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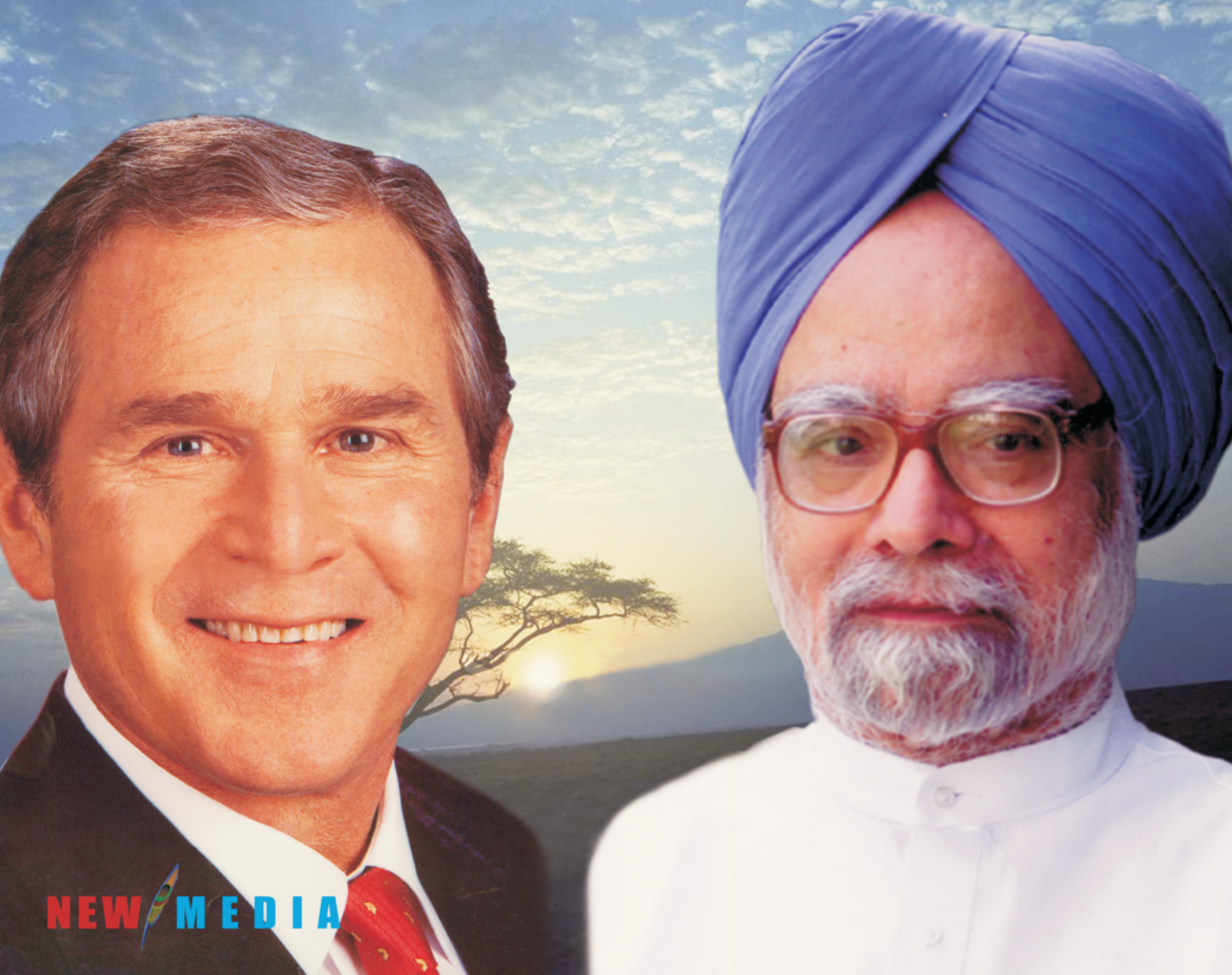
# INDO-US BUSINESS

OPPORTUNITIES UNLIMITED

DECEMBER 2004

## The **DAWN** of a **NEW** **UNDERSTANDING**

**Inside:**  
*A Special Section  
on West Bengal*



**NEW MEDIA**

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***Dear Readers,***

Greetings. Right at the outset, we at Indo-US Business congratulate President George Bush on his re-election to the highest office in the United States. We also appreciate the wisdom of the American people in opting for continuity. India should rejoice in the Second Coming of Bush for more than one reason. First, by declaring India as a strategic partner, President Bush has recognized this country's importance in the scheme of global power equations. Second, as an ardent supporter of the American policy of outsourcing IT-enabled services to India and other countries, President Bush has earned the gratitude of India's fastest growing industry and lakhs of brilliant young people working for it. Here lies the crux of the Indo-US bilateral relations and the cornerstone of the edifice that they represent, namely economic interdependence. The US is India's largest trading partner and the biggest investor in this country. Hence, it is in the interests of both nations that the two governments should work together. As we have said in the cover page article that the US would like to see Dr. Manmohan Singh, the architect of India's economic reforms, continuing with the task of turning India into a truly global economic power. As Ranjit Sen, National President of Indo-American Chamber of Commerce points out in his message, the continuity of bilateral and progressive business relations between the world's two largest democracies opens the floodgates of US investments into India. The current issue highlights the first-ever two-day Indo-US Economic Summit and a conversation with Dr. Alan Larson, US Under Secretary for Economic, Business and Agriculture, who delivered a speech on the occasion. Richard Rothman, Commercial Consul & Trade Commissioner of the American Trade Centre, Mumbai, talks about investment potential in India for American companies. John Hennessy, President of the prestigious Stanford University tells us how the Indian students attending the US institution turn into brilliant entrepreneurs. Kolkata, a great city and once the capital of British India, had always been in the news for reasons other than development. A late starter in the IT-related services, Kolkata is fast catching up with the rest of the highly developed centres in the country and threatens to overtake them as the most preferred destination for outsourcing. We carry a special 10-page section on West Bengal. In this context, we also feature an article by Kiran Karnik, President of NASSCOM, who describes Kolkata as the rising star of the IT industry. Shipping is a global industry which binds nations. We carry a detailed report on Indo-US Maritime Summit. We have all other regular features including the Indo-American Chamber News from all the centres. Finally, We take the opportunity to wish all our readers a very happy and prosperous New Year.

Wish you happy reading

**Satya Swaroop**

Managing Editor

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***My Dear Fellow Members,***

The business world at present is indeed throbbing with excitement and expectation. The dull years are behind us and most economic indicators are positive for all the politically stable countries in the world.

In other words, it is time to do more business.

For India, the opportunities for global business were never better. And the opportunity of doing far more business with the United States in the years ahead is indeed awesome.

The scope for export of goods and services to the US will be bursting at the seams with further liberalization of textile quota, pharmaceutical patents, outsourcing, global infrastructure contracting, original equipment supply, and so on - not to speak of the growing traditional exports of gems and jewelry, carpets, hosiery, handicrafts, auto components, agricultural and hardware products. I am proud to feel that members of the Indo - American Chamber of Commerce are part of this vibrant activity.

I am not going into details and statistics, names and addresses at this point. These will come to you through our Internet Information Service to all Members regularly. So please inform your present operative e-mail IDs to our Delhi HO without delay.

You will also find the suggested list of events of most of our branches in this magazine and I entreat your inputs and participation to make IACC vaster and visible to all. This is only befitting a chamber doing business with India's largest trading partner by far - the United States of America.

With the momentous re-election of President Bush and the installation of Manmohan Singh as India's Prime Minister solidifying the continuity of bilateral and progressive business relations between the two largest democracies in the world, the floodgates of US investments in India (whether through FDI or FII) have also opened.

Lastly, I would like to thank you for electing me as your President and giving me the honor of interacting with you more closely and hopefully, taking the chamber a step forward.

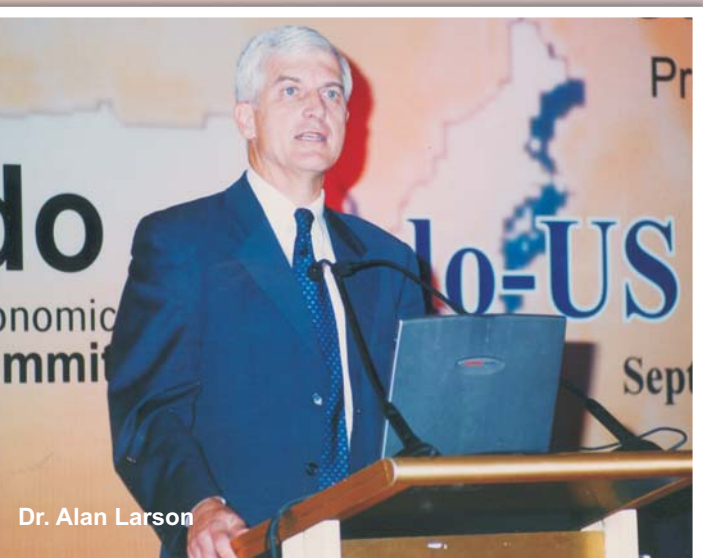
On behalf of the chamber, I congratulate President Bush on receiving the 'Person of the Year' award from Time Magazine.

Along with Executive Vice Presidents, Mr. Govind Mirchandani and Mr. Deepak Pahwa, I also wish you and your families a very Happy New Year.

***Ranjit Sen***

National President, Indo-American Chamber of Commerce

# Dr. Alan Larson high on result-oriented efforts



The first-ever two-day **Indo-US Economic Summit** hosted by the Indo-American Chamber of Commerce to discuss the present scenario of the Indian economy bringing together captains of industry which concluded on a very positive note. The chief guest, **Dr. Alan Larson**, US Under Secretary for Economic, Business and Agriculture Affairs, delivered a speech on the occasion, laying emphasis on the transformation of the Indo-US relationship and the recent developments on this front. Here is what Dr. Larson had to say when **Veerendra Bhargava** caught up with him at an informal gathering.

**Sir, this is the first-ever Indo-US Economic Summit. Can you tell us something about it?**

First of all, I am very honored to be here. We in the United States greatly value our relationship with India and the efforts both countries are making at building up a stronger and balanced economic partnership.

**So you think that such summits will bring about a big boost in economic relationships?**

I notice that there are very many specific topics that are being discussed. I am sure that these practical sessions talking about specific opportunities and challenges will lead to forms of cooperation that will move this relation forward. As I said in my remarks, the important thing is to get results, so we need to talk and we need to find ways to move forward and build ourselves.

**Recently, Ambassador Mulford made a mention of liberalisation of the banking and financial sector. Will this summit help in taking a step forward in this direction?**

I do not know whether the government will take any action. But I do believe that there is a lot of benefit for Indians in having an insurance system that is open to more participation by foreign banks in order to bring in some of the modern techniques and more capital in industry and infrastructure. We can offer a lot of innovative services to Indian concerns. I hope it is possible.

**Apart from ITES, pharma and their allied sectors, where else do you see a possible joint venture for both the countries?**

Pharmaceutical companies see enormous potential in India for R&D and clinical trials for new pharmaceutical products, provided that India is able to establish state-of-the-art laboratories having WTO compliance regime protection in intellectual property rights.

**Recently, Indian researchers have found out a medicine to cure TB in 60 days ...**

It is just an indication that there is potential in India for talented researchers to develop new medicines that can save lives in India and the rest of the world. And, in the process, it can contribute to jobs, innovations, and growth right here.

**How do you view future relations between India and the US?**

That is going to depend on how hard we work and will also depend on the results of the conference that is going to be held right here.

◆◆◆



# The Indo-US Economic Summit - A Great Start



By all standards, the Indo-US Economic Summit, which concluded on September 17, was a grand success. It set the pace for embarking on a renewed vision of Indo-US partnership. The Summit took a fresh look at the possibility of taking this partnership to greater heights with the active co-operation of those who matter most in business. Let us trace the two-day events with **Tripti Chakravorty**.

The Indo-US Economic Summit was the first-ever to be hosted by the Indo-American Chamber of Commerce at Taj Mahal Hotel in Mumbai between September 16 and 17. The summit served as a platform of opportunity for the new government to interact with the Indo-US investment community and identify areas of joint cooperation. The theme for the summit was "Raising the Bar: Indo-US Economic Relations". H.E. Mohammed Fazal, Governor of Maharashtra, inaugurated the function.

Dr. David C. Mulford, US Ambassador to India, represented the American side. He emphasized the need for sustained reform, which would benefit the Indian people in the long run. Dr. Alan Larson, US Under Secretary of State for Economic, Business and Agriculture Affairs, spoke about the growing people-to-people contact between India and the United States, which would help build up a global economy. Mr. Prithviraj Chavan, Minister of State, PMO, presented the Indian perspective.

The two-day summit tackled questions on India's competitiveness: New opportunities research & development, outsourcing, manufacturing, financial services foreign investment policy, FDI success stories, FII investment/capital markets, the banking sector and Insurance and pension funds. The participants included government officials and dignitaries from India and the US as well as captains of various industries. Some of the key speakers included Mr. Rajnikant Patel, COO, BSE, Mr. K. Venkatramanan, President, L&T, Mr. Patrick McGoldrick, CEO and MD, Tata Tech, Mr. Pulak Prasad, Managing Director, Warburg Pincus, Dr. Stephen Cohen, Senior Fellow, Foreign Policy Studies Program, The Brookings Institute. The program was also well attended by members of the press, academicians and connoisseurs from various walks of life.

Mr. Ramadorai, CEO, Tata Consultancy services, was

presented the Indo-American Chamber of Commerce Award for the promotion of Indo-US Business Excellence by H.E. Mohammed Fazal, and a citation by the Chief Minister, Mr. Sushil Kumar Shinde.

The main objective of the Summit was to bring about awareness among US businessmen of the significant changes in the investment climate prevailing in India. This could foster greater investment and tie-ups with American manufacturing and financial services sector's. Also, the summit would provide an opportunity to understand and appreciate American concerns in today's world.

Warburg Pincus's Managing Director Pulak Prasad, one of the participating companies at the summit, spoke about the financial services sector title: The Path Forward Foreign Investment Policy. He was of the opinion that the initial public offer (IPO) process in India is more transparent than that in the US. Ford India Managing Director & President David E. Friedman informed the audience about the company's entry into the Indian market. He expressed his view that there was need to adopt practices and products for the Indian market, while retaining the international standards at the same time. On the issue of a pension insurance regulator, Mr. Satwalekar, MD and CEO of HDFC Standard Life, was of the strong opinion that there should be a separate pension and insurance regulator. Mr. Sanjay Sachdev, head of India operations of the Principal Financial Group, however, had a diametrically opposite view. He suggested a centralised record keeping authority moving away from the entire idea of transparency of a pension provider.

The summit ended on a pleasant note with a vote of thanks by Dr. V. Rangaraj, President of the Indo-American Chamber of Commerce. He hoped that similar summits would be held year in and year out, tracking the progress of Indo-US commercial relations. ♦♦♦



# Luring US Cos. to Invest in India

**Richard Rothman**, commercial Consul & Trade Commissioner of the American Trade Center, Mumbai, is all positive about the growing trend in Indo-US trade ties and he believes that more will be achieved with the launch of two new services. All this and more he disclosed in an e-mail interview with **Tripti Chakravorty**.

**How long have you been promoting bilateral and commercial relations between the US and India? Where were you posted before**

**coming to India?**

I have been promoting bilateral trade ties between India and the United States ever since I was posted here (in Mumbai) in July 2000. Prior to my posting here, I have served the cause of US trade in Italy and Indonesia.

**What are your views of this growing trade between the two largest democracies?**

I am extremely pleased that the commercial ties between India and the United States have grown, but what is achieved so far is merely a tip of the proverbial iceberg. There is still tremendous scope to enhance trade relations between the two countries. It is with this in mind that the US Commercial Service in Mumbai recently launched two services aimed at expanding trade relations between our two largest democracies. The services are the Single Company Promotion (SCP) and the Sourcing Services. Our offices across seven locations in India have been actively engaged in transforming the bilateral trade scenario, and together we have achieved more than 600 export successes, valued at over \$300 million. In fact, the US Commercial Service in India is among the best units across the world in terms of the number of trade transactions generated during the last year. This, to me, is clearly a sign of changing times.

**What kind of proactive role has the US Commercial Services played in furthering the commercial interests of the US in India?**

Let me reiterate that two of our most recent measures have been the Single Company Promotion and the Sourcing Services. The SCP is meant for the representatives of US companies in India, and the Sourcing Services are for the Indian businessmen keen to import services or products from the United States. For the SCP, the US Commercial Service selects the Indian representative of an American company and then promotes the company's business amongst clients in India. This is done in various ways, and it helps achieve better sales for the Indian entity. We also propose to launch an official directory of Indian representatives of US companies in India. The SCP will enable us to identify these companies in this country. For the Sourcing Service, we help the Indian businessmen correctly identify their needs and then get these from the United States; this is made possible by the vast network of the US Export Assistance Centers (USEACs) spread across the United States. In addition, we have also undertaken several other initiatives that are meant to further the burgeoning trade relations between our countries.

