rising
- Timely supply of saplings for horticulture and forestry
- Farm implement
- Information and knowledge sharing
- Training and exposure
- Fertilizers
- Seed treatment
- Action research/farm trial
- Cash/Credit requirement

These are suggestive steps to provide appropriate inputs for different activities. As per requirement modifications can be made.

Irrigation:

It is also equally important to get good production from the agriculture. After providing all kinds of quality inputs on time, irrigation become a very important input in overall production both in Kharif and Rabi crop. In Kharif crop life saving irrigation is important. In Rabi crops timely irrigation plays a major role. Now there are various ways of irrigation in different crops. But the issue is how to get maximum production with optimum water use. Water requirement varies from crop to crop and variety to variety. In this component main thrust would be on

- Optimum water use
- Improvement in present irrigation practices
- Introduction of new and improved irrigation systems
- Research and development
- Hand holding support to farmers
- Application of present research in the field

This component requires high level rapport building with the farmers. Therefore the practitioners need to develop their own knowledge and in depth understanding on the issues related to irrigation.

Production:

Production is an eventual outcome of any agriculture activity. Quality of any production depends on types and quality of inputs given during the production process. Thus here it became very important to know about the inputs to get bumper/good production. Therefore one should monitor the entire process of production while taking any production activity. The crucial stages of production should be properly monitored by the farmers. The most critical stage is flowering and seeding. To ensure inputs like timely irrigation during this stage is an important factor. And how to ensure it is the challenge.

Harvesting:

This is most important activity in agriculture. If completely ripped crop is not harvested on time then production will be affected and output will not be as desired. Methods for harvesting may be different. This can be done by labour or machine. It depends on the type of crop and availability of technology within the reach of farmers. Now the task is to build knowledge base at farmer's level to use different technologies that will not only reduce the cost of harvesting but they will also become techno friendly. Therefore developing a pool of resource person that are working on this aspect is an important task. Linkages with these types of resource/research institutions, market analysis, etc would be useful. The activities would be:

- Conduct a study on different harvesting approaches/practices of the area
- Labour analysis to understand availability factor of labour during harvesting time
- Labour cost
- Communication methods for getting information about new technologies used in the harvesting

- Training needs
- Monitoring of different new intervention introduced to make harvesting easy and cost effective
- Preparing a training plan

Storage:

This is another important activity for any farmer. If production is small then also storage is important and if production is good then also. Now storage facility is depend on the quantity of production and duration. For home storage there are various traditional methods are available and for commercial purpose cold storages are available. But cold storages are not available in the remote areas. Then in this situation farmers are selling their crops at local market at low prices. Now to address the storage problem (if there is any) following activities are required:

- Assessment of present storage practices and its availability
- Its impact on the quality of production
- Cost benefit analysis of storage facility
- Availability of storage facility and cost during peak period
- Information flow, means of communication and its authenticity

To work on this issue one has to understand the entire concept of storage in agriculture.

Value addition:

In our country most of the farmers don't go for value addition of their crop production. They generally prefer to sell their crops in local market. Now to understand the requirement of value addition of any crop a detail assessment would be required. To go for value addition following has to be done:

- Detail assessment of production of different crop produced in the area
- Market analysis to go for any kind of value addition
- Scope for value addition
- Support required
- Capacity building need assessment

Marketing:

If there is no market or production is not marketed properly then the efforts made for production and value added to the products are not worth. To market any type of production a basic understanding of the market is must. The steps that would help in proper marketing of any product are as follows:

- Conduct a market assessment study
- Based on the market assessment study prepare a market strategy
- Need assessment for capacity building of stakeholders
- Prepare a market plan for different types of products
- Institutional structure for marketing
- Linkages and communication

This is the toughest task in the entire livelihood cycle of agriculture.

Investment on land and other agriculture production:

Reinvestment on the resources those are required for sustainable production is an important activity not being practices at farmers' level. These investments may be on land, production unit to increase the production, capacity enhancement to compete with the market etc.

These 10 steps of agriculture cycle are prepared from practitioners' point of view. Detailing of each step would help in taking up any agriculture based activity in a planned manner.