**Which are the emerging sectors you find in India and what role will you play in promoting these sectors further?**

The Indian economy is resilient and robust. I think all sectors that have shown good growth prospects over the last decade and more are expected to continue performing well. Specific mention may be made of sectors such as telecom, oil and gas, education, tourism and financial services. We have continued to support these sectors by actively assisting Indian companies to get the best available technology from the United States in these sectors. We have recognized the need in India for better educational opportunities and have actively promoted this sector. We also realize that thanks to good economic growth and increasing prosperity, many Indians have begun to travel abroad for business as well as leisure. We have actively promoted this by recently launching the Visit USA Committee (VUSACOM) in western India. We have also actively promoted India as a good destination to invest for US companies, and many of them have, indeed, done so over the past decade.

**What are the emerging sectors in the US, where Indian companies can invest?**

I believe that there is considerable investment already occurring in the software sector, with Indian companies investing in the US for location advantages. In the near future, I am confident that the entire gamut of services will lend itself to investment opportunities by Indian entities in the United States. Banking and financial services will definitely witness this. In fact, there are several Indian banks actively considering options of increasing their spread across the United States not only to cater to the thriving NRI community, but also to be able to provide various services to the Indian population wanting to take advantage of the relaxing overseas investment norms. This is a trend that will catch on in the future, and in a global world economy, investments will follow specific advantages that a specific location provides. The US offers too many such advantages for the Indian companies. This is clearly being seen in telecommunications and in information technology at this moment, but it will encompass other spheres of the economy later.

**What kind of economic environment do you think will enable more and more American companies to gain a foothold in the Indian economy?**

Free trade and a good investment environment will ensure this effortlessly.

**Anything else you would like to add?**

I invite your readers to contact me for our Single Company Promotion Program and the Sourcing Services. They can contact me at our office e-mail address: Mumbai.Office.Box@mail.doc.gov ◆◆◆





## Indo-US Strategic Partnership An Idea Whose Time Has Come



**It was exactly a decade ago that Dr. Manmohan Singh, the present Prime Minister of India and the then Finance Minister, quoted Victor Hugo during his speech in Parliament while presenting the Budget for 1994-95: "No power on earth can stop an idea whose time has come." Dr. Singh was talking about the inevitability of India's economic reforms and India emerging stronger. But Indian Ambassador to the US, Ronen Sen, soon after his appointment to the coveted post, drew inspiration from Dr. Singh and very appropriately summed up the Indo-US bond as an "idea whose time has come." Nothing can stop it. It has to flourish, bloom and boom.**

The year 2004 marks a watershed for the democracies of India and the United States. Both went to the polls during the year. In May, the Indian voters upset the poll predictions by electing a Congress-led coalition. On their part, the Americans reelected George Bush in a bitterly fought Presidential election. In another stunning development, Congress President Sonia Gandhi refused to be the Prime Minister of India. Instead, she nominated the soft-spoken economist-turned politician, Dr. Manmohan Singh as India's Prime Minister. In November, Bush resumed office as the second-term President. Dr. Singh lost no time in congratulating the man, who had earlier described India as America's strategic partner in fighting against global terrorism and in working towards the larger goal of world peace and prosperity. The Indian IT sector, especially the fast-growing Business Process Outsourcing (BPO) segment,



heaved a sigh of relief as Bush returned to power. For, the American President has been a vocal supporter of the concept of outsourcing as an essential and inevitable part of the global economic restructuring.

### Commonality

India and the US are two nations separated by continents. But a commonality runs through them. Both are democracies, one the world's largest and the other, the world's most powerful. One is an emerging economic power and the other an economic superpower. Also, the relationship between the two nations is multifaceted. India has many people of Indian origin (PIOs) in America. These people have contributed significantly to every field of activity - technology, education and the economy of that country. These PIOs also help promote economic cooperation between the two countries. The PIOs, who

constitute the best of brains in America, occupy significant positions and act as brand ambassadors for India. So the economic co-operation between India and the US works for mutual benefit. Cooperation is not merely economic. It is an expression of appreciation of each others concerns and shared values and interests. Hence, the relationship is strategic and not tactical. It is a long-term relationship that has withstood differences that lasted decades. How will India be affected by four more years of Bush in the White House? The short answer is: India should be pleased on the bilateral front but troubled about the multinational scene. Bush was the first US president







to designate India a strategic partner as already mentioned. His administration saw a global role for India and stressed on common goals. In four years, the two governments have engaged in a political dialogue unprecedented in its scope, level and frequency. The biggest achievement has been the progress in areas that were taboo earlier such as cooperation in space, nuclear energy, high technology and missile defence.

During his first term, the Bush Administration succeeded in establishing a level of harmony which was absent in the first five decades of Indo-US relations. Gone are the cantankerous exchanges, the strident criticism of each other's policies and the conflicting worldviews. There is recognition that while differences would undoubtedly surface from time to time between the two sides, what is needed is better management of these differences. In the recent past, the two countries have not seen eye to eye on terrorism in India's neighbourhood and on international trade issues. India's refusal to send troops to Iraq was a major disappointment to Washington. The declaration of Pakistan as a Major Non-NATO Ally of the US angered India. However, both sides have refused to let differences derail the progress of their bilateral relations. The UPA government has wisely ensured a seamless transition from the previous government's foreign policy.



Since May this year, there has been a flurry of Indo-US exchanges, including a visit by the Prime Minister. Bush has also expressed his eagerness to visit India. With a smooth transition ensured for Indo-US relations in a second Bush administration, the effort should be to widen the dialogue to include economic cooperation. It is in this context that Ambassador Sen had described the Indo-US strategic partnership as "an idea whose time has come".

Teresita C. Schaffer, Director of the South Asia Program at the Center for Strategic and International Studies in Washington, believes that both India and the US want the strategic partnership to continue, but the next few months will require careful handling. It should find an expression in the growth of economic relations between the two countries. That is where Dr Singh comes into the picture. Dr. Singh, who initiated India's economic reforms to take the country towards market-based globalization 13 years ago, will now be trying to continue with reforms and at the same time stick to his government's commitment to distribute more widely the benefits of economic growth. So, India's future and the state of the Indo-US relationship will depend on how Dr. Singh's government will perform on the economic front. As Dr. Singh's government is aware future reforms will mean dismantling some more of existing structures. In India expenditure on agriculture and rural development has declined and so has the number of government jobs. The government will have to privatize state-owned companies and other assets and cutting subsidies to the agricultural sector. But it will also need to find ways of bringing prosperity to the villages and rural areas. The Congress-led coalition promises to sustain economic growth. All this will not be possible without attracting foreign investment, boosting exports and encouraging India's private sector industries. The challenge for Dr. Singh will be to create the conditions that make this possible, including managing a massive fiscal deficit. He will have to hammer out an economic policy that doesn't dampen the spirit of investors but is also acceptable to his leftist allies. Dr. Singh's skill will help him





pick strategic reform targets; his reputation for integrity will allow him to sustain unpopular decisions. According to Schaffer, the reason these policies weigh so heavily on U.S.-India relations is that the economic relationship is overwhelmingly private. Making trade and investment more dynamic depends chiefly on India's economic policy. This will be especially important if the new government decides that it wants to give greater emphasis to the economic side of the relationship.

Schaffer has listed a few important steps that should be taken by both India and the US.

- Cultivate common interests. Asian security is an area where the US has a lot to talk about. The two governments will also need to talk seriously about how best to pursuing a peace process in South Asia, but this will be more productive after the new government in Delhi has had a chance to calibrate its basic approach to Pakistan.
- Disagree without being disagreeable. The Bush Administration and the previous government of the BJP-led alliance disagreed on Iraq, and this divergence will probably become sharper. Both governments will need to find ways of expressing their differences without cutting off dialogue.
- Get personal. There is no substitute for personal relationships at the top. An early visit by the Secretary of State to New Delhi should be followed soon after by the Indian Prime Minister coming to Washington. India's election was a ringing affirmation, once again, of India's commitment to free and fair elections. Perhaps its most important message, however, was that no government lasts forever. Fully half of the outgoing parliamentarians in both the BJP and the Congress were defeated. Social and economic changes taking place in India are continually reshaping the electorate, and with it the government. India's expanding footprint on the global scene and its importance as a rising Asian power led the United States to seek a strategic understanding with it. Both are likely to continue. The US needs to be willing and able to work with leaders who are as diverse as the country itself.

Most leaders of India Inc. are optimistic about the Indo-US strategic partnership in areas of mutual economic interest. Mukesh Ambani, Chairman & Managing Director of Reliance Industries Ltd, India's largest private sector company, wants to see Indo-US bilateral relations grow from strength to strength. As the recipient of Asia Society's Leadership Award in the US, Ambani dispelled the fears of the US investors over the changes in the Indian government.

According to Ambani, India has no doubt experienced an electoral hurricane during the last elections. "But the roots

of Indian democracy are very strong. The transition from one coalition government to another merely signifies orderly transition. The Indian voter has delivered a simple, but profound message. Do not take me for granted. I am the sovereign. They have humbled pollsters and political pundits. Let me assure you, that it is not a rejection of the policy of economic reforms."

Ambani referred to the crucial support that the Indian communists provide to the Congress-led coalition government and said: "My American friends need not



panic because of it. You have dealt with Chinese communists successfully. Their Indian counterparts are equally pragmatic. I see continuity of policy on two issues: The government led by Manmohan Singh will not reverse the process of economic reforms. Of course, some adjustments will be made to reassure the poor. That the reforms are designed to improve the quality of their lives. Not merely to serve the interests of the rich. On Foreign Policy, there is a national consensus in our country. I am convinced that India US relations will continue to deepen. And, the initiatives for establishing peace with Pakistan will continue to receive support from across the political divide. Friends, India is undergoing a transformation of unprecedented proportions. A whole new generation of young Indians are breaking new grounds. They are undaunted by the baggage of the past. They are reaching out, to explore and engage with the world: in education, exports, enterprise, and even entertainment. Because of them, today's India bears all the hallmarks of a resurgent nation. I speak to you on behalf of that India. America has begun to recognise this dynamic, vibrant India."







# Stanford

## - Where Budding Talent Gravitates

'The Indian students we get in Stanford are simply spectacular and they make great entrepreneurs.'

- John L. Hennessy

On his first visit to India, **John L. Hennessy**, President of Stanford University, is very optimistic about the Indian students graduating from this prestigious university. They have made it big in various careers, enabling businesses to function in an optimal way. In his praiseworthy words for the IITs that pursue undergraduate and graduate studies, here is what he had to disclose in an exclusive interview with **Satya Swaroop**

### What are your impressions about India?

India is an amazing country. The city of Mumbai is very diverse from the countryside, especially when it rains. It is a beautiful country and everyone is very welcoming. India has an incredible history and is poised to move forward in a big way.

### Stanford is one of the best universities in the US. What are some of the best things you have to offer?

At Stanford there are a couple of things that make it a great institute. One is the breath of its excellence that you will find across the university. We have a great medical school, and schools teaching engineering, social sciences and other sciences and, of course, the law school. It is a great pioneering entrepreneurial place. You cannot go there without feeling entrepreneurial in nature. One has to be bold, adventurous and ambitious on what they are working, which is all possible here at this unique institution, which is very different from most of the other American universities. It is also very diverse, as it brings students from all over the world, apart from Asia and California, with very diverse populations.

At the undergraduate level, our students are almost evenly divided between humanities, social sciences, sciences and engineering. At the graduate level we have a very large

business school program, engineering, law and sciences. So, at the graduate level it tends to be our sciences and the engineering programs, which are popular and attract most admissions. But at the undergraduate level it is very much divided.

### What are your impressions about the Indian education?

From what I have seen and the people whom I have met, education in India seems to be in good shape. Obviously, the IITs are the pride and joy for us. Every year we get students from the IITs, who come here to graduate at Stanford, and I think they are just spectacular. So those are really the strong points of the Indian education. I am a firm believer that in the long term the undergraduate education should be a liberal arts education with some speciality, but there also has to be a broad grounding, because so much of what we teach the undergraduates will be obsolete in five or ten years, especially in technical disciplines, so one has to teach the students a broader set of things. I think that is clearly a goal one should strive to achieve. When you look at the IIT students, they are the ones who would clearly like to pursue graduate and research programs. I think that would appeal to a country like India who would want to move up the value-added chain and continue to add to the high-value jobs and services indicative of developments in an education agenda, which is a key to success.



### How do you rate the quality of the Indian students and entrepreneurs?

The Indian students we get at Stanford are simply spectacular and they make great entrepreneurs; they come into Stanford probably not knowing much about entrepreneurship. One of the greatest advantages of being a university located in the Silicon Valley is that you can't avoid being a good university. I have seen a tremendous number of students, some of my own as well as those who have gone on to being entrepreneurs and have been very successful at it.

### Could you name some of the students who have made it big in the Indian corporates?

There are several of them. Mukesh Ambani is a Stanford graduate. We have several of our students, who have done well in the entrepreneurial world and there are those who have made it big in the United States. Students from India coming into United States usually doing their graduate work here and go on to important careers like start-ups or venture capitals in the industry. Yogendar Dalal made it big in a venture capital company. Amit Singh had an Internet Start-up. Amit Agarwal, a student of mine, went to MIT. He started off in Boston.

### How many Asians do you have in the faculty with special respect to Indians?

We have several Indians on the faculty. A fair number of Asians dominate primarily from India. The faculty consists of Asians and Asian-Americans probably 15% and that number just seems to be growing steadily.

### What was it a couple of years ago?

Much more. Half that, 10 years ago and has been growing since then. The number of graduate students has been increasing. India is now our second largest source of international students and the gap seems to be closing in with China. India is now growing faster than China is doing at the moment.

### How do you rate it percentage wise?

At the graduate level a third of our students are international and India is ranked as second. Indians constitute 20-30% of the graduate students. So, overall about 10% of our graduate students are from India, China, India, Korea, and Taiwan. Since Stanford is on the west coast, engineering and science students naturally come from Asia.

### There is a lot of hue and cry about outsourcing; what is your view about it?

My opinion is that if one operates a business after figuring

out how to operate it, then making that business as official as possible should be his goal. Doing that would require you to use the most cost-effective talent around the world and clearly in some cases it makes sense to use that talent here in India. It is important to understand the economics of such things in order to have a holistic view.

### What are the areas that the US and India can synergise in outsourcing?

Understanding how to do outsourcing, we have an undergraduate student from North Dakota who has been studying the various outsourcing methods in India. She is trying to understand how it works, what the dynamics are like, and what is more efficient. These are the kind of things that we must be doing more often to understand how business works. The areas of study that are gaining prominence are science and engineering research. If one thinks about the problems of the developed and the developing world, the areas that stand to be noticed are energy and its production. The question that comes to mind is how are we going to do sustainable energy production. This is an area where cooperation on all fronts is the key to making the most out of research.

### Looking at India and China, we all have our strengths; what are our weaknesses that we need to improve upon?

In the case of India one can quickly name the challenges, which face her even today, one of the them is infrastructure, while China seems to make most of its investments in infrastructure. Taking a cue from that, India has to do more on the infrastructure front so that China does not get to far ahead. I think that the business process is clearly aligning taxation with the economics of it, and all this is going to be challenges for India in order to make herself as competitive as she can be globally. India has lots to offer, such as an educated work force, a gigantic cost advantage in terms of labour, and then all one needs to do is to leverage it as much as possible.

### What would be your message to the Indian business community?

I would say that the Indian business community has to continue to innovate and look for ways in which it can add value. It's going to have to get government support to create the environment in which it can do so. But I think that there is a very natural cooperation between the US and the Indian business community and I think leveraging that optimises the value of the contribution from India and the United States, which will be the best for both the countries.

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**Department of Information Technology  
Government of West Bengal  
4, Camac Street, 7th Floor  
Kolkata - 700 016**



It is a great pleasure to know that **INDO - US Business** is publishing an issue in connection with strengthening the existing trade bonds between India and the United States.

In keeping with the increasingly globalized economy, there has been a two-way exchange between India and the US. Indian companies are doing business and raising capital in the US markets. West Bengal has or for that matter Kolkata, the state Capital and the bustling metropolis have changed to a modern IT-friendly place. West Bengal has been one of the India's fastest growing states in the last decade with a 5.2% growth in per capita net SDP. The state has identified IT as a priority focus sector to be developed into a growth engine. The focus is reflected in the fact that West Bengal was among the first states to articulate an IT policy. The Government of West Bengal has identified Information Technology as one of the thrust areas in the state's march towards industrial and economic development.

As the world is increasingly becoming dependant on the knowledge industry, the state of West Bengal with its enormous pool of resources and human talent has emerged as a leading IT destination in the country. Major IT players like TCS, IBM, Wipro, Cognizant, HSBC, Satyam, Price Waterhouse Coopers, Computer Associates, NIIT etc. have found a safe heaven in the state to further their business both in software and services.

Though a late-starter the state is witnessing exponential growth in the field of IT in the last couple of years. The pro-active policy of the state government, state-of-the-art facilities at the Salt Lake Electronics Complex, international class connectivity, excellent power supply, physical and social infrastructure and to top them all a large pool of human resource have hastened the growth of this sector in the state. The city is also well connected with international destinations in South East Asia, Europe and the US.

We are going to position Kolkata as a premier IT hub and contribute 15 - 20% to the country's IT revenues.

**Dr. G D Gautama**

Principal Secretary

E-mail: secit@wb.gov.in, gautama@itwb.org



Kiran Karnik

# An IT Star Is Rising In The East

- Kiran Karnik

Kolkata is re-inventing itself. As a one-time resident, I find the new spelling a change, but the transformation is not just cosmetic or semantic. The very frame of discourse seems to have changed, and a new Kolkata is emerging.

Once the capital of British India, the premier center of intellectual and cultural ferment and the centre of independent India's industrial resurgence, Kolkata lost its sheen in the last three decades. Increasingly, Kolkata - and indeed large parts of eastern India - was seen as being not friendly to trade, industry and investment. Many causes have been attributed: the freight equalization scheme, overly militant unions, step-motherly treatment by the Centre, ideology and policies of the state government. Whatever the reasons, the point is that there is baggage from the past, and it is important to acknowledge this.

West Bengal is now looking ahead. One of the promising new fields is the information technology (IT) sector. Elsewhere in the country, the IT, IT-enabled services (ITES) and Business Process Outsourcing (BPO) industry has emerged as one of the drivers of economic growth. The West Bengal government has recognized this, even if

somewhat belatedly, and has been actively focusing on attracting this industry to the state especially in the last two years.

As the body that represents this industry, NASSCOM welcomes the pro-active steps taken by the State government. NASSCOM has been attempting to create new centers of growth for the industry and the interest taken by West Bengal has enthused us to work towards making Kolkata a major hub of the IT and ITES/BPO industry. In keeping with these efforts, NASSCOM - together with the ABP group - organized Infocom in 2002 in Kolkata, the first and most important such event in the eastern region. The response was excellent. It has now become a yearly event, and the 2003 edition was even bigger and better.

Meanwhile, a very positive IT policy has been announced by the government and a consultant has been hired to study the problems and suggest solutions. There is a major effort to promote the use of IT in governance and education. Software exports from the state have doubled from Rs. 604 crores in 2001-02 to Rs. 1200 crores in 2002-03. The target of 15 % of the country's IT exports by 2010 is very ambitious, but indicates the commitment and intent of the government.





For IT development, Kolkata has some inherent advantages over other cities. First, the State has a huge pool of talent to draw upon. There are 52 engineering colleges including an IIT, with more being added every year. The State has many excellent colleges and an IIM in Kolkata. West Bengal also offers IT investors one of the lowest operational costs in the country. Another strength is the low attrition rate, which - in my view - is related not so much to the supply and demand dynamics, but is embedded in the culture; people will not leave jobs for minor material inducements. In Kolkata, the attrition rate in ITES stands at less than half that in major IT centers. This, in turn, reduces the recruitment and training cost incurred by employers.

Kolkata offers about 580 mbps (megabits per second) of international satellite connectivity through Videsh Sanchar Nigam Ltd. (VSNL) and Software Technology Park of India (STPI). The State government is also planning to set up two more earth stations, at Kharagpur and Durgapur. Importantly, West Bengal is also one of the few states that can boast of being power-surplus.

The State now offers excellent physical infrastructure to IT investors - such as the STP2 in the Salt Lake IT hub and privately constructed parks like Bengal Intelligent Park and Infinity. The State also makes plots available for new IT projects at an enormously subsidised rate of Rs.40 lakh an acre (Rs.1 crore a hectare), which is 15-20 % of the market price.

Many IT majors - both MNCs and Indian corporates - have already set up operations in Kolkata. Some have been in the city for a few years, and are extremely pleased with the work ethic and productivity of their staff.

All this points to the changing face of West Bengal. Of late, the government has been pro-active in industrializing the State. The retail boom in Kolkata and several district towns where malls, multiplexes and ultra modern housing complexes are springing up, highlight the change in the economy, attitudes and lifestyle.

That the state leadership is serious about once again putting West Bengal on India's industrial map is evident from the way it has been going about restructuring the government, disciplining its large work force, seeking to change the mindset of the labour unions, ushering in tax reforms, changing labour rules, evolving various codes and so on.

For the benefit of investors, procedures under existing labour laws have been simplified to ensure smooth operations. All IT companies have been granted the status of Public Utility Service providers under the Industrial

Disputes Act, 1947. They have also been awarded special status under various Acts to improve infrastructure availability.

In terms of specific areas of IT, Kolkata could carve a special place in the large and growing market for security software, because its traditional strength in statistics and mathematics makes an excellent base for work in encryption. It could also tap the large, well-educated and English-speaking human resource available in the North East.

Emerging economic opportunities thrown up by BIMSTEC (Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Cooperation) could see Kolkata once again become the premier city of East India and South - East Asia. This would open up immense growth prospects for the IT/BPO sector too.

Clearly, Kolkata is set to take off in the IT sector. It has the talent and the telecommunications, which are the technology and the raw material of this industry. It has the positive ambience of an excellent policy framework and a government that seems to be committed to action.

Yet, there is need to recognize areas of concern, which must be addressed if the optimism reflected above is to be justified. The first is the need to ensure quick and efficient action. Policy pronouncements are fine, but investors want to see results: a single-window system, less bureaucracy, quick clearances and approvals. Second, no work disruptions: preferably, an all-party commitment to this. Third, "brand building": the image of Kolkata and West Bengal, part of the "baggage of the past" referred to at the outset, needs to be re-fashioned.

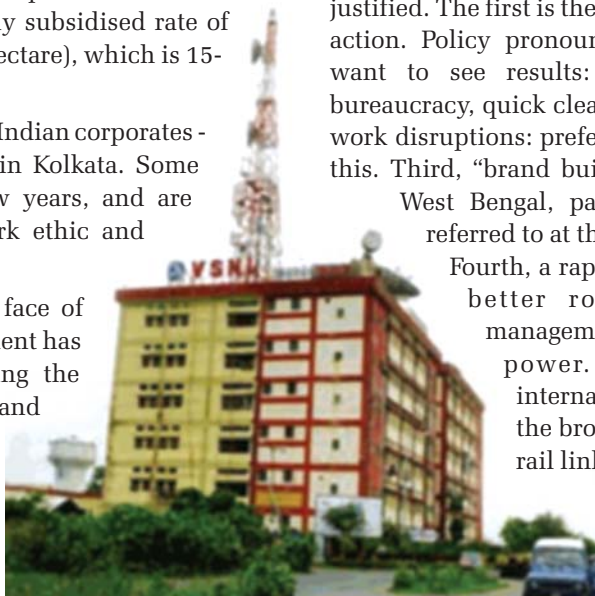
Fourth, a rapid improvement in infrastructure: better roads, more efficient traffic management, reliable and high quality power. Better air connectivity to international destinations would help. At the broader level, improved road, air and rail links (including through Bangladesh) to the north east are necessary to open up the hinterland - which will also provide easier access to the human resource base in the north east. A

vigorous thrust to BIMSTEC will also help to boost the overall position of Kolkata, with beneficial effects on the IT/ITES industry in the city. Some of these will require major political decisions and strong political will on the part of the state leadership.

With these initiatives, Kolkata has the potential of not only becoming a major IT hub, but also of regaining its past glory and taking on a new avatar of a knowledge capital.

*President, NASSCOM. These are the personal views of author. He can be reached at [kkarnik@nasscom.org](mailto:kkarnik@nasscom.org)*

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Dr. G.D. Gautama

# Kolkata IT Titbits Kolkata IT Titbits Kolkata IT Titbits

W. Bengal's IT Secy Gautama signs pact with Microsoft

IT trans-nationals are increasingly warming up to tie up with Bengal. A Memorandum of Understanding (MOU) to that effect was signed on November 24 by Dr. G.D. Gautama, Principal Secretary, IT, Bengal and Rajiv Kaul, MD, Microsoft India. The partnership envisages rolling out of the software giant's partners-in-learning program, "Project Shiksha" in the state.

Microsoft claims to have developed and designed a curriculum encompassing a variety of software tools and supporting courseware for class 5-12. The alliance also entails setting up & running of Microsoft IT academy' in Kolkata for teachers' training.

## Wipro's future plans

Wipro Chairman Azim Premji laid out his plans for setting up a second center at the inauguration of its first center in Bengal. Wipro has already sought for 40 acres of land for the purpose promptly acknowledged by the Bengal CM Buddhadeb Bhattacharjee.

'Wipro Spectramind' opened its first center, its seventh in the country at Saltlake this month with 1000 headcount. The Rs 200 crore Kolkata center with a capacity of housing 7000+ professionals would carry out IT & ITES operations

## Infinity Benchmark

Laying the foundation stone of Infinity's maiden venture in IT-empowered workspace, Infinity Towers 1 & 2 - 'Infinity Benchmark' marked a new epoch in Kolkata's business infrastructure. A joint venture with 'Webel', Infinity Benchmark is a composite business infrastructure and integrated facility management with 30,000 sq ft of electronics mart, 30,000 sq ft of food court, shopping mall & hawking zone, a 5 storied 150,000 sq ft of car park, 30,000 sq ft executive club and another 18 floors + basement tower of office space with 25,000 sq ft in each floor.

## My Own Laptop

Laptops would be manufactured and marketed in Bengal from December this year. The credit goes to the two energetic entrepreneurs, Santanu Ghosh & Tathagata Dutta, the manufacturers of 'Amar PC' (My PC). This enterprise, the first of its kind in India was inaugurated in November at the International Trade Fair in Delhi in the presence of the State's IT Minister Manab Mukherjee.

'Xenitis Infotech' of Bengal in association with 'Unitech' of China has invested Rs 250 crore for a plant that would produce mouse, keyboard, media-chips etc from March 2005.

## Chingrihata Flyover

West Bengal Chief Minister Buddhadeb Bhattacharjee inaugurated a new flyover, connecting EM bypass with Sector V, Salt Lake, and the IT hub of the city. Built at a cost of Rs 9.3 crore the 570 meter long bridge has been completed in 11 months. This would facilitate commuting from city center to Salt Lake, Rajarhat & airport at much lesser time.

## Nextgen Special

A one-day workshop was held in November at IIMC Kolkata that dealt with the nuances of 'Next Generation' networks and various issues related to 'managing' costly resources of 'nextgen' intelligent networks. Nearly 60 participants from academia, industry and public organizations attended the workshop, organized jointly by IEEE Communication Society, Calcutta Chapter and IEEE Calcutta Section.

## Metalogic Systems

City-based 'Metalogic Systems' has chalked out an expansion plan. The company has a software development center that develops software solutions for various industries including insurance, banking, manufacturing & utilities in the US, UK and Australia. Metalogic now plans to increase its headcount from 100 to 350 in the next year.





# Right On The Track



Kolkata-based IT solutions company Ontrack Systems Limited is looking at new vistas for expanding its footprint in the areas of its operations. The company is going to set up a 15,000 sq. ft. facility at Kolkata's Salt Lake Electronics Complex (Saltlec) with a 250-seat call centre.

"We were in the heart of the city for obvious reasons of convenience necessitated by the need of efficient logistics, said Ontrack Managing Director B. Hari, who heads the company that has tried to maintain a low profile over an undercurrent of ramping up its operations slowly but steadily. "It would be a state of the art facility," says Hari.

With a number of offices abroad which have helped the company reach out to its worldwide clients and spread the domain of its activities on a multinational basis, Ontrack is looking at expanding into other countries.

Floated in 1988 as a software company, Ontrack is currently busy setting up a US subsidiary soon after having moved into The Netherlands. "We have a service desk in the UK, says Hari.

The name of Ontrack is directly attached to tendertimes.com a public sector B2B portal bringing to the public and bidders, the government tendering process through the electronic route.

The business that began its journey as a software company in 1988 and took up systems integration in 1990, 'plans to take over a global support contract in the area of SAP.' With a service desk in the UK, Ontrack is trying to spread its wings far and wide.

Elaborating on his Business Process Outsourcing plans, Hari, an electrical engineer by training, says his company will step into the debt recovery space through the BPO route. He employs 200 people globally, that includes 50 abroad.

Tracing his journey backwards into time, Hari reminisces of the days when calonline.com, a Calcutta-centric portal, caught the fancy of Calcuttans when it was floated when the Internet was not very old. In 1998, Research Engineers, a US-based IT company, acquired the website that was a brainchild of Hari.

Sitting in his office in south Kolkata, is Managing Director of Ontrack, tries to justify the location of his office in a primarily residential district that is everything but an Information Technology hub. "I did not go by the conventional wisdom which says IT businesses should be housed in electronics hubs. Instead, it was the proximity to home and the ease of travel that made me opt for this office space initially."

Since, Ontrack's development centre in the southern part of the city has come to capacity, Mr. Hari thought of buying a new office space at Saltlec, from where most IT businesses operate.

Buying an office space in Bangalore did not fit the scheme of things on Ontrack's road map. "In my opinion, Bangalore is not a suitable destination for small and medium enterprises. High costs, and higher attrition rates are not conducive for IT businesses. On the other hand, Kolkata with its intrinsic advantages like lower employee turnover and better cost advantages presents the right turf for our kind and scale of business," says Hari, who is quite bullish about the investment luring prospects of the capital of West Bengal.

With years of experience in IT space, Hari, who began his career in the systems department of public sector major Bharat Heavy Electricals Ltd, aims to become a venture capitalist in the long run. "That is my ultimate ambition," he says.





# UshaComm

## - Leader in telecom billing software



Ambar Mukerji

The Global System for Mobile Communications (GSM) has emerged as one of the fastest growing markets in the world. With the coming of age of mobile telephony in India, GSM has emerged as the most viable options for wireless communication. Other forms like the CDMA, launched much later than GSM, are still scaling up to meet the standards of their counterpart.

As new players emerge in a highly competitive market, and companies look at value-additions to get an edge over rivals, the sensitivity of mobile tariffs becomes largely amenable to the dynamics of demand and supply. For an efficient billing system pertaining to subscribers, a cellular service operator has to constantly be on its toes to prevent hitches in revenue generation and see that collections are speedy and accurate. The need for a good billing software is being most felt by operators today. Though considered one of the best software companies in the world, UshaComm India Pvt. Ltd maintains a low profile, more so in the high-stakes billing software market, considered its forte. "We are primarily in the business of making billing software for telecom operations," says Ambar Mukerji,

Vice President and Chief Financial Officer of the company. UshaComm, he adds, is also looking at rolling out its networking business.

In the last 10 years, billing has developed as an important and critical area in the telecom business and the company with its Development Center at Kolkata, has tried to leverage this strength as its forte.

UshaComm was set up five years ago at Portland by the Jhavar Group. A number of large telecom businesses in the public sector are working with UshaComm for sourcing solutions for billing software. "A very large telecom operator is using our software in Mumbai and Delhi. We had been chosen after rigorous due diligence," briefs Mr. Mukerji, who says the telecom major with its corporate headquarters in London is not thinking of diversifying beyond telecom which is its main area of business.

UshaComm is stretching its business into managed services for providing support in the commercial sphere to its clients. "One of the largest telecom operators offering mobile telephony services in Bangladesh has been using our billing software for several years and has now outsourced to us the entire operation of its billing development," explains Mukerji.

In Africa, the telecom solutions innovator has spread its footprint in Ghana by supplying its software and services to the main telecom operator. In the Indian market, the SEI-CMM level 4 company has recently successfully deployed its Interconnect Billing System at a South India-based company one of the leaders in the Indian mobile market. The interconnect solution will support the billing, rating, payment tracking and reconciliation of charges for interconnect calls and short messages.

With a large subscriber base, the said operator serves several towns across Tamil Nadu. With its network, the company interconnects 25 other operators for local, national long distance and international services.