(The author is State Co-ordinator - Agriculture & Watershed, M.P. Rural Livelihoods Project). ■

IACC calls for rebranding India's BPO industry

Scaling the Challenges

The two-day (April 21 & 22) annual Global Offshoring Outsourcing Summit (GOOS) 2005 presented by the Indo-American Chamber of Commerce in Mumbai focused, this year, on "Offshoring: The Scaling Challenge". The Summit featured over 40 speakers from India, the United States, and the UK and included presentations on cutting edge issues in BPO. Following two days of presentations and networking, the Summit culminated in a "CEO Roundtable". The consensus of the 6 CEOs who participated in the Roundtable was a strong recommendation that the Indian BPO Industry should project not only its low cost advantage but also its highly developed skills and quality. The industry should "rebrand" itself in order to face the daunting challenges within and outside the country.

In spite of more high-end processes being outsourced to India and security issues being addressed and resolved, India's 'sunshine industry' has been going through rough waters. It has been facing daunting challenges such as attrition, which is as high as 80 per cent for some companies, and a gross imbalance in the demand and

supply of skilled and talented workforce.

According to market estimates, the business process outsourcing industry is set to quadruple to \$1.2 billion in the next two years. However, with the services industry growing at 10-11 per cent through emerging careers in the hotel, airline and banking industries, Indian BPOs are likely to face a manpower shortage, especially at the mid-management level by 2008.

Aside from the insights spewed from the Roundtable, GOOS 2005 provided the ideal forum for industry representatives to acknowledge, discuss, and debate the teething problems of the Indian BPO industry. Speakers and Delegates pontificated that:

- The BPO industry was initially built around the model of cost effectiveness. In recent times, with wages continuing to rise at 10-15 per cent coupled with shortage of skilled manpower, the model no longer holds good.
- One of the most serious threats for BPO companies in India comes from the hidden cost of sub-standard infrastructure.



(L-R) Ashank Desai-Conference Chairman-GOOS 05 & Regional Vice President-WIC-IACC lights the GOOS 2005 inaugural lamp while Angus T Simmons-US Consul General, Gopal Jain-Regional President-WIC,IACC, Niru Mehta-Vice Chairman-Avayaglobal Connect Ltd., India, Shabina Patel-Head-PR& Events-WIC,IACC look on.



(L-R) Ashank Desai along with Joydeep Dutta Gupta, Partner, Pricewaterhouse Coopers presenting Survey Report prepared specially for GOOS 2005.

- As business processes are distributed across the globe through diverse, complex and increasingly mobile networks and fast growing industries, the imperatives and challenges of creating a secure environment become paramount.

- India's true competitive advantage lies in her ability to apply technology to business processes. As of today, that potential is largely untapped.

- The BPO industry is capital intensive and requires huge additional capital infusion to fuel its growth.

- Last and most critical is the scarcity of the appropriate skills gained through the education system, which is low on quality and relevance. This is a major limiting factor for the long-term growth of the industry.

In lieu of the current limitations, the Indo-American Chamber of Commerce, through the GOOS 2005 CEO Roundtable, has made the following recommendations for the Indian BPO industry:

A rebranding exercise

India should no longer be presented as solely a cost-effective destination but rather one that is also driven by skills and quality. This will require rebranding itself in terms of value addition, competition and innovation.

A conscious effort towards sound infrastructure

Public and private investment in infrastructure, with all concerned bodies adopting a customized approach to satisfying customers' and providers' needs, is essential to the future growth and sophistication of the BPO industry.

Setting the benchmark for information security

Public and private partnerships need to be developed and must strengthen the courts' understanding of security issues.

In addition, a robust and effective mechanism needs to be implemented to control information sharing among industry, government and other interested parties.

Timely dispensation of justice, including a concrete alternative dispute-resolution mechanism, is imperative.

Industry and Government must work together to make universal, legally viable standards of security practices.

Staying on top of technology

India's scientific and research institutions should be encouraged to devote greater attention to the new class of technology that is emerging. They must work to enable secure and efficient delivery of remote services. Further, private investment in the development and commercialization of technology should be encouraged.

Availability of risk capital and flexibility in taxation

Credit institutions need to develop customized norms for the BPO industry. The availability of risk capital needs to be enhanced and exploited in early stage ventures.

Third party hosted infrastructure BPO companies should be eligible for favorable tax treatment.



(L-R) Gopal Jain, Regional President-WIC, IACC, Kaushal Aggarwal, Executive VP, Avendus, Jeffrey Rodwell, Partner, Reed Smith, LLP, London, Rakesh Kaul, CEO, TWS Holdings, Samir Bangara, Associate VP, Ernst & Young, sit on the Capital Investment Panel at GOOS 2005.