In the Asia-Pacific, the company is refocusing on India. UshaComm also has an office at Delhi in India. Dallas, Texas and Portland Oregon (USA), Singapore, and Johannesburg are other offices of the global company.

Mukerji adds: "Our product can take care of convergence operations, such as internet protocol, wireless, wireline, and cable as also on the GSM and CDMA technologies."

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# The Man Who Saw Infinity



Way back in 1996, when I came to Kolkata after a successful 10 years of starting, developing, growing an I.T. Company, PCL, from 7 to 1500 people, and then taking it public, which was oversubscribed twenty-six times, I felt a sense of satisfaction with myself and landed up circumstantially in Kolkata to do something meaningful. I saw a Kolkata, which was despondent, circumspect, clearly convinced we have missed the bus and the exodus to work outside was high. More than anything else, it was the cynical, circumspect, attitude, which was very disturbing. Soon I realized, this was not without reason. People have not seen anything mega, good, new, dynamic, aspirational happening for a long time. The classical businessman will never invest in a non-remunerative environment and the government though very sincere, wanting something to happen, needed a confident smiling face to say “come, lets do it” and mean it. Many have said and not done much. Entrepreneurship and having money got mixed up and it was not understood that “investors” would never take undue risk even if they see potential, entrepreneurs do.

It was at this point in time, I dreamt of INFINITY. A concept so compelling, only if it happens. I knew “what” to do, but must confess, did not fully know “how”. This is a classical entrepreneur syndrome. He is convinced on “what to do” willing to stake everything he has, very seldom knows “how”. If he did, many great visions would not have seen the light of the day. Thank GOD for that. I also didn't. But was fully committed. I knew, if it happens, it will be a pivot on which the Bengal resurgence can happen. I must say, I was very impressed with the sincerity of the government. Both political and the executive. They were all willing to go the extra mile “If only someone was willing to take the risk and plunge”. I was.

That is how INFINITY happened. It had all elements of a dream come true project. An intelligent work place, first of its kind in India, I.T. infrastructure, 32 mbps backbone : first time, fully wired, alucobond finish, double glass panels, et al. It was very tough those days, to get people to believe in investing in Bengal. We launched INFINITY in New York, followed by Delhi & then Kolkata. We presented Bengal credentials everywhere. The Chief Minister came and spoke in road shows. WBIDC Chairman accompanied us for presentations. There was hope. The entire country responded. The Government of Andhra Pradesh called me to present my concept and started both Cyber Towers and International Institute of Information Technology in (IIIT) Hyderabad. The Government of Tamil Nadu followed the same. So, very quickly INFINITY became a national benchmark for IT infrastructure.

The media was very excited too as they saw that this could be the turning point for a resurgent Bengal. Huge articles, write-ups, interviews both in print and electronic media covered INFINITY. This helped to create a basic awareness about West Bengal. So, when the 1<sup>st</sup> phase was launched in February 2000, it got fully booked within the next 30 days.

Immediately thereafter the new government in Bengal took over the initiative with bold, correct and far-reaching decisions from an investor's stand point. This was really required to help push the four years of discussion and effort to take off. From then on, the country has seen a different West Bengal. Investor friendly. Balanced. Clear on priorities and quick on decision-making. The result is for everyone to see.

I would still believe Bengal is just peaking on the first stage of development process. The next stage would require lot more structure, investments and above all astute planning process. Already a lot of work on all fronts have been initiated for the next phase. Local entrepreneurs, investors, MNCs and the government must come together and participate in the planning process to take West Bengal, to newer heights.

Make no mistake, West Bengal is on its way to dominate the country landscape as the next favored destination in India.



# Lee & Nee makes its mark as a leading computer solutions company



S.M. Gupta



Mahesh Gupta  
Project Director,  
Lee & Nee Software Exports Ltd.

Lee & Nee Software Exports Ltd (LNSEL) is to expand its call-centre operations from a 96-seater to a 1000-seater centre depending on the state government's role of sanctioning the land at Salt Lake which is the IT hub of Kolkata, according to Mr S.M. Gupta, Director who is the brain behind the company since its inception.

The software development company has since diversified into many allied areas. Under the stewardship of Mr Gupta, Lee and Nee entered the international market in 1992. In three years time the company made considerable achievements. Lee & Nee is in the business of development of package software, Intranet and Internet web-based applications, multimedia content development, e-learning and BPO. Besides, it also undertakes turnkey projects.

Today LNSEL is one of the leading software export organizations working with international software development companies on a wide range of projects in different domains, avers Mr Gupta.

In 1995 LNSEL shifted its focus on to computer education with a separate training division. Initially it was meant for the corporate sector, which brought about an excellent response.

The company wishes to raise an investment of Rs 35 crore. Mr Gupta said that West Bengal had recently taken some of the leading IT investment decisions for itself. However, he felt that the state government should not encourage businesses from outside at the expense of local entrepreneurs.

Lee and Nee had started its computer education division mainly for the corporate sector, eliciting an excellent response. Having done well the company moved into the domain of training the public at-large. This included teaching professionals, students, entrepreneurs and executives which do not demand very high investments.

They are carefully planned in a modular fashion to allow the students to select the relevant parts. Projects are vital in providing the right perspective of the subject to students, to gauge how far the objectives of the course have been met. Web Designing and programming, and multimedia are known to be the forte of the education packages being provided by the company. In the arena of offering complete solutions, Lee and Nee is serving a large number of clients in the IT and Mass Communication industry. It is ready to strike strategic alliances to sell its Internet and multimedia services.

Lee & Nee's state-of-the-art facilities at the Software Technology Park (STP) in Bhubaneswar and Kolkata helped to serve as a rich repertoire of software clients around the world. A good number of professionals are working on offshore projects at both the facilities, adds Mr Gupta.

LNSEL, focuses mainly on IBM architecture & systems and has developed the necessary infrastructure to provide services and support businesses. It uses IBM AS400 system and has access to SUN STATIONS, IBM's ES-9000 and Data Communication PAD, a 64K Earth Station and other such up-coming links meant for fast communication.





# Kerala Cuts Out A New Course



Kerala Tourism Development Corporation (KTDC) has embarked on an altogether different path to promote tourism, based on its egalitarian concept: Create new destinations along with the development of existing destinations, taking into account the requirements of the average tourist who can't afford to spend lavishly staying in high-class hotels. This, together with its accent on the hospitality segment and quality service, will see Kerala's tourism revenue leapfrogging to new heights, says **Mr. M. N. Gunavardhanan**, Managing Director of KTDC, in an exclusive interview with **G Biju Krishnan**. The text of the interview follows:

## What are KTDC's projects/plans to improve the tourism sector in Kerala and what are your suggestions to improve it?

The major requirements to improve tourism sector are the development of infrastructure and higher capacity in the hospitality industry. At present, there are only about 6,000 rooms available in the state, which is quite insufficient. Therefore, KTDC is now working mainly in the hospitality sector; we are also in other tourism development projects. We have plans to expand our capacity.

Ours is an organisation catering to all segments of tourism; we do not concentrate only on high-class tourists; we provide for the average tourists also – the economy tourists who want to stay paying, say, Rs.150 or so per night. We are providing accommodation like “Yatri Nivas” for such tourists. And for those who can pay Rs.500-600 for a night's stay, we are giving facilities in our budget hotels. We have around eight budget hotels in the state. We also have seven premium hotels. There are many private players in the premium sector. However, quality private sector hotels are not coming up in the budget sector. So we are trying to reposition ourselves, so that we can start certain budget properties catering to the average tourists.

KTDC is going to start a number of new projects. There is already one at Thanneermukham. There is of course Kumarakam, which is a major tourist destination. This was developed by KTDC with Taj Group on a joint venture basis. Thereafter, many private sector operators came up and now Kumarakam has become a world famous tourist destination.

Vembanad Lake, as you know, is one of the largest lakes in

Asia. It is spread over an area of 60,000 hectares, stretching from the southern end of Alleppey upto Kochi. We are developing a tourist complex of about 43 rooms around the Thanneermukham *bund* across the lake. It is a budget-type complex, something like a 2-3 Star hotel. It will be opened very soon. This will be another destination around Vembanad Lake, on the eastern side of Kumarakam. On the southern side, Lake Palace and many other hotels are coming up. We are also going to develop the northern side. Once we do that, private players will come, making this area another main destination.

So, you see, this is one of our ideas to develop tourism in Kerala – create destinations and develop destinations. Destination development implies that you have developed the infrastructure, transportation, and hospitality service. And service is another most important aspect we have to take care of in Kerala. It is not enough if you have so many facilities and attractions, such as good scenery and other beautiful sites. When tourists arrive, we should have the required facilities. It doesn't mean that we should always have five-star facilities. We should have fairly decent accommodation, decent transportation and decent food, cleanliness and hygiene. Only these destinations attract the tourists, you know. If you say that Kerala is a beautiful state, nobody will come here. But if you say that Kochi is a destination, with many good hotels; if you say Kumarakam has beautiful backwaters and Thekkady is rich in wild life and that it has good boating facilities, then people will be attracted to visit those places. Therefore, destination development is the major activity of KTDC, which is the prime mover in that sector.

Another place we are going to develop is Ponmudi, one of the most beautiful locations, near Trivandrum. It is as beautiful as Munnar, but it doesn't have adequate facilities. There is only one government guesthouse there. We expect many tourists to visit this place once we build a 2- or 3-star hotel there. One advantage of Ponmudi is that it is only



Napier Museum, Thiruvananthapuram, Kerala



60 km. from the airport, whereas Thekkady or Munaar are three to three and a half hours drive from the airport. It is the best destination for those who cannot stand this strain of travel by road. Neyyar Dam is another very beautiful destination. There is a lion safari facility in the park, which will soon find young lions roaming in their natural surroundings.

We have already established Kerala as a superbrand: it is now one of the most beloved destinations in the world for tourists. Now we have to sustain it. We have to see that services in all sectors are of super-quality, because with the participation of all countries in the tourism sector in the near future, quality becomes the most important factor. If you have to survive, you have to give global quality service. In years to come, competition will intensify. World players will be coming; multinationals will be entering the field in a big way. Therefore, unless we improve the quality of our service, we can't survive.

Our competitors are not really from India, but from outside – Malaysia or Singapore. You have seen Malaysian advertisements in our TV channels. It is easier to go to Malaysia from Delhi than to Kerala. Now Malaysian Airlines is starting a direct flight from Ahmedabad. You know Gujaratis are great tourists; they travel a lot. To attract them they are starting direct flights to Kuala Lumpur. So you see competition is going to be very high. To meet this challenge, we have to improve all aspects of our service -- we have to improve not only the facilities at the existing destinations but also develop other destinations with added attractions. That is the major thing we have to do if we have to maintain our important place on the tourism map of the world.

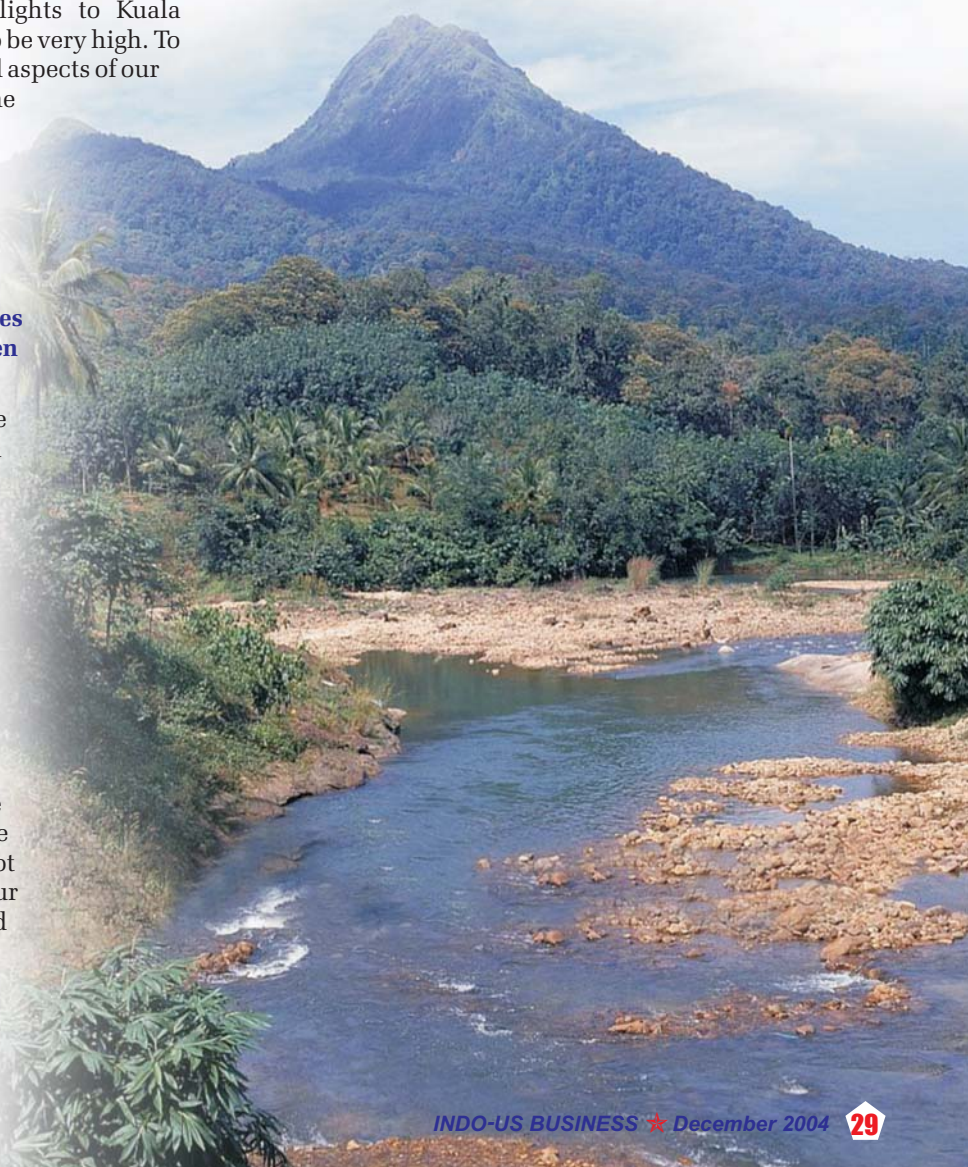
**Do you think Kerala has adequate facilities for the growth of this industry when compared with the neighboring states?**

There could be natural facilities and there could also be man-made facilities. Natural facilities we have many: the backwaters, beaches, hill stations, etc. But we have to develop infrastructure in order to make them all important tourist destinations. We must develop the hospitality industry; we must have good roads, where these are in bad shape they have to be repaired. Roads are not good enough in many places like Thekkady and Munnar. The Express Highway, which has created a lot of controversy, would have been a great boon to the tourism industry in the state. In short, we need better connectivity. Now we do not have a direct connectivity between Jaipur and Kerala, or between Ahmedabad and Kerala. We only have connectivity with Bombay, Chennai and Delhi. All other places are not directly connected.

**What are Kerala's promotional activities to attract tourists from other states as well as from abroad?**

Our major inflow of tourists is from other states. But it so happens that the major hotels are concentrating on the premium sector that caters to the elite class, but we should not restrict the promotion drive to the elite sector alone. Although 6,000 rooms in Kerala are full, it does not mean that Kerala is serving all tourists who come here. It means that these major hotels are catering only to the people in the higher income bracket. But that is not enough. There are lakhs of non-foreign tourists coming to the state. What about facilities for them? So, facilities have to increase. We have to promote for them also and for that we have to promote budget properties like 'Yatri Nivas', as I mentioned earlier. We should invite people of all income brackets to come, because that is our democratic setup and in tourism also I believe that we should have a point of view like that instead of promoting a few hoteliers and a few high class hoteliers saying that they are in tourism. I think we have to take into account the proletariat also; then only it will become a real tourist attraction.

**Do you think that the tourism potential of the state has been utilised properly? Are there any plans to increase the number of destinations and facilities here?**







I have already talked about that; there is great potential and this is not yet fully developed. Singapore is a small location, but see how much money they are making out of tourism. Look at Bangkok. Look at the airport facility they have. Every minute a jumbo jet lands “unloading” hundreds of tourists. The room capacity of Bangkok city alone is 60,000, whereas the total capacity in this sector in India as a whole is only 90,000. So, as I was saying, there is always room for developing the potential.