Business India- GOOS 2005 CEO Roundtable (L-R) Dr. L.S. Kanodia, Chairman, Datamatics Technologies Ltd., V.Raman Kumar, Chairman of the Board and CEO, Cbay Systems, Dr. Michael T. Clark, CEO, GTL Ltd., Nazneen Karmali, Executive Editor, Business India, Romi Malhotra, CEO, Dell International services Ltd., Rahul Singh, Managing Director and CEO, eServe International Ltd., Pravin Gandhi, Director, Infinity Technology Investment Pvt. Ltd.



Audience at GOOS 2005.



Mrs. Julia Simmons enjoying IACC's "Evening in Las Vegas" Casino Night at GOOS 2005.

Raising the bar for education system

Industry leaders and management schools should develop BPO specific graduate level programs for mid-management as well as modify the curriculum and quality of instruction in entry-level educational institutions.

Technical institutions should develop competency around the specialized technology required for the BPO industry.

While concluding what many considered a wildly successful GOOS, Ashank Desai, Chairman, GOOS, asserted, "When you have a customer be bold, be brave and demand to go up the next level with them."

Co-chairman, GOOS, Atul Nishar added, "The BPO industry has emerged as the biggest employment generator in the country and it will create a million more jobs over the next few years."

To mix up the talk of BPO and provide a fun break for the delegates, IACC hosted a casino-themed evening on the first night of GOOS. Within 1 hour of concluding the first day's presentations, the GOOS Team transformed the venue into "An Evening in Las Vegas".

Please visit www.goos2005 for more information.

Now that's a party !

Guests arrived in snazzy dress, all hoping for Lady Luck to smile on them, and were handed gambling coins. They were then left to network and fend for themselves with an open bar, full buffet, and ten gambling tables, each featuring a dealer and a different game. Just when revelers thought they had seen it all, out came the fire jugglers and professional dancing girls. Causing the already manic crowd to cheer even louder, the IACC finally had their guests count their chips and awarded a 21" color TV, a brand-new microwave oven, and a DVD player to the top 3 winners! Now that's a party - Viva Las Vegas!!!!



Performers at the IACC's grand entertainment "Evening in Las Vegas" at GOOS 2005.



A view of the Illinois delegation members at their meeting with IACC



(L to R) Rajinder Bedi, Director of Emerging Markets, Office of Trade & Investment, Satate of Illinois, and Mission Director, Gopal Jain, Regional President, WIC, and Richard Rothman, Commercial Consul, the US Consulate, Mumbai



Gopal Jain, Regional President, (WIC) making an amusing remark at a get-together. (L to R) Angus Simmons, US Consul General, Mumbai, Hemant Sonawala CMD, Hinditron Group & Patron Member, WIC, Marylin Premiano, Principal Trade Facilitator, WIC, Shabrina Patel, Head, PR & Events, WIC, and Vijay Singh



(Centre) Hans Naumann Jr, Senior Vice President, Marshall Miller & Associates, at Happy Farewell Hour, organized by IACC

IACC-WIC HOSTS TRADE TEAMS FROM ILLINOIS & VIRGINIA

IACC WIC had the pleasure of working with two delegations from the United States during the last week of April 2005. The first delegation, hailing from the State of Illinois, was in Mumbai on the 25th and 26th of the month. Working with the American Center, IACC-WIC hosted a lovely luncheon reception at the Prince's Room at the Taj Mahal Hotel. IACC Patron Members, IACC Executive Committee Members, and representatives of the US State Department all attended and mingled with the Illinois businessmen and women who represented many business sectors. Business areas represented included: Global Branding Consulting Specialists; the Mining Industry; Submersible Pumps; Construction Equipment; and Renewable Energy Resources, to name a few.

Just four days later, IACC-WIC arranged for a farewell happy hour for Delegates from the State of Virginia. The Virginia Delegation included business folk looking for opportunity in the following areas: (1) Manufacturing Engineering / Industrial Balancing Industry; (2) Semiconductors; Construction / Infra / Mfg.; (3) Agribusiness; Warehousing / Logistics / Trucking / Air Freight; (4) InfoTech / Software / Govt.; (5) M&A Real Estate / Infra / Agri / Textiles / Granite / Confectionary; (6) Engineering / Geological / Environmental; (7) Marketing; (8) Sanitation Equipment for Food Service & Food Processing Industries; (9) Energy / Environment / Agriculture Solutions.