**What is the potential of pilgrimage tourism here? Is it exploited properly?**

That is another major area. In fact, you know when you say we have around 58 lakh tourists from other states coming, we are not including the pilgrims. In Sabarimala alone, the total incoming pilgrims coming to the state will be nearly one crore. In Guruvayoor, the number may be 25-30- lakh every year. Thus, the people coming to Kerala from other states every year will add up to huge number. But then we have to look at it from the tourist perspective. We haven't utilised that potential. For example, it will be a good idea if the pilgrims visiting Guruvayoor or Sabarimala can be attracted to other destinations. There is great potential in this area, but then we don't have that kind of facilities.

**Do you think the state government is promoting pilgrimage tourism?**

The Department is promoting it of course. We are in fact just going to open a major pilgrim centre at Pandalam, the place hallowed by the presence of Lord Ayyappa. There is a place called Kulanada where we have just opened there a tourist complex with various facilities. We are also going to open one at Erumeli...

**What are the additional benefits from Kerala Travel Mart (KTM) to the tourism industry?**

KTM has been concentrating on high-class tourism. It is a meeting ground for purchasers and sellers coming together and it is limited to a few hoteliers, including ours. I am not saying otherwise; we are also a premium hotelier. So the benefit comes to tourism industry by way of foreign tourists. It is mainly intended for foreign tourists and so it is in the premium sector.

**Your suggestion/advice to the NRI investors or tourists?**

The hospitality industry is an area where NRI investors can invest safely. This is an area where there are not many labour problems. One or two hotels may be facing some minor problems. But, unlike other heavy industries, labour problem in this area is very few. As a number of trained candidates are coming out of the large number of institutes, there is no shortage of trained people. So this is one area where NRIs can invest. And they are eligible for lots of incentives from the financial institutions. The banking sector is also supportive, because they are now flushed with money and are ready to invest in the tourism industry. So anyone can invest in the hospitality industry, which is one of the best industries in the world.







# A Brand New Look At Indian Heritage With **Surabhi Foundation**

**Siddharth Kak** is all dedicated to bring to newer generations the best of culture through a manifold task of archiving and preserving world heritage at Surabhi Foundation. In an interview with **Tripti Chakravorty**, he had volumes to speak on how he wishes to take on this job and execute it through the grant he recently received from the US Ambassador's Office, and much more.

**What was the feeling on receiving the Surabhi grant? How do you propose to use the funds? Has this been the first of such grants you receive?**

The US Ambassador's Award to the Surabhi Foundation is a matter of great fulfilment to us. Normally the US Ambassador's Award is given for hands-on conservation activities in monuments and rare buildings etc. This is the first time that the award has been made for the purpose of documentation of monuments, thus recognising that documentation also is a form of conservation. This is a very important recognition, because in India not much importance is given to documentation as a cultural resource or a means of establishing and understanding a nation's ethos and identity.

We are using the funds to carry forward the digitisation and archiving of all the monuments in our collection (185 major monuments of India), we had organised a national symposium Culture4Future; Audiovisual Archiving and Outreach at the Max Mueller Bhavan on Dec 22, which was attended by the top thinkers and experts from all over India.

This is not the first grant we have received. Earlier we have received grants from the Ford foundation which have helped us to set up the Surabhi Foundation Archive (the largest independent cultural archive in India possessing more than 15,000 hours of professionally filmed audiovisual cultural materials). Also to produce the initial episodes of our environment series Bhoomi which is now celebrating its 100th episode on Doordarshan primetime every Sunday morning. Bhoomi is now sponsored by the Ministry of Environment and Forests. This is perhaps one of the rare occasions when a programme series based on a grant has achieved primetime telecast and also completed 100 episodes and is still ongoing.

**Could you tell us about Surabhi Foundation for Research**

**and Cultural Exchange, when did it start and how has it progressed so far? What are you currently working on? What have your goals and achievements been?**

The Surabhi Foundation for Research and Cultural Exchange was founded in 1998 primarily to archive and preserve the colossal library collection based on the award-winning primetime cultural series Surabhi (fragrance) which ran for an amazing 11 years at primetime on Doordarshan as a sponsored program. This is a feat which has not been achieved by any other program in the history of Indian television. The Surabhi Foundation also holds a number of events of the cultural nature every year. Earlier the foundation organised high-quality workshops for documentary filmmakers as well as crafts and cultural festivals. Apart from the national symposium on archiving the foundation is in January 2005 holding the Mumbai Mela as part of the prestigious Mumbai Festival. It will feature more than 200 master craftsmen from all over India, folk performances from all regions in an open-air theatre and a regional street food festival. The festival will be held from January 7 to January 16, 2005 and is being curated by Dr Jyotindra Jain, former director of the National Crafts Museum and currently Dean of the Jawaharlal National University, Delhi.

**In your view what is the Indian Government doing towards restoration of cultural heritage? What would be your suggestions to the government at an individual level?**

It is said that India is not an historically minded nation. Most of the ancient histories of India have been written by foreign historians. In the many priorities of an emerging nation, culture cannot be accorded the priority that is given to food, shelter and livelihood. India's cultural spectrum is so immense that it is impossible for the government alone to preserve or conserve it. India's cultural wealth has to be preserved and promoted by Indians themselves. The government can only act as a





catalyst. The Surabhi Foundation is committed to giving new generations a glimpse of its own cultural strength and identity in terms of understanding the best that there is to a new sense of civic responsibility and the pride of being an Indian and the importance of cultural conservation being recognised by people themselves as their own responsibility.

**Apart from the US which other countries have elicited interest in preservation and restoration of cultural heritage sites in India?**

Apart from the US many European countries have also helped in their own way in the preservation and restoration of cultural heritage sites in India. In Asia, Japan is perhaps the greatest sponsor of such restoration, particularly for the numerous and significant Buddhist sites in India.

**What is the level of awareness in India vis-à-vis the rest of the world on the subject of restoration of world heritage sites?**

There is a saying in India, "Ghar ki murgi daal barabar" (the chicken in the house has the value of lowly lentils). In India the general population lives in culture. Each craftsman creates an original work of art. Nothing is mass produced. Monuments and cultural heritage sites actually have people living in them even today such as in the Jaisalmer Fort in Rajasthan or the Red Fort or the busy market of Chandni Chowk in Delhi and many hundreds of thousands of such sites all over India. For the average person art is life and life is art. Earlier the artistic traditions that existed in the world were not meant to be bought and sold like paintings in a Gallery. They were utilitarian works to either serve a need, like earthen pots for water or food or ritual paintings on a wall to commemorate special events and seasons. As such people in India, take their culture for granted. There is a great need for new generations to understand and appreciate their own culture through new communication devices appealing to the youth, by using new and familiar technologies appreciated by them as being contemporary. India's culture and wisdom has to be presented in contemporary form depicting its relevance and making it a fountainhead not only for India but also the world.

**Who have been the other recipients of such awards in India?**

The US Consulate will have a full list of the earlier awardees in previous years. Only one award is given in a single year to a particular country. This year it is the Surabhi Foundation (2004-2005). Last year it was the Baroda Heritage Society headed by Karan Grover, the noted Heritage Architect responsible for the conservation efforts at Champaner as well as for putting Champaner on the World Heritage Map through UNESCO. Karan Grover is also the architect for the Surabhi Foundation's ambitious plan for setting up a Living Heritage Centre in Mumbai which would serve as the home of the National Cultural Archives of Surabhi as well as a vivid interpretation centre for India, its history and wisdom not only for the people of India, but also around the world.

**What is the scope in India for a young historian who wishes to foray into the field of restoration of cultural heritage? What are the job prospects in this field? What would be your advice?**

There are not too many prospects of a job in the field of cultural heritage. This is related to the fact that culture is not a widespread occupation and that cultural conservation today mainly comes under the government preserve. Thus, unless one is employed by the government, it is unlikely that one would have the opportunity to participate actively or in the long-term in cultural conservation. There are some private organisations and NGOs such as INTACH which are doing pioneering works in conservation, preservation and dissemination in different parts of India but such examples are rare. But things are changing. As India recovers and develops economically and tourism continues to see an upward swing, there will be more and more good reasons for citizens, the corporate world and local bodies to upgrade the cultural attractions, making the museums display more interesting and interactive facts, creating special cultural tours, disseminating diverse cultural knowledge through DVDs, media books, the Internet and broadband etc, thus creating a whole new profession for the cultural historian, the cultural technician and the cultural manager.

**What do you think about the Indo-US Business magazine? How do you plan on increasing the awareness of our Indian heritage sites to the US thereby attracting more such grants?**

I believe the Indo-US Business magazine is doing a pioneering job of increasing awareness and trade interactions between India and the United States. Without economic viability there can be no cultural transfers. Economic exchanges bring about robust cultural exchanges and develop respect for each other's cultures. Your magazine is helping this process. We in the Surabhi Foundation are in the business of communication exchange. We propose to create an entire range of diverse and unusual cultural titles on India, based on our huge cultural library as well as set up a comprehensive website which will serve as a cultural gateway to India. We are looking for US based partners to promote the dissemination and distribution of these unique titles and this special gateway to India.

**Anything else you would like to add to this interview...**

Through the National symposium on culture for the future we hope to provide the direction for three important elements necessary in cultural rejuvenation.

- a) new practical technologies for the documentation and preservation of culture.
- b) new appropriate softwares for the access to such audio-visual wealth throughout the world and the creation of Virtual Museums to link world cultures.
- c) new and economically viable business models are to use cultural wealth and resources for dissemination and awareness on a sustainable basis.







# Sky's is the Limit for Skyline Builders

Skyline Builders are one of the leading construction companies in Kerala. In an exclusive interview, **Mr. K. Srikant**, Director and past Chairman of the Kerala Builders Association, told **G Biju Krishnan** that there are distinct signs of an upswing in the realty business, with the shortage of houses on the one hand and availability of cheap housing loans on the other. The following is the text of the interview:

**As a premier construction company in the country, what is the scenario of the real estate industry? The industry has gone through some difficult times. Do you think that "the feel good factor" has contributed to the turnaround of the industry?**

The real estate industry is currently booming. I was an invitee to the recently held Builders' Conference at Vignan Bhawan in Delhi. It was stated at the conference that there is a shortage of 45 million houses in the country. The industry is definitely very upbeat.

**Yours is a leading company in quality constructions. What are the projects you have for the NRIs, foreign investors, corporates and multinationals? Have you planned for any international projects?**

Our company today is the largest homebuilder in Kerala. For the financial year ended this March 2004, we crossed the Rs.100-crore turnover, which is the highest for any real estate company in Kerala. We have projects in five cities, namely Thiruvananthapuram (Trivandrum), Kottayam, Kochi (Cochin), Trissur (Trichur) and Kozhikode (Calicut). Currently, we are implementing 34 projects. We have completed and handed over 52 projects. With regard to the client profile, 60% comprise NRIs, so you can see that we cater to the upper end of the market. But now we have started work on other segments as well, which are the medium and budget segments. We have not planned any international projects as of now. Nevertheless, we are getting business from the Gulf and now people in the UK and the US are also showing an interest. We also have some clients in the Far East.

**The very name Skyline Builders indicates that you are a builder with a difference and that you have special schemes designed for different sections of society. Could you elaborate on your various schemes?**

As I mentioned earlier, we have now started catering to all the segments -- from budget homes to medium to luxury to super luxury. As regards finance, the easy availability of finance at low interest rates is solely responsible for the affordability of housing for everybody. Interest rates for housing loans have come down to 7%, which is a step in the right direction by the government.

**What is the price for your budget homes or luxury homes?**

We have homes costing from Rs. 10 lakh to Rs.50 lakh.

**What are your future plans for Thiruvananthapuram as well as other Indian cities where you have construction interests? Could you also tell what these plans mean in terms of investment?**

Our plans include the following: The government is undertaking regional development works in the capital city of Trivandrum in Kerala. Kochi is the commercial center in Kerala. Then we have Kottayam, Trichur and Calicut, which have a fairly good Keralite population living abroad belonging to those districts where NRI homes are planned. So we intend on concentrating within Kerala. We have not yet formalised plans outside Kerala. For investments, we always procure land either by purchase or agreements to buy or as a joint venture for the next 25 projects in Kerala. This is an ongoing process. Land is our primary investment and we consider it as a primary raw material. We have a marketing office in Dubai, which





caters to Middle East demands.

#### **What has been the major thrust of your projects?**

The major thrust of our product has been quality and timely delivery. We pride ourselves on our excellent track record and we have had no complaints about what we deliver. Our order books have always been folded by the time we do the piling work, the entire project is sold out. We are very strong in marketing; our client base is more than 2,500 at present, which serves as a good support.

#### **Are you bringing in new technology to the construction industry? How does India compete in the world of quality constructions?**

We are an ISO company. The best technologies are available within the country, but due to restrictions on working 24 hours in residential localities, we are not able to cut down the time of construction drastically, whereas abroad any construction project is completed within seven days a week, or 365 days in a year as the case may be. In other words, a job is completed within a stipulated period. In the case of construction work in residential areas, we are unable to work at night, because it could disturb the neighbourhood.

As far as technology is concerned, we use the best raw materials. We use concrete cubes testing machines. The results are then collaborated with highway research institutes. We only use steel from the integrated steel plant. Even that steel is tested for quality at various laboratories before it is used. We are very sure about what we do.

#### **Today construction companies promise dream houses, but when the actual purchase takes place, most of the times the customer is in for a big surprise. Why is this so and what can be done to solve this problem?**

This is exactly why one should check the track record of a builder. There are no pre-qualifications for that. Anybody can put up a fancy board and open a fancy office as a builder. If you look at the track record and see the projects of the builders that have completed, then you will not be taken for a ride or be surprised. You will know exactly what can be delivered or what will be delivered.

#### **Anything else you would like to add...**

I was until recently the state chairman of the Kerala Builder's Association. A couple of months back, another friend of mine, Mr. Mathew Alex Vellapalli, has taken over this mantle. I have been making presentations to various industry forums whenever needed so that we could deliver top of the line quality and keep to our promises. We always comply with the deadline and we make sure our client is happy. One can't make much progress if one has unhappy clients. I am proud to say that Skyline Builders does not have a single unhappy client. I would like to add that we have Austrian and Zambian clients. My only advise to anyone purchasing property is to verify the track record of the builders before actual purchase.

*For more details, please visit [www.skylinebuilders.com](http://www.skylinebuilders.com)*

## Music Helps Fight AIDS Better

Top performers in American jazz will be traveling to India in January 2005 for a weeklong tour of performances and appearances devoted to promoting greater HIV/AIDS awareness and education in this nation of more than 1 billion people.

A joint project of Black Entertainment Television (BET), MTV-India and the U.S. Department of State, the tour is a partnership between the performers and entertainment companies that has been welcomed by Secretary of State Colin Powell. "Music, especially jazz music, has the power to lift the human spirit in its quest to overcome adversity," Powell said. "Jazz was born from the American people's struggle to conquer prejudice and stigma in our society."

The tour will comprise saxophonist Ravi Coltrane, pianist George Duke, vocalist Al Jarreau and guitarist Earl Klugh. Students from the Thelonious Monk Institute of Jazz and Indian performers will also be part of the tour, which will include concerts in Mumbai and Delhi and master classes for local students.

The priority of the tour, according to Global AIDS Ambassador Randall Tobias, is to fight the stigma.

That message will come from the tour and from programming that will be produced during the events and carried later by BET and subsidiaries of its parent company, Viacom International Inc.

The United States has an ongoing commitment to assist India in its battle against AIDS. The United States has contributed \$20 million this year to the prevention, treatment and cure of HIV/AIDS in India. Another \$15 million will support Indian researchers in their work to better understand the disease and develop treatments.

In the state of Tamil Nadu, the United States has joined with local partners to convert a wing of a hospital into a counseling center for people living with HIV.

India has an estimated 5 million people living with HIV/AIDS, according to AIDS Epidemic Update, released last month by the Joint U.N. Programme on HIV/AIDS. Various studies have predicted the potential for a devastating epidemic in India, based on rapidly rising prevalence rates among certain populations.

*Courtesy American Center*



# Scope for Greater Indo-US Partnership

The maritime sector finds an important place in the ever-increasing bilateral trade relations between India and the US. At the recently concluded **Indo-US Maritime Summit**, the need for greater partnership in this sector was emphasized. Now it is up to the movers and shakers in the maritime sector to work towards achieving the goals set by the summit. The Shipping Corporation of India (SCI) has been in the forefront of the event. Here is what its CMD, **Mr. P.K. Srivastava**, has to say, in an interview with **Tripti Chakravorty**, about the progress of the industry so far



**What is the present scenario of the Indian shipping sector? Please comment on the past, present and future of this industry.**

India is a maritime country and its fleet ranks 17<sup>th</sup> amongst the world fleet by registry. The Indian shipping industry has facilitated our foreign trade over the years. The role of the Indian lines in transportation of crude oil & POL for the country has particularly been commendable. But Indian overseas dry bulk and liner trade did not have enough participation by Indian lines over the past two decades. The Indian ship owners have not been able to keep pace with the rising Indian overseas trade and, therefore, their share in India's overseas trade has declined. Currently it is only about 17%. It is, however, heartening to note that due to the favourable conditions including the market and the government policies-the Indian ship owners have performed quite well recently on the ship acquisition front. It is also encouraging to note that the shipping industry that was hitherto an India-centric industry is now adopting global outlook and targeting international cross trades. With this, I feel the future of the industry is certainly very bright.

**What do you think the government could do to promote the industry further? Are there any constraints standing in the way of smooth functioning of the shipping**

**industry?**

The Indian shipping industry has its set of issues and constraints that are specific to the industry. However, it is quite encouraging that the government is taking the necessary initiative to evolve a supportive framework for the industry.

**The US is one of the most important business partners of India. However, US participation in the Indian maritime sector is not substantial. What could be the reasons?**

Trade and maritime transport are two separate aspects. Owing to the highly liberalised nature of the industry, the shipping lines of that country or its trading partner may not necessarily cater to the overseas trade of a country. Investment in the Indian maritime sector by the US investors would depend on their investment priorities and relative importance of Indian maritime sector to them.

**What is the current water transport scenario in the US and India? How can both countries explore cooperation in areas of mutual interest?**

Both the countries are significant maritime countries. Both would definitely have many areas of mutual interest. In India, private participation and FDI are allowed in major areas in the maritime sector, such as shipping, ports, etc.

The National Maritime Development Program of the government would also present many opportunities for investment and joint participation.

**The business potential in the Indian maritime sector has not yet been fully explored. Why has this been so and what are the reforms that you suggest?**

Yes, the Indian maritime sector indeed has great business potential. At the same time, it must be kept in mind that this is a very liberalised industry and the competition a potential investor would face is indeed global. Until recently, the shipping industry was not a favourite of the investors. However, the recent high levels of freight markets have underscored the importance of shipping in the supply chain. In order to compete internationally, Indian lines need a level playing field vis-à-vis their competitors in view of the global and liberalised nature of the industry.

**The Sagarmala project will herald a sea change in the Indian maritime sector. Does your company propose to participate in the project?**

The National Maritime Development Program indeed appears to offer good investment opportunities as coastal shipping has substantial potential. As regards participating in the specific project of NMDP, SCI would take a view after evaluating the same.

**Could you throw some light on some of the main segments of this industry such as cruise shipping, shipbuilding, ship-breaking, ship and port management, port governance and infrastructure, coastal shipping, multi modal transportation, etc.**

Cruise shipping is yet to develop in India. To be viable, the industry has to attract tourists on a much larger scale in order to attract the investors. However, it is a tricky situation; the industry cannot attract tourists unless it makes substantial investments. At present, it is quite localised to Lakshadweep and the Andaman & Nicobar Islands and is being supported by the government to a large extent.

The shipbuilding industry in India has not really taken off in spite of being a labour intensive industry. There are many reasons, including the requirement of huge capital, international perception about the India-built ships, cost and adherence to delivery schedule by the Indian shipyards, labour issues, etc. It is seen worldwide that the shipbuilding industry is moving from the developed countries to developing countries. Thus, initially the Japanese overtook the Europeans, and then the Koreans came on the scene. Now China is working hard to emerge as a major shipbuilding nation by 2015.

As regards ship breaking, where India has a major presence, it is a low-value adding activity, very low in the

value chain. However, the industry is important in the Indian context in view of dependence of a large number of work force in it. The industry has its own issues such as compliance with the IMO guidelines on ship recycling, environment related issues, hazardous and poor working conditions at the local scrap yards, dumping of ships by the owners, etc.

The port infrastructure in India is developing quite rapidly and port managements have really done a good work. The recent emergence of private ports and private sector participation in the terminal management has indeed added to the efficiency of the port infrastructure in India. In view of the rapidly growing Indian trade, this sector-particularly terminal development and operations offers good investment opportunity.

Coastal shipping has substantial potential and it is quite encouraging that the Indian government has initiated the National Maritime Development Program that envisages development of coastal shipping.

Although India entered the multimodal transport era in the early 1980s, it is still in a nascent stage. The industrial growth of the country and its increasing seaborne trade and vast hinterland offer a favourable background for the development of multi-modalism in India. There are several problems that have hindered the growth of multi-modalism in our country, mainly relating to lack of adequate/efficient infrastructure, connectivity and inadequate port-rail interface, as also institutional and legal issues.

**Do you have any tie-up with any shipping concerns in the US, or any other commercial or technical arrangement with them?**

None, except SCI's US-based shipping agents to take care of husbanding of SCI-operated vessels calling the US ports and to do marketing for cargo for SCI's India-US liner service.

**Who are the major players at present in the US who can help modernise the Indian shipping companies?**

The Indian shipping companies have maritime expertise in almost all sectors of shipping. However, there may be certain areas, such as LNG transportation or operation of SBM, etc. where US companies can assist. Additionally, the US companies may consider participating jointly in the Indo-US liner trade.

**Anything else you would like to add...**

The US is India's single largest trading partner and there is substantial scope for extending this partnership in the maritime sector too. Both countries must work towards building a viable and mutually beneficial relation in this sector.

♦♦♦



# Textile Machinery Show a Big Draw

India will soon become one of the biggest textile producers and exporters of the world, judging by the massive modernization, restructuring and expansion of the industry that are under way. Bringing this point into sharp focus was the 'India International Textile Machinery Exhibition (IITME) 2004' held in Mumbai from December 4 to 11. The **US side** made its contribution to this major event by showcasing the various equipment that help improve the efficiency of the textile machinery. The exhibition received warm response and recognition from all the participants. A report by **Shruti Sinha and Tripti Chakravorty**.



## The India International Textile Machinery Exhibition reflected two main trends:

- 1) The significant positioning of the Indian textile industry in the world textile economy.
- 2) The massive presence of foreign companies in all sectors of textile machinery, spinning weaving and processing.

Certain special features have been added to the IITME 2004, in comparison with the previous one.

This IITME was held in a different business environment, when the textile engineering industry is recovering from recession and its order book looks comfortable. Moreover, with the ushering in of free trade in January, the textile industry in several countries is all set to invest in plant and equipment for modernization in a big way.

This is also the time when the exhibition has increased the number of products to be showcased, with greater emphasis on weaving, knitting, finishing, IT, etc.

The exhibition also featured an international seminar on "New Dimensions for Textile Engineering Industry- Roadmap for the Decade", where the key speakers were national and international experts.

The show was divided into different sections. Under the Spinning and Accessories category, the number of Indian companies was 242 and the number of foreign participants 137.

Under Weaving and Accessories/Knitting category, the number of Indian companies was 95 and foreign participants 91. Under the Finishing Machines and Accessories section, the Indian participants numbered 110 and the tally of foreign participation touched 84. The countries who participated in different sections were the USA, the UK, Switzerland, Germany, Italy, the Czech Republic, Belgium, Sweden, Russia, France, The Netherlands, Spain, Austria, Turkey, Australia, Argentina, China, Hong Kong, Taiwan, Japan and Korea.

Some of the **US companies** that participated in the exhibition were:

**Appalachian Electronic Instruments Inc.** They showcased their industrial instrumentation primarily temperature controller. The company designs and manufactures Textile Quality Control equipment. The different instruments include:

**a. 20MP Scannair:** Broken yarn detectors for warp knitting, beaming and Tufting.

**b. CEPA 2000:** Runner length monitoring and control for warp knitting applications. This system can also be used for process control and analysis.

**c. ASM-12:** Industry Standard Fabric Scanner. This unit scans warp knit fabrics at the needles.



**d. Autowarp 2000:** Electronic Yarn Feed Control. This unit provides for very low maintenance and quick style set-up for up to 6 beam positions.

**e. Warp Scan:** Broken yarn detection for warping which can be applied to both standard warping and Long Chain Beaming.

**f. Electronic tension and/or stop motion:** This system is used in warping to provide precise tension control across the entire yarn sheet.

**g. Tuftight:** Tight yarn detection is for tufting machines.

**h. TuftMaster:** This unit incorporates the Scannair8's, Tuftight and TuftScan into one quality control system used in preventing the manufacture of "Off Quality" carpet.

**i. TE-100:** Tight yarn detection for beamed yarn in tufting.

**IRA L. Griffin Sons, Inc.** This company has focussed its resources on meeting one of the top challenges of the textile industry in three of its systems, namely:

1. Warping Systems: In this category the machine available is **Model Titan 1250 Warper**

2. Sizing Systems: The spun sizing category takes care of denim sizing, sheeting/shirting sizing, towel/terry sizing, high sley "wet split" sizing and high production sizing

3. Denim Preparation Systems: Under this category there are four machines available **Ball Warping, Long Chain Beaming, Warping and Sizing**

**Uniwave.** This multinational company has been four years in the business of production of design accessories for textile machines and also for mills that use such equipment. The equipment come under three categories, namely:

1. Lubrication of Circular Knitting Machines:

**a. Projectile 419 Lubricator** brings about a minimum usage of air to lubricate points on a machine

**b. Unipulse Micro Pulse Lubricator** this is a pulse lubricator with small shot size for a closer approximation to continuous lubrication

**c. Electric Gravity Oiler (EGO)** the machine is used in the absence of compressed air

**d. Lubricator Accessories for Knitting Machines** are the following:

• Flusher • Autoflush systems • Low level Oil Sensor

4. Low Air Pressure Sensor

**2. Lint Removal Equipment:** Uniwave's main research focus has been on the removal of lint. This facilitates a very important task. Some of the instruments that fall under

this category are:

- Fan Blowers Fan driven & motor driven • Flutter Blowers
- Single Knit Flutter Blower • Double Knit Flutter Blower
- Internal Needle Blowers

3. The last category of instruments is called **Production Control Equipment.**

**a. Centralised Systems CMIII** this system is for centralized production monitoring.

4. **Xenotech Inc.** the company has showcased its latest technology of the **Aurora Laser Engraving Systems.**

5. **Lawson-Hemphill** the company known for its Engineered Laboratory Installations.

The Indian textile success story was underscored in the exhibition with some of the well-known names in this sector displaying their machines.

**The Gayatri Textile Machines** claims to be the only company in India that can meet the complete range of spinning roll shop machines under one roof with all-India network. The product range here include:

a. Cot grinding machines (hydraulic, high production models)

b. Spindle lubricating machines (two-tank and three-tank models)

c. UV Treatment machines, etc.

**Habasit Iakoka**, the Indian subsidiary of parent company Habasit AG, showcased in the exhibition its wide range of flat power transmission belts.

**The Lakshmi Machine Works Limited**, India's No. 1 exporter of textile machinery, supplying over 20 million spindles in its earmarked space, displayed its machines that seek to provide end-to-end textile spinning solutions.

**The machines that go to its credit are:**

- Lap Former LH10 • Gentle Blowroom • Card LC 300A-V3
- Comber LK54 • Twin Delivery Auto leveler Draw Frame LDA/2 • Speed Frame LFS 1660 • Ring Frame LR6 series
- Ring Frame LR6/AX with Auto Doffer • Lakshmi RoCoS Compact Spinning System • Accessories and Spare parts

The exhibition threw some hints at the preparedness of the Indian textile industry. What is even more striking is the amount of investments that it is going to attract in the context of the latest improvement in technologies. While modern machinery is necessary for excellent quality output, what is important is constant upgradation through R&D support. This also links to other questions like the

availability of the right kind of machinery at the right cost. These are some of the core concerns that the industry must address.







# IACC's Team

IACC organised its 35<sup>th</sup> Annual General Meeting in August at the Taj Hotel in Mumbai. On the occasion, the election of IACC's new team had taken place followed by the newly elected President of IACC Mr. Ranjit Sen delivering a welcome speech to his new team members.

## **President**

Mr. Ranjit Sen

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## **Executive Vice President**

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## **Regional President W. Region**

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## **Chairman-Visakhapatnam Br.**

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## **Regional President E. Region**

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## **Chairman Jaipur Branch**

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## **Chairman - A. P. Branch**

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## **Chairman Karnataka Branch**

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## List of National Committees

Steering	Dr. V. Rangaraj
Finance	Mr. Govind Mirchandani
Administration	Mr. Deepak Pahwa
Membership Develop. & Benefits	Mr. Ranjit Sen
IT Infrastructure *	Mr. Asoke Laha
Patron Member Fraternity *	Mr. Jasu Shah
IPR*	Mr. H. K. Shah
General FDI (Retail, Airlines, Industries, Service, SMEs) *	Mr. Jasu Shah
Indo-U.S. Economic Summit *	Dr. V. Rangaraj
Financial Services (Insurance, Pension Funds etc.) *	Mr. R. Anand
IT & ITES (Outsourcing) *	Mr. Gopal Jain
Bilateral Corporate Laws & Taxation (Press Note 18) *	Mr. Vinod Chandio
Tourism & FDI in Tourism *	Mr. Vikram Madhok
Handicrafts & Handloom Exports *	Mr. Ashok K. Gupta
General Exports & Export Facilitation*	Mr. S. K. Jain (Kolkata)
Infrastructure roads, airports, ports & urban development *	Mr. S. Chandrasekar
Gems & Jewelry *	Mr. Rajiv Arora
Sourcing from US / imports, technology transfer *	Mr. Farokh T. Balsara
External Networking / Delegation *	Mr. Hemant Sonawala
Bio-Technology *	Bangalore / Pune (to be decided)
Textiles *	Mr. Govind Baldeva
Pharmaceuticals *	Gujarat (to be decided)
Environment Technology *	Mr. R. S. Jhawar
Auto Components / Exports *	Mr. Prashant Krishnan / Mr. Ashutosh Parasnis
Food Processing *	Mr. Prem Behl

\*Events / programmes related

## Planned region-wise events schedule for the year 2005

### North India Council, Delhi

#### Dates / Month

January  
10-11 January  
Feb /March  
March

April  
April/May  
June  
August

#### Events / description

Tourism Seminar Delhi / Jaipur  
Seminar on Infrastructure  
Sourcing from US Chandigarh  
1. Post Budget Analysis  
2. Workshop on e-filing of Tax returns/ TDS issues  
Tourism Meetings with State Government during WTTC  
Seminar on Linux  
Seminar on Oil & Gas  
1. Seminar on Food Processing



## 2. Fellowship Nite

### **Others**

- Luncheon Meetings with the Government officials
- Interactive meetings with State Government Officials
- Meetings with visiting US Delegations
- Proposed Delegation to US Food Processing
- Interactive Session with the Young Parliamentarians
- Conference on Reforms in the Financial Sector

## Varanasi

Interaction with Customs Authorities of U.S. Embassy in India.  
Interactive session with Dy. Governor, Reserve Bank of India, Mumbai  
Meeting with Post & Telegraph Authorities  
Workshop on Airport Development of Varanasi in view of proposed SEZ, in collaboration with PHD Chamber Customer Satisfaction in collaboration with KAF.

## Jaipur

- |            |  |
|------------|--|
| 21 October | Seminar on "Sourcing from US". Address by Mr. John E. Peters Minister-Counselor for Commercial Affairs, US Embassy |
| 27 October | Address by H.E. David Mulford, US Ambassador to India  |
| November   | 1. Session on "Benefits and needs of ISO: 9000 Certification for Indian Companies"                                 |
|            | 2. Seminar on "The power of Web & Internet in Global Business"   |
|            | Seminar on "The power of Web & Internet in Global Business"  |
| December   | Proposed Seminar on higher education in US (Supported by USEFI)  |

## East India Council, Kolkata

- |          |  |
|----------|--|
| January  | 1. A Seminar based on issues raised by Mr. Kenneth I. Juster, Under Secretary U.S. Dept. of Commerce, during his recent visit to Kolkata.<br>2. Seminar or Video Conference on Clean Energy A challenge and Opportunity  |
| February | Video Conference on:<br>1. Cyber laws and Cyber security<br>2. I.T.Exports and Visa issues<br>Improving understandings   |
| March    | 1. Danger Zone Danger from spread of HIV/Aids How can the Business Community respond to improve awareness<br>Georgia Foreign Trade Zone Video Conference (GFTL)<br><b>Or</b><br>2. Seminar on Investment opportunities for Market proximity - Focused on the Indian Tea Industry which wants to set up blending and packaging plants in the U.S.A. itself                                  |
| April    | 1. "Opportunity U.S.A." - Seminar for promotion of Imports from U.S.A. Focus on popularizing Exhibitions & Expositions held in U.S.<br>2. Indo US Trade and Government Policies" Mainly addressed by Hon'ble U.S. Ambassador whenever date & Hon'ble Commerce Minister of India or availability of the Commerce Secretary of India   |
| May      | Study Destination America Seminar on Opportunities for higher studies in the US in collaboration with American Centre  |
| June     | 1. Bio-Tech and Contract Research - A Billion Dollar opportunity". Focus on Bio-tech research and Clinical trials.<br>2. I.T.Seminar - Focus on<br>a. Broadband opportunities and e-Commerce "Reducing Transaction time & cost".<br>b. The new face of BPO - Focused on new BPO opportunities which will take a leap based on improving Telecom Bandwidth and reducing connectivity costs. |





Seminar or Video Conference on Alternate Fuels for Automobiles - Focused on effects on new R & D initiatives due to recent Petro shock  
East's New Vistas - Focus on Orissa, Jharkhand, Sikkim and the North East.  
Floriculture for Export of surplus/waste land in Tea Gardens. "Soya products - Nutrition unlimited"  
Changing Kolkata's skyline - A Seminar or Videoconference to show case American capabilities in building structural designs.