Equally impressive, Governor Mark Warner of Virginia accompanied the delegation and his arrival in India hints at great things to come. As noted at the reception by Gopal Jain, Regional President - WIC, IACC, although 32 US Governors visited China in the past year alone, Governor Warner is the first US Governor in three years to visit India. IACC - WIC is proud to have played a role.



Tamilnadu

Build strong local brands and reach the US Market

IACC Tamilnadu Branch organised a unique seminar, **"Business with USA Madurai Meet 2005"** in March 2005. A major highlight of the seminar was the panel discussion, **"Positioning Tamilnadu as the Leading Trade and Investment Partner with the US"**

The panelists comprised Ramco Group Chairman P.R.Ramasubrahmaneya Rajha, Gem Granites Chairman and past President of IACC R.Veeramani, TVS Sons Ltd Executive Director R.Dinesh and Director of the Software Technology Parks of India, Ms.R.Rajalakshmi.

The panelists generally felt that with the Indian diaspora gaining political access through lobbying and the country has gained goodwill in terms its manpower capabilities. In view of this advantage, entrepreneurs in Tamil Nadu should engage in building a brand to gain visibility. They also said "the US hunger for outsourcing is there to stay. This must be utilized to the best advantage."

The Chief Guest of the seminar, Mr. Ravi Candadai, the Consul for Public Affairs, American Consulate General, said the world-renowned Meenakshi Temple could be built as a brand to gain visibility.

Earlier in his welcome address, T.R.K. Ramakrushna Rajha, Branch Chairman explained that the reason for the Chamber to organize the programme in Madurai was to encourage budding businessmen to do business with the US and highlight the achievements of the industry leaders and entrepreneurs in that part of the country.

Super Auto Forge Executive Director Ravi Shankar spoke on engineering exports to the US and Handloom Export Promotion Council Chairman Siva Kannan talked about the opportunities in exporting textiles and garments to the US. An informative talk on the Legal Aspects of doing business with US was given by Bala Chandrasekar, Attorney, BC and Associates, Chennai.

Chamber's Regional Secretary D.V.Venkatagiri made a presentation on the activities of the Chamber, highlighting the various key programmes that it had organised all over India, which underscored its national characteristics.

Ms. Carol Cox, Vice-Consul and Deputy Chief

(Non-Immigrant Visa) American Consulate General, Chennai said that obtaining US Visa was an easy process provided the applicants did their homework properly. P. Vaidyanathan, Senior Commercial Specialist, American Consulate General, Chennai explained the various programmes of the US department of Commerce to help Indian companies source from the US.

R.Anand, Vice-Chairman of the branch, moderated the sessions and the branch's treasurer, Hiren Shah proposed the vote of thanks.

About 160 delegates participated in the seminar. They had come from Madurai, Sivakasi, Tuthukodi, Rajapalayam, Virudhunagar, Nagercoil, Perambalur, Salem and Chennai. The seminar was sponsored by 16 companies. The participants in their feedback said they looked forward for more such programmes in the future and suggested more focus on the specifics of exporting to the US.



Ravi Candadai, Consul-Public Affairs, US Consulate, Chennai, delivering his inaugural address. (L-R) D.V. Venkatagiri, R. Anand, T.R.K. Ramakrushna Rajha, R.Veeramani, & R. Rajalakshmi



T.R.K. Ramakrushna Rajha presenting a memento to Ravi Candadai



Varanasi Branch

Simplify VAT Further

Provisions of Value Added Tax (VAT) need to be further simplified to benefit one and all, industry, trade and the consumer. That was the gist of a seminar on VAT conducted jointly by the Varanasi branch of Indo-American Chamber of Commerce (IACC) and Jwala Distributors. The seminar also touched on the current topic of the Union Budget 2005-06 and its important provisions.

Branch Chairman Mohit Saigal, who spoke on the theme - "Implications of VAT" explained its key aspects such as what is VAT and how different it is from sales tax and why it should be levied.

explaining the queries regarding VAT. Actor Saeed Jaferi was present.

Advocate and Tax expert from Allahabad, R. P. Agarwal spoke on the Budget implications, though described as an "Oscar winning effort," by many, it fell short of fulfilling the aspirations of women and senior citizens.

Agarwal referred to the other aspects of the Budget and said that the government has laid emphasis on rural employment and health. "While sufficient funds have been allocated to defence, education and industrial development, there is a need to effectively contain revenue deficit and fiscal deficit," he added.