### Orissa

January  
March

Interaction with VISA Officer, Calcutta regarding US VISA,  
Handicraft and Sea Food export to USA

### West India Council, Mumbai

April  
June  
  
July  
September

GOOS'05  
1. Maritime Summit'05  
2. Curtain Raiser - B2 H  
American Independence Day  
AmFest

### Pune

The PUNE AT-IT( Automobile & IT )  
The Biotech 4004

### Gujarat

January  
February  
  
4 February  
March  
June

Indo US Economic Summit  
1. Seminar on Bio-Entrepreneurship  
2. BPO Summit  
Gujarat Branch to host Executive Council Meeting  
Medical Tourism & Healthcare Management  
Delegation to the US representing Gems & Jewelry  
Branch Council Meetings, Fortnightly lectures, Interactive Sessions, Visits to the Manufacturing units of various member plants/other plants, etc....  
Interactive sessions with the CEO's of American companies established in Gujarat

### South India Council, Cochin

January  
March/ April

A seminar on 'Kerala as a Tourist Destination'  
Seminar on IT enabled services

### Karnataka

Between 5 & 11 January  
  
February

A half day or full day seminar on Organizational development, introduction of ISO 1015. Speakers would be traveling from USA as proposed by Mr. Vijay Padaki  
A breakfast Meet with IACC Committee Members was proposed during the visit of the US Ambassador in Bangalore for the Air show.

### Pondicherry

February

Catalogue show from the State of Colorado and Virginia, U.S.A.

## West India Council

### CEO of Deloitte Scouting for Infrastructure Avenues

Mr. William Parrett, CEO of Deloitte Touche Tohmatsu, recently visited India. On the evening of November 15, Indo-American Chamber of Commerce (IACC) hosted a program Mumbai.

Mr. Parrett was introduced to Birla Global MD - Mr. S.K. Mitra, SBI Chairman Mr. A.K. Purwar and Mr. Shekhar Datta, Past President of CII, Ms. Linda Cheatham, Director, Public Affairs Section, US Consulate, Mr. Gopal Jain, Regional President WIC, IACC, Mr. Rajeeva Ratna Shah, Secretary Planning Commission, Mr. Ashank Desai, the Chairman Mastek Ltd and Mr. Farokh T. Balsara - Head Media & Entertainment Industry Practice at Ernst & Young.

Mr. Parrett provided a brief yet brilliantly informative overview of India's competitive language advantage over China, of certain implications of the Sarbanes-Oxley Act on major accounting firms worldwide, and about the importance of conducting business ethically in the wake of recent scandals such as Parmalat and Enron, which was

pointed out by a recent study carried out by Deloitte and the Economist Intelligence Unit entitled "In the Dark".

The guests were delighted to a private classical dance performance of "Bharatnatyam" by acclaimed danseuse Rasika Khanna.



Mr. William Parrett, CEO-Worldwide Operations, Deloitte Touche Tohmatsu, addressing the evening.



Mr. Kamal Vora, Deputy Secretary General, IACC looks on as Mr. Hans Michael Kraus, Partner, Smith, Gambrell & Russell, LLP fields questions from the audience.

### Market Entry and Investing in the USA - Legal and Tax Questions

On November 29, IACC, organized a seminar on 'Market Entry and Investing in the USA - Legal and Tax Questions' at the Plaza Room, Hotel Marine Plaza in Mumbai. The seminar was open to both members as well as non-members.

Some of the people who attended were senior representatives from prominent public and private firms, included Hinduja TMT, Mastek, Deloitte Touche, Calyx Chemicals, Uni Deritend, Grant Thornton India, to name a few.

These information was very relevant. And the speaker was able to field questions that the audience gave him very effectively and expressed his desire to return in the future.

### A New Team in Place

Indo-American Chamber of Commerce (IACC), West India Council has elected its new team leaders for the year 2004-2005. Mr. Gopal Jain, Managing Director, Gaja Capital Partners was elected Regional President along with Mr. Ashank Desai, Chairman, Mastek Ltd. elected Regional Vice President and Mr. Neel Raheja, Director, K. Raheja Corp. India the second Regional Vice President for the coming year.

Mr. Jain is Managing Director, Gaja Capital Partners. He has been on the West India Regional Council for the past two years and is also the Chairman of the IACC's national

IteS Committee.

Mr. Ashank Desai is the Chairman of Mastek Ltd. His vision and values focus on building win-win relationships which has helped Mastek to reach new heights of business success & industry respect.

Mr. Neel Raheja is the Director, K. Raheja Corp. India. The group has for the past four decades been the pioneers of a number of real estate concepts for the Indian market. He has been instrumental in growing the hospitality and retail business of the group.



## North India Council

### Mr. William Bartlett, Minister Counselor Consular Affairs, US Embassy addressed the members

On the occasion of 2<sup>nd</sup> Executive Council Meeting held on October 29 in New Delhi IACC and the Associated Chambers of Commerce and Industry of India (ASSOCHAM) together organized a luncheon session which was addressed by Mr William Bartlett, Minister Counselor, Consular Section. The following were the issues addressed by various speakers:

Mr Vikram Madhok, Regional President, IACC, NIC welcomed Mr Bartlett and expressed his view saying that the US should devise a visa issuance system which would keep the borders secure while at the same time open doors to motivated and genuine businessmen who

wished to do business with the US.

Mr Govind Hari Singhania, Past President, ASSOCHAM in his address was hopeful that the H1 quota would be increased and visa restrictions for genuine travellers would be eased.

Mr Ranjit Sen, President, IACC also hoped that the quota for technical personnel from India would increase and students visas' would be given without delays. Mr Bartlett in his address spoke about the new visa requirements and responded to the questions raised by the participants.

Around 100 members participated in the Interactive Session with Mr Bartlett.

## The power of Networking Annual Fellowship Nite 2004

The Indo-American Chamber of Commerce, North India Council (NIC) hosted a Fellowship Nite recently. The chief guest on the occasion was H.E. Dr. David Mulford, US Ambassador in India. The other senior officials of the US Embassy who attended the evening include Mr Robert Blake, Deputy Chief of Mission, Mr John Peters, Senior Commercial Counselor; Mr William Bartlett,

Minister Counselor, Consular Section, Mr Michael Anderson, Minister Counselor, Public Affairs, Mr Chad Russell, Minister Counselor for Agricultural Service and Mr Don Nay, Deputy Commercial Counselor and other Counselors from the US Embassy. Also seen on the occasion were top executives from the US and Indian companies, and senior officials from the US Embassy and the Government of India.

The Fellowship Nite is an annual event organised every year to provide an opportunity to network and strengthen the bonds of friendship between the people of India and the US.

Mr. Prem Behl, Regional President, IACC delivered the welcome address during the occasion. Dr. V. Rangaraj, President, IACC in his opening observation said that the new government in India would not slow down the momentum in bilateral ties between the two countries.

The surprises for the evening included raffles for exciting gifts and prizes, delectable food counters, dance and live music followed by cocktails.



H.E. Dr. David Mulford, US Ambassador in India picking out the lucky winner of the raffle.



## East India Council



Dr. M.S. Swaminathan, eminent scientist addresses the members of Indo-American Chamber of Commerce, East India Council at a seminar on 'Agriculture Emerging Opportunities with a focus on Indo-US Business' organized by the National Agri Committee's Chairman, Mr. R. S. Jhawar at Hotel Taj Bengal, Kolkata.

Mr. J. Mahapatra, Chairman, Orissa Branch, facilitating Mr. Kenneth Juster, Under Secretary, Commerce, USA at Hotel Sonar Bangla, Kolkata.



Mr. R. Sen, President, IACC, felicitating Mr. Kenneth Juster, Under Secretary, Commerce, USA at the Annual General Convention of East India Council held at Hotel Sonar Bangla, Kolkata



Mr. Ranjit Sen, President IACC felicitating Shri Manabendra Mukherjee, Hon'ble Minister, Information Technology, Government of West Bengal at the Anmol General Convention of EIC held at Hotel Sonar Bangla.





## South India Council

### Ms. Linda Droker addresses issues on security and intellectual property rights

IACC office-bearers in Chennai, led by Mr. G. Narayanaswamy, former Regional President, South India Council, met with Ms. Linda S. Droker, Director, Office of South Asia and Oceania and Mr. Ryan A. Smith, Special Counsel to USDOC Assistant Secretary of Commerce for Market Access and Compliance, USA, on September 30 to discuss issues on data security, intellectual property rights. Ms. Linda expressed concerns about the different tax rates within India for US products. The meeting took place at the Chamber's Conference Hall in Chennai.

With the advent of Value-Added Tax (VAT) in the year 2005, indifferences would be removed. Mr. Narayanaswamy said that though the reforms in India may appear slow, it was a steady program and sudden reversals would not be there, which could happen in dictatorial regimes.

Mr. Bruce Quinn, Commercial Consul, US Consulate, Chennai and Mr. P. Vaidyanathan, Sr. Commercial Specialist were also present at the meeting.



Mr. G. Narayanaswamy, Past Regional President, SIC addressing the meet with Linda Droker

## Weaving the Future

Indo-American Chamber of Commerce, Tamilnadu Branch, Apparel Export Promotion Council, Textile Committee, Ministry of Textiles had recently together organized a seminar on, 'Indian Textiles and Garments The Road Ahead' in Chennai. The objective of the seminar was to explore the opportunities and challenges to the Indian textile and garment sector in the post-quota regime.

The topics discussed at the seminar were, removal of quota restrictions opportunities and challenges; implications of WTO and global competitiveness; perspectives on productivity, quality standards and competitiveness; increasing the productivity of the garment firms, cluster approach enhancing the competitiveness of SMEs; marketing and distribution of apparels in the overseas markets; reaching the global buyer, private equity, mergers & acquisitions opportunities and challenges, experiences in the US market and fashion trends.

Mr. G. Shanker, Chairman of the Tamilnadu Branch in his welcome address said that the textiles and garments industry has several strengths in terms of a diverse raw material base, traditional design skills, a large domestic

market and cheap labour.

Delivering the inaugural address, Mr. Sakthivel, Chairman Apparel Export Promotion Council, said that India had entrepreneurial spirit and expressed confidence that India would outplay China in the long run.

Dr. Richard Haynes, US Consul General, in his address sought for reciprocal market access for American products and services and said that the Indian and US industry must cooperate in research and development and technology upgradation.

Mr. R.C.M. Reddy, Joint Textile Commissioner, laid emphasis on clusters, empowering small and medium enterprises and establishing international brands.

The other highlights of the seminar included topics such as humane and logical approach essential for success in marketing, adapting to new changes in fashion trends, more than one speaker mentioned that when the Indian textile market grows from \$36 bn. to \$85 bn. by 2010, as predicted, not all firms will grow and only those who are 'lean, strong, quick and adaptable' would survive.

## Kerala Branch

IACC, Kerala Branch organised a seminar on Business Process Outsourcing (BPO) and its opportunities in Kerala on November 3. Its objective was to analyse and highlight the systems, processes and the quality aspects in setting up and running a successful BPO firm. Mr. Peter Martin, Economic and Political officer, US Consulate, Chennai inaugurated the seminar and in his

inaugural address he reminded the gathering that India is not the only player in the field. Mexico and China are big names on the US BPO horizon.

The seminar was attended by more than 100 delegates from the industry and had very good interaction.

In a keynote address by Mr. Neeraj Bhargava, CEO of WNS Global Services, Mumbai stated that the BPO industry was growing at an average 40% per year. He said in some cases the growth was as much as 60%. IT-enabled services and BPO presented a new face of the growing Indian economy. During the last three years, 75% of the commercial space in the country was taken up by BPO business set-up.

The other speakers were Dr. Vikram Chhatwal, CEO of Apollo Health Street Ltd., Hyderabad, Mr. V.K. Raman, CEO of Global Realty Outsourcing, Chennai, Mr. K. Srinivasan, Sr. Vice President of UTI Securities Ltd., Mumbai, Mr. Anup Narayanan, CEO, Kalypso Adventures Pvt. Ltd. Mr. Antony, IAS, Development Commissioner, Cochin Special Economic Zone.

Mr. Francis Alapatt, Chairman-IACC Kerala Branch presided over the function and Mr. Satish Murthi, Vice-Chairman of the branch proposed a vote of thanks.



Mr. Peter Martin delivering the inaugural address. Seen on the dais (L to R): Mr. Venugopal C. Govind, Past Regional President-SIC, Mr. Francis Alapatt, Chairman-IACC-Kerala Branch, Mr. Satish Murthi-Vice-Chairman, IACC-Kerala Branch, Mr. Neeraj Bhargava, CEO, WNS Global Services, Mr. Satish Babu, Managing Director, InApp Technologies Pvt Ltd.

The Managing Committee of IACC, Kerala Branch organized a dinner meeting on September 17 at Hotel Taj Malabar, Cochin in honor of the visit of the Consul General, Dr. Richard Haynes and the Commercial Consul, Mr. Bruce Quinn, US Consulate, Chennai.

All the committee members of IACC-Kerala participated in the meeting. Dr. Jacob Thomas, IAS, Chairman, Cochin Port Trust and Commadore M.K. Murthy, Chairman & Managing Director of Cochin Shipyard Ltd., also participated in the dinner meeting.



Dr. Richard Haynes, Consul General, U.S. Consulate, Chennai addressing the Committee Members of IACC-Kerala on the occasion of the dinner meet hosted in honour of the visit of Consul General and Mr. Bruce Quinn Commercial Consul, US Consulate, Chennai.



## Gujarat Branch

A Synopsis of the talk on Indo-US Relations: A look at the future by Shri Lalit Mansingh, Former Foreign Secretary and Ambassador of India to the United States.

### Delivered at the Lincoln Memorial Lecture series of Gujarat Branch

India and the United States had a turbulent relationship in the first five decades after India's independence. The



Mr. Lalit Mansingh addressing the lecture.

end of the Cold War has seen a warmer relationship developing between Delhi and Washington. President Bill Clinton's visit in 2000 marked the turning point.

The Presidency of George W. Bush has seen

the emergence of a new strategic partnership in the past four years. Along with closer cooperation in conventional areas like the political dialogue, military cooperation and economic exchanges, the two sides have explored four new areas which form the core of the strategic relationships: Space, Nuclear Power, High Technology,

and Missile Defense.

Four more years of the Bush Administration will no doubt see a progressive expansion and deepening of the strategic partnership. India would however like to see some course corrections in three priority areas: Iraq, the Middle East Peace Process, and the war against International Terrorism. We also expect progress in two other areas of particular interest to India: developments in Pakistan and Indo-US Economic Cooperation. The supply of fresh military weapons to Pakistan, especially of nuclear capable F-16 planes, will threaten India's security and jeopardize the Indo-Pak dialogue, currently at a delicate stage.

The US is expected to remain the dominant economic and technological power in the coming decades. These are also critical years for India's future. The US has been the largest trading and investment partner of India. Closer economic cooperation with the US is no longer a matter of choice for India it is a necessity. Difficult economic issues - from international trade policy, to outsourcing, to incentives for foreign investment will need to be handled with skill and imagination.

The geopolitical center of gravity is shifting from the Western Hemisphere to the Asian region. Seen in this context, a closer partnership between India and the United States will be a major development in the 21<sup>st</sup> century.

## Karnataka Branch

### Legal Aspects of Doing Business in USA



Ms. Priya Chetty Rajagopal, Chairperson Programs Committee, IACC, Karnataka introducing Mr. Michael Kraus

IACC, Karnataka branch organized an interactive speaker meet held at ITC Windsor Sheraton & Towers Hotel. Mr. Hans Michael Kraus an Attorney and Partner in M/s. Smith, Gambrell & Russell an international law firm shared his expertise on the 'Legal Aspects of Doing Business' in the USA and also on various other issues such as distribution of Indian products in the US, corporate structure and corporate Acquisitions in the US. The program was informative and had very good interaction.