Cyber Ganga presented a live demonstration of the key features the new VAT - compliant Tally 7.2. It was claimed that Tally 7.2

was the simplest, most complete and affordable. Seminar Chief Guest Deepak Agarwal said that there was an urgent need to educate the consumer in general and businessmen in particular on the implications of VAT.

Praveen Agarwal proposed the vote of thanks.



Ashok Gupta founder-chairman, IACC, Varanasi, asking a question

Amitabh Kedia, head of Jaycees, in his welcome speech, said that VAT would affect the entire process of trade and commerce.

"Since the common consumer would also be affected by the VAT, correct and to-the-point understanding of this tax is of utmost importance to both businessmen and consumers," Kedia said.

Opening the proceedings of the seminar, Gajendra Kedia outlines the general features of VAT and the brief history behind the tax. "It will affect a product at every stage of its production and distribution. Hence its provisions be made as simple as far as possible," he added.

Jwala Distributors made a video presentation



R.P. Agarwal is being welcomed with a bouquet



Karnataka Branch

Indo-American Chamber of Commerce (IACC), Karnataka and AmCham, Bangalore held a breakfast meeting with the US Deputy Assistant Secretary, Ms Holly Vineyard and International Trade Specialist Arthur Stern. Stern and Vineyard were in Bangalore for two days (April 10-11) after discussions with the government in New Delhi. In Bangalore, they interacted with businessmen in the cybercity.

The chairmen of IACC (Karnataka) and AmCham brought to the notice of the visitors, the importance of Bangalore as a world class Information Technology center, even through the city's infrastructure needed to be improved urgently, especially when India was facing stiff competition from China in all fields, including education.

Members of the committee suggested that experts from the US in various fields like Visa procedures, import/export policies, etc, should hold meetings at regular intervals to update members on the issues concerned.

Vinay Kumar of the Centre for American Education said that education some how skipped the radar when it came to any kind of discussion regarding various Indo-US issues as all attention was primarily focused on the IT industry.

Stern said the demand for Visas had risen considerably



Meeting over breakfast.(L to R) Arthur Stern, International Trade Specialist, Holly Vineyard, Deputy Assistant Secretary and P.R Anandamurthy, Chairman, IACC, Karnataka

in comparison with the resources available in terms of manpower. It was suggested the US consulate should expand its resources to meet the constantly increasing demand for Visas.

Stern said that the promotion of "Open Skies" policy was not the prime issue but what was more important was whether India had the infrastructure to support its "open Skies" policy.

Miss Vineyard said the US would have to address the issue of security before rising the visa limits and the US was already accused of favouring India in terms of Visa limits.

Indo-American Chamber of Commerce (IACC), Karnataka, celebrated the International Women's Day by honoring women professionals who have blazed a trail in their chosen vocations.

Indian women have carved a niche for themselves in the fast globalizing business environment in the country. Corporate companies are increasingly becoming aware of the value women bring to their firms.

International Women's Day



Women of Substance with P.R. Anandamurthy. (L to R) Priya Chetty Rajagopal, Meena Ganesh, Latika Pai, and Sudha Murthy

IACC invited four women of substance to share their experiences with the members. These women were Sudha Murthy, Chairperson, Infosys Foundation, Vinita Bali, CEO, Britannia Industries, Meena Ganesh, CEO, Tesco, Latika Pai, COO, B2K Corp

Priya Chetty-Rajgopal, Vice Chairperson, of the branch and Vice President, Santon Chase International moderated the discussion.



Sudha Murthy, Chairperson, Infosys Foundation, making a point. (L to R) Meena Ganesh, CEO, TESCO and Vinita Bali, CEO, Britannia Industries



Annual Fellowship Day

Indo-American Chamber of Commerce (Karnataka) in association with the American Chamber of Commerce in India (Karnataka) observed the Annual Fellowship Day on February 19. The Star Sponsor of the evening was Sobha Developers.

The evening was enlivened by an entertaining programme presented by Vijay Padaki of Bangalore Little Theatre, while DJ Kay ensured that the audience kept their feet tapping to some lively numbers.

High tea with US Delegation

Indo-American Chamber of Commerce, Karnataka hosted high-tea to a 13-member US Congressional staff delegation.

The delegation was in Bangalore for four days to learn more about Indo-US bilateral trade. Members of the delegation visited leading software companies in the city such as Infosys, Oracle, Microsoft, etc.. The delegation was headed by Jim Moore, Counsel, Government Reform Committee (GRC).



Members and guests enjoying fun games



IACC Committee, Karnataka, with Congressional Staff delegation



P.R. Anandamurthy welcomes a guest. (L to R) Sangeetha Sharma, Head, Corporate Service, Sobha Developers, Priya Chetty Rajagopal, Vice-Chairperson, IACC, Karnataka



(L to R) Uday Kumar, Priya Chetty Rajagopal, Jim Moore, Counsel, GRC, P.R. Ananda Murthy and Craig Chatterton at High Tea, hosted by IACC, Karnataka for the visiting US Congressional staff delegation



Members enjoying the fellowship in the evening

Whopping trade deficit with China US to play Tough with the Dragon

US Government's trade representative Rob Portman says he will take a tougher approach to China to assure China's compliance with trade obligations.

In a testimony on April 21, 2005 before the Senate Finance Committee for his confirmation as trade representative, the President's nominee cited the \$162 billion U.S. trade deficit with China in 2004.

"Part of that deficit is because the Chinese do not always play by the rules," Portman said, citing alleged violations of World Trade Organization (WTO) agreement obligations, especially those for protection of copyrights and patents.

"I think we need a tougher approach," he said. "I think we need to hold China to its commitments."

If confirmed, he said, he would conduct "an immediate top-to-bottom review" of Office of the U.S. Trade Representative (USTR) staff and resources, with the aim of devoting more of each to trade issues with China.

"I will focus on stopping Chinese pirating of U.S. intellectual property, rolling back China's industrial policies that exclude our products, expanding market access for our goods and services and realizing China's full implementation of its commitments on transparency and distribution rights for American products," Portman said.

A former trade lawyer, Republican Portman has represented for 10 years in the House of Representatives a district in southern Ohio including Cincinnati.

As trade representative one of his most challenging tasks would be persuading Congress to pass more trade agreements, especially a controversial free-trade agreement with Central America.

Finance Committee members indicated strong support for Portman to succeed Robert Zoellick, who has taken the position of deputy secretary of state. They signaled strong unhappiness over China, however, especially over piracy of intellectual property.

"It's a blatant violation" of global trade rules, said Senator Max Baucus, the senior Democrat on the committee. "We all know it. Nothing's being done."

Senator Chuck Grassley, Republican chairman of the committee, said he hoped the committee would approve the nomination April 26 so that the full Senate could vote quickly on confirming Portman. That would allow Portman to attend a May 3-4 meeting in Paris on WTO negotiations.

Although Senator Evan Bayh, an Indiana Democrat, has placed a legislative hold on Portman's nomination that threatens to block Senate action, Finance Committee members indicated they believe Bayh's issue could be resolved. Bayh said he wants Senate leaders to schedule a vote on his bill, which would change U.S. trade law to allow easier challenges to subsidies in nonmarket economies such as China.

Meanwhile, China trade issues came up at other congressional hearings. According to published reports, Treasury Secretary John Snow reiterated to a House Appropriations subcommittee the Bush administration's tough new position urging immediate action by China to move to a more flexible exchange rate.

Many members of Congress view China's maintaining a fixed rate for its renminbi pegged to the U.S. dollar as an unfair trade practice.

"They've made so much progress, it's time to act, time to move their currency," Snow said.

The secretary of the Treasury had opposed passage by Congress of various bills aimed at China's alleged currency manipulation, especially one submitted in the Senate that would impose a 27.5 percent tariff surcharge on all imports from China.

He told House members that his department would submit within a few weeks a report to Congress over whether any U.S. trade partner was manipulating its currency. The statutory deadline for that report was April 15. Such a finding, on China or any other economy, would trigger a requirement for bilateral negotiations to resolve the problem.

In yet another hearing, this one held by the Senate Budget Committee, Federal Reserve Chairman Alan Greenspan testified that economic forces would compel China to move to flexible exchange rates sooner or later.

Greenspan argued that maintaining the pegged rate forces the Chinese to spend so much money to buy dollars that they have less ability to control their own economy, a published report said.

"It's very much in their interest to move," he said. "And, as you can well imagine, we in the United States government have been in conversations with them to indicate that, in our judgment and in our experience, they should be moving sooner rather than later." ■



Hubble is 15, and Going Strong **Fabulous Images Confound Astronomers**

During the 15 years NASA's Hubble Space Telescope has orbited the Earth, it has taken more than 750,000 photos of the cosmos; images that have awed, astounded and even confounded astronomers and the public.

NASA has recently released new views of two of the most well-known objects Hubble has ever observed: the Eagle Nebula and the Whirlpool Galaxy (spiral galaxy M51). These new images are among the largest and sharpest Hubble has ever taken. They were made with Hubble's newest camera, the Advanced Camera for Surveys (ACS). The images are so incredibly sharp, they could be enlarged to billboard size and still retain stunning details.

For the 15th anniversary, scientists used the ACS to record a new region of the eerie-looking Eagle Nebula. The Eagle Nebula image reveals a tall, dense tower of gas being sculpted by ultraviolet light from a group of massive, hot stars. The new Whirlpool Galaxy image showcases the spiral galaxy's classic features, from its curving arms, where newborn stars reside, to its yellowish central core that serves as home for older stars. A feature of considerable interest is the companion galaxy located at the end of one of the spiral arms.

The mural-sized celestial images of the Eagle Nebula and Whirlpool Galaxy were unveiled today at the Smithsonian's National Air and Space Museum in Washington. More than 100 museums, planetariums, and science centers will also unveil these same images now.

The Space Shuttle Discovery placed the Hubble into Earth orbit on April 25, 1990, opening a new era in astronomy.

For the first time, a large telescope that viewed in visible light orbited above Earth's distorting atmosphere, which blurs light, making images appear fuzzy.

After installation of a new camera and a device that compensated for an improperly ground mirror, images of planets, stars, galaxies, and nebula began pouring in - most up to 10 times sharper than delivered by any previous telescope.

Hubble has compiled a long list of scientific achievements since its launch. Hubble has:

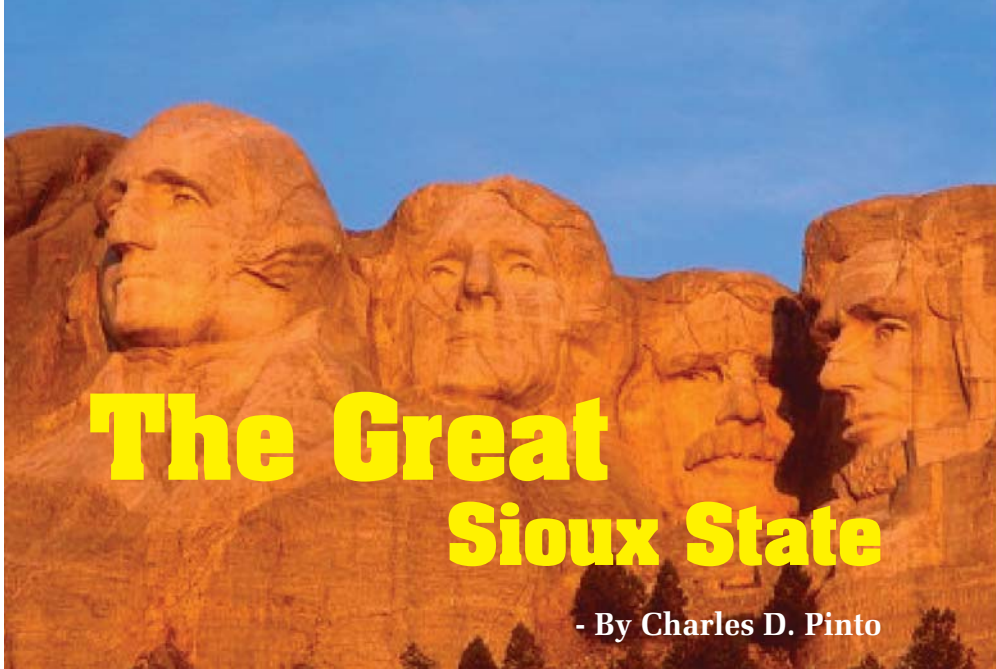
- Helped astronomers calculate the precise age of the universe (13.7 billion years old)
- Helped confirm the existence of a strange form of energy called dark energy
- Detected small proto-galaxies that emitted their light when the universe was less than a billion years old
- Proved the existence of super-massive black holes
- Provided sharp views of a comet hitting Jupiter
- Showed the process of forming planetary systems is common throughout the galaxy

The Space Telescope Science Institute (STScI) manages Hubble imagery. It is operated for NASA by the Association of Universities for Research in Astronomy, Inc. under contract with NASA's Goddard Space Flight Center, Greenbelt, Md. The Hubble Space Telescope is an international cooperative activity between NASA and the European Space Agency.

South Dakota:

The Great Sioux State

- By Charles D. Pinto



From rolling plains to majestic mountains, a diverse landscape decorates South Dakota. These magical lands also hold a diverse population. More than 62,000 American Indians live in South Dakota. Most of them are Dakota, Lakota or Nakota people, also known collectively as Sioux.

This nation traces its roots to the "Oceti Sakowin" or "Seven Council Fires." Each of the allied bands within this nation spoke one of three different dialects. The Santee spoke Dakota; the Yankton, Nakota; and the Teton, Lakota. Experience a culture as vast, vibrant and enduring as the land itself.

Tourism is a large industry in South Dakota. Each year, travelers spend more than \$600 million across the state. The state also has a strong agricultural base. South Dakota routinely ranks among the top 10 states for the production of hay, sunflowers, rye, honey, soybeans, corn, wheat and cattle.

Attractions: Rapid City is your bridge to some of the most intriguing and beautiful attractions in America: The inspirational Mt. Rushmore National Memorial, the visionary Crazy Horse Memorial, and the tranquil Black Hills National Forest with its abundant wildlife. Everywhere you look, anywhere you go, Rapid City truly is "Real. America. Up close."

Keystone is the top destination in the Black Hills, which offers restaurants, hundreds of campsites and cabins, and many family-approved attractions. Tour a gold mine and pan for gold, play miniature golf, go horseback riding and visit museums. Ride a historic train, ride a tram to a view of Mount Rushmore, and slide back down on an Alpine Slide. See Mount Rushmore from a helicopter and explore nearby caves.

Presho is located between halfway between Sioux Falls and Rapid City. Presho and Lyman County are noted for hunting, fishing and amber waves of grain. History buffs will enjoy the Lyman County Historical Museum located in

Presho. Its collection of Native American and pioneer artifacts is vast. As a best kept South Dakota secret, the museum offers images of the untamed west, its settlement and growth.

With over 20 years of local tour experience, the largest and most modern hot air balloons in the five-state region; Black Hills Balloons has helped thousands of people see things from a different point of view! Black Hills Balloons has a capacity ranging from two to twelve passengers per balloon, and can accommodate nearly any size sightseeing party. Balloon flying is approximately a three-hour activity, consisting of the inflation and launch, the flight itself that is approximately one hour in the air, the pack up and the traditional champagne toast with return-to-base ride.

Missouri River Expeditions is a premier outfitter for exploring the Missouri National Recreation River. This expedition will suit you if you want to experience the middle Missouri River as Explorers Lewis and Clark did in 1804, feel the flow, hear the birdsongs, see the landscape, smell the wild roses, and sense the history.

More than 26,000 years ago, large Columbian and woolly mammoths were trapped and died in a spring-fed pond near what is now the southwest edge of Hot Springs, South Dakota. Discovered by chance in 1974 while excavating for a housing development the Mammoth Site is the world's largest Columbian mammoth exhibit and research center for Pleistocene studies.

If a dairy farm and ranch experience is what interests you visit Moodairy Ranch, a Bed & Breakfast will all kinds of small animals. They promise a "lifetime experience in a family atmosphere." Rodeos, Pow Wows, and Fishing Derbies are special events located within a 100-mile radius.

(The author is the Travel & Tourism Specialist at the US Commercial Service, Mumbai and can be reached at 91-22-2265-2511. The U.S. Commercial Service is the Commercial Section of The U.S. Consulate General, Mumbai.)



End H1-B Visa Curbs

- Bill Gates

Microsoft Chairman Bill Gates has said that the curbs on how many foreign workers US tech firms can bring into the United States should be done away with, according to news reports.

US grants 20,000 more H1-B visas

The US has announced an additional 20,000 visas to foreign workers in the H1-B category, mainly availed by Indian Information Technology professionals, thus fulfilling a long-standing demand by American firms and academic groups.

Gates said that he would eliminate the H1-B programme, which limits the number of visas companies can grant to skilled foreign workers, if he were king for a day and could make any changes to US policy.

Gates was participating in a Microsoft-sponsored discussion in Washington DC, about ways to drive US innovation and help the country compete with other nations.

"The whole idea behind the H1-B thing is, 'Don't let too many smart people come into the country.' The thing basically doesn't make sense. That's just wounding ourselves in this global competition," said Gates.

The Microsoft chairman pointed out that it is difficult to find enough qualified computer science applicants with the H1-B visa limit in place.

India and China produce the most number of math and science graduates -- far more than the US does -- and due to the visa restrictions many top IT brains often stay in their home countries.

Gates said that the US education system needed dramatic changes to overcome this problem.