### Golf Clinic

IACC, Karnataka Branch, had organized a Golf Clinic at Executive 9, Golf Course on November 6.

Mr. Amit Saran, SPT Sports and a member of IACC, Karnataka Branch introduced this sport, and gave an overview of the advantages and challenges that this sport offers. This gave the senior executives a beginner's perspective of golf and those who already played golf were initiated to a higher level.

## Rajasthan Branch

### Seminar on Bar Coding & RFID

IACC, Rajasthan Branch organized a seminar on Bar Coding & RFID on December 22, supported by Kamtech Associates Pvt Ltd., a turnkey solutions provider company. Around 60 exporters participated in the seminar.

World over for better inventory management, bar coding has been adopted for specific product identification and company information. Now Radio Frequency Identification (RFID) is yet another innovative technology which is increasingly used in inventory tracking and management.

The experts spoke about the bar coding implementations and RFID technologies and how these technologies could be implemented and could benefit the exporters if they want to be competitive or remain in the supply chain of leading stores, or retain chains.

In India the Department of Commerce, Government of India has already become a member of EAN Worldwide and EAN Numbering which are the basic specifications worldwide called European Article number practiced worldwide. So any bar code number approved by EAN India will remain applicable world over and it will reflect the same product and company information.

Shri Rajiv Arora, Chairman of IACC, Rajasthan Branch presided over this function and Mr. Ajay K Gupta, Managing Director, Kamtech Associates Pvt Ltd., delivered the technical seminar. Vote of thanks was given by Mr. Satyanarayan Kala, Vice Chairman, IACC, Rajasthan Branch.



Seated (L to R): Mr. Satyanarayan Kala, Vice Chairman, IACC, Rajasthan, Mr. Rajiv Arora, Past Chairman, RTDC & Chairman, IACC, Rajasthan.

### Luncheon Address by US Ambassador Mulford

Indo-American Chamber of Commerce, Rajasthan Branch, organized a luncheon meeting with H.E. Dr. David C. Mulford, US Ambassador to India, on

October 27 at Jaipur.

The Ambassador praised the success of Rajasthani entrepreneur in preserving the desert state's culture and traditions and utilizing the monetary contribution received to the development of the state. "Rajasthan is a unique blend of suave business operators and the rich crafts and historical monuments are preserved for posterity," he said.

Mr. Rajiv Arora, Chairman, Rajasthan Branch outlined the need of growth in tourism sector, and said that with industries in the state looking up, Rajasthan soon would provide a big market for the investors to export machinery.

The state offers vast investment opportunities in potential sectors such as gems and jewelry, infrastructure, mines and minerals, agro food processing, electronics, software he added.

IACC NIC Regional President Mr. Vikram Madhok and Mr. Rajiv Jain, Vice-Chairman, IACC, Rajasthan Branch also addressed the members.



Mr. Rajiv Arora, Chairman, IACC, Rajasthan Branch presenting memento to H.E. Dr. David Mulford, while Mr. Vikram Madhok, Regional President IACC (NIC) looks on.



## Rajiv Jain Another Gem in the IACC's Crown

IACC Rajasthan's first Vice Chairman and CMD of Sambhav Gems Ltd, Mr. Rajiv Jain, received the highest export award by His Excellency Mr. Bhairon Singh Shekhawat, Honorable Vice President of India at an

award function in Jaipur on October 23.

The award was given by Gem & Jewelry Export Promotion Council (GJEPC), sponsored by the Ministry of Commerce, Government of India for his excellent performance in colored gemstones exports in the country.

Mr. Jain has been associated with the Gems & Jewelry Industry since late 70's. In the past he has been the convener of colored gemstone panel of GJEPC and founder convener of JPDC. He has been nominated Ambassador from India for International Colored Gemstone Association headquartered at USA. He has also headed CII Rajasthan State Council as Chairman in Year 2002-03.

His organization, Sambhav Gems Ltd, is the first ISO 9001-2000 jewelry unit of Rajasthan and has also been the recipient of the same award in the past. His demeanor, leadership quality, keen business acumen, vision and down to earth nature among the business fraternity of Rajasthan and abroad have enabled his organization as the leading Colored Gemstones exporters to the USA and other countries in a short span of time.



Mr. Rajiv Jain, Vice Chairman, IACC-Rajasthan Branch receiving award from H.E. Bhairon Singh Shekhawat, Vice-President of India.

## Sourcing from US

IACC, Rajasthan Branch organized an interactive session on sourcing from United States on October 21 in Jaipur. Mr. John E. Peters, Minister-Counselor for Commercial Affairs, US Embassy, New Delhi was the Chief Guest for the occasion. Mr. Deepak Pahwa, Executive Vice President, IACC, Mr. Baljit Sobti, Regional Vice-President (IACC NIC) were also present on the occasion.

On this occasion, Mr. Peters made a presentation on "Sourcing from US".

Addressing the members, Mr. Peters said that India had emerged at the top in export success to the US companies with 727 deals worth 627 million dollars finalised for purchase of American goods and technology recently. This was followed by Mexico (647), China (580) and Brazil (500). The US government has its largest international commercial establishment in India.

Addressing the members, Mr. Rajiv Arora, Chairman, Rajasthan Branch said "Rajasthan offered a huge potential for imports of machinery and technology for industrial infrastructure, agriculture, agro processing, electronics and telecom sector."

IACC-NIC Regional Vice President Mr. Baljit Sobti said that the commercial section of American Embassy

could help in getting large US chains into India. He felt that businessmen in Rajasthan would be willing to invest in franchisee of American brands. IACC's Executive Vice-President Mr. Deepak Pahwa and Mr. Rajiv Jain, Vice-President, IACC Rajasthan Branch also addressed the members.



Seated from L to R: Mr. Deepak Pahwa, Executive Vice President - IACC, Mr. John E. Peters - Minister-Counselor for Commercial Affairs, Mr. Rajiv Arora - Chairman, IACC - Rajasthan Branch, Mr. Rajiv Jain - Vice-Chairman, IACC-Rajasthan Branch.



# Indo-US Summit: Partnership In Building India's Infrastructure

9<sup>th</sup> & 10<sup>th</sup> February, 2005, Hotel Maurya Sheraton, Sardar Patel Marg, New Delhi

## Inaugural Address by: Dr Montek Singh Ahluwalia Deputy Chairman, Planning Commission

The Government of India is giving the highest priority to the development of Infrastructure. To achieve a 7-8 % GDP growth as targeted by the government, there is need for substantial increase in the volume of investment in the economy, both domestic and foreign. Dr. Manmohan Singh has said that the economy can absorb \$150 billion of FDI in the infrastructure sector alone over the next decade.

For instance, \$40 billion is needed in the Telecom sector, the roads sector require \$13 billion for developing 13,146 km of roads, while Power sector \$12 billion investment annually for the next 15 years. India needs at least six world-class airports and 20 new seaports along the coastline. To overcome the large infrastructure deficiency, special efforts are needed to attract both public and private investment. Besides FDI, this opens great frontiers for upgradation of technical skills and technology transfer.

While, there is visible progress on some fronts, either in the form of public investment or by way of progressive legislation, there is still a need to debate on fundamental questions of ownership and regulation. The Indo-US Summit will address these issues.

To focus on development of the Infrastructure sector, the government has set up a committee on infrastructure, which is headed by the Prime Minister himself. This committee will not only monitor the progress of critical infrastructure projects, but also investigate bottlenecks in infrastructure policy and bring about a regulatory regime.

### Objectives

#### The Summit will discuss:

- An enabling environment and investor friendly policies needed to allow the industry to invest and make profits.
- Liberalizing the FDI regime for infrastructure sector.
- Infrastructure policies with respect to vision; user perspective; technology; US experiences in developing roads, ports, airports and urban development.

- Private public partnership
- Regulatory framework.
- Match making.

### Focus

The focus will be on FDI, technology transfer in and technology upgradation in :

- Roads • Ports • Airports • Urban development
- Financing infrastructure projects

### Action Plan

A ten-point agenda will be submitted to Government of India at the conclusion of the summit

### Why Invest in India

- India is an English speaking and open society.
- India is a politically stable country.
- One of the largest pools of trained technical manpower.
- Large domestic market
- Excellent potential to establish a base for research and development
- Economy is growing at a rapid rate. The Government has set a target of 7 to 8 % of annual growth over the next decade
- The manufacturing sector has emerged out of its protected cell and has joined global competition
- Reforms are an ongoing process
- Foreign investments earn a reasonable rate of return.
- It has highly developed legal systems.

### Investment Commission

A three member Investment Commission has been set up by the Ministry of Finance, GOI and is headed by a leading industrialist, Mr Ratan Tata, Group Chairman, Tata Industries, one of the largest and respected business houses of India. The two members of the



commission are Mr Deepak Parekh, Chairman, HDFC & Mr Ashok Ganguli, Chairman, 1-One Source & Former Chairman, HLL.

The Investment Commission will hold discussions with businessmen in India and abroad, and aim at attracting FDI, with thrust on infrastructure, financial services and agricultural sectors.

The commission would engage potential investors on behalf of the Government; identify their problems and advise the Government on the measures needed to spur flow of investment into the economy. It would be equipped with the "full authority" of the government and will have a mandate to be helpful to investors.

#### Who will attend?

Senior representatives from Central & State Governments, Multilateral and Bilateral Bodies, Indian and American companies, public sector companies, banks & financial institutions and consultants.

#### For further details please contact the Summit

##### Secretariat at: Indo-American Chamber of Commerce

PHD House, 4<sup>th</sup> Floor, 4/2 Siri Institutional Area August Kranti Marg, New Delhi 110016. Tel: 26518201, 26963387, 26531965, 26602302. Fax: 26531954. Email: madhvi-kataria@dishnetdsl.net; indo-american@eth.net; iaccdelhi@vsnl.com

### Programme Outline

#### Day I Wednesday, 9<sup>th</sup> February 2005

9.00 10.00 a.m. Registration  
10.00 11.15 a.m. Inaugural Session

##### Session I

##### ROADS & BRIDGES

- Issues in Building Fast Track Projects
- India needs world class roads
- Bridging the technology gap
- US case study
- BOT Projects An Indian Experience

##### Session II

##### PORTS

- Highlights of IDFC Report on Port Sector
- Experience of P & O Ports
- World-class Technology for Indian Ports
- US Experience
- Bringing World Class Dredging to India

##### Session III

##### PANEL DISCUSSION

- Financing India's Infrastructure Development

#### Day II Thursday, 10<sup>th</sup> February 2005

9.30 10.00 a.m. Registration & Fellowship

##### Session -IV

##### AIRPORTS

- Experience of Sahara India
- Highlights of Report on Civil Aviation
- Recent Developments in Civil Aviation in India
- Latest Aviation Technologies Their adoption to India
- US Experience
- Developing Bangalore International Airport L & T Experience

##### Session -V

##### URBAN INFRASTRUCTURE

- Experience of CIDCO & MSRDC
- Large Scale Salination by US Company
- DMRC Technology & Project Execution Aspects
- Project Planning & Project Management - US Experience

##### Session -VI

##### INTERNATIONAL DEVELOPMENT ASSISTANCE & FDI

- FDI In India
- FDI in Infrastructure Projects in India

##### VALEDICTORY SESSION

- Summary & Recommendations
- A World Bank Perspective
- A Model for Financing India's infrastructure projects
- Valedictory Address

# Karnataka Ready For A Springboard Jump



**K. Shankaralinge Gowda**, Secretary, Information Technology, Science & Technology, Government of Karnataka, has behind him an illustrious experience of working in government departments and organisations. In an exclusive interview with **G. Biju Krishnan**, he talks about the state that exemplifies progress in IT and has set the pace to grab IT investment. He also speaks about the newly introduced B-SAT programme for the BPO-inclined youth, and much more.

**Karnataka was the first Indian State to announce a well-focused IT policy, way back in 1997, and followed it up with the Millennium IT Policy, with the avowed objective of maintaining the pre-eminent position of Bangalore in the field. Now what investment incentives are being given to entrepreneurs, both existing and prospective, to help attain this objective?**

The IT capital of India is by itself the investment incentive, which the entrepreneurs give to themselves. From the government side, we have pulled out all the plugs and welcome with open arms IT investment into the state.

**Today Bangalore is among the world's most sought-after IT cities. There is tremendous pressure on the city's infrastructure from the fast growing BPO industry. What is specific on the government agenda for this city in the near future?**

We realise that Bangalore needs to pull up on the infrastructure front. The city stakeholders have plans for the next 20 years. We are geared up to meet the infrastructure needs for the fastest growing city of Asia. The topmost priority is of course maintenance and upkeep of arterial roads, power, connectivity and public transportation.

**One of the problems highlighted at a recent NASSCOM summit in Bangalore was the likely shortage of IT professionals to meet the growing demand from the BPO industry. What steps are you taking to create a low-end cadre in terms of education and training to retain the supremacy of Bangalore as No.1 BPO destination in the world?**

We have begun with B-SAT programme involving BPO skills assessment test of the employable youth, wherein

those with aptitude for BPO jobs would be trained at a subsidised cost. This programme would be implemented in association with HR experts from the BPO field.

**Bangalore is also very lucky to have companies like Infosys and Wipro, which have a social conscience and are ready to fund government programmes meant for public good. Have you thought about schemes involving large private capital investments in public projects like school, colleges and IT training institutes?**

I would say that Bangalore is lucky to have a strong academic base with a number of privately owned schools and colleges. In fact, this has been the strongest contributory factor for the growth and development of knowledge-based industry in the state. We would definitely welcome companies taking up CSR in ameliorating the living conditions of the deprived sections.

**The economic policies of the Union Government, with Dr. Manmohan Singh as Prime Minister and Mr. P. Chidambaram as Finance Minister, is making every effort to give reforms a human face, which is also one of the objectives of your Millennium IT Policy. How do you plan to dovetail your programme with those of the Centre?**

The economic reforms in India have come with a human face aiming at liberalisation, competition, more purchasing power, low price, affordability by the consumer and the overall development of society. These objectives were kept in mind while designing the Millennium IT Policy and the results of such a policy are there for every one to see, especially in Karnataka. The added feature of the IT policy is to work towards a smart governance for transparency and accountability by the



government functionaries and improving the delivery mechanism for the citizens which has been hailed by one and all.

**How far are your efforts successful in promoting IT business with non-English speaking countries, both in the east and the west, such as the Latin American countries with immense potential for growth in the IT sector?**

We have not been very successful in the past in promoting IT business with non-English speaking countries in spite of our best efforts. This is obviously due to the fact that we have language barriers. We are doing business with the US and Europe primarily because of the common factor of the English language. Off late, however, efforts are being made in promoting IT business with Germany, Italy, France and Brazil (Sao-Paulo).

**What fresh incentives are you proposing to offer in order to attract more and more NRI and foreign IT companies to set up business in Karnataka?**

We propose to replicate the IT developments made in Bangalore in other cities such as Mysore, Mangalore, Hubli, Dharwad, Gulbarga and Belgaum. These secondary cities need to catch up with the IT development, and to

attain this whatever is necessary from the government shall be done. Our aim would be to see similar IT development taking place in the secondary cities in the next five years.

**Karnataka is also in the forefront in using IT in promoting primary education, basic health facilities and women's empowerment. Could you give us details of what you have achieved in these fields?**

The Millennium IT Policy of the state government aims at taking IT to the 'Common Man', utilising IT tools in eradicating poverty, providing employment and empowering women. The government has introduced self-help groups for the women, called the Mahithi Sindhu Programme, especially in schools in the rural areas, wherein computer labs are set up. Also, Yuva.com centres have been set up in all the assembly constituencies, under which over 1.5 lakh educated youth are given computer training at a subsidised cost. There is a separate Department of e-Governance for computerisation of government services in various departments to improve the state's delivery mechanism and reflect a picture of smart governance.



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# 21<sup>st</sup> Century Workforce in America

The 21<sup>st</sup> century is not just about making sure that Silicon Valley has enough engineers. Its mission is to provide hope to ensure that all American workers have the opportunity to equip themselves with the necessary tools to succeed in their careers and in whatever field they choose in this new and dynamic global economy. This is a time of tremendous change across the country and across the globe. America's 21<sup>st</sup> workforce needs to adjust to the changes of the 21<sup>st</sup> century economy. These changes include a fundamental transformation for all industries and increasingly require higher skill sets and higher education.

The mission of the 21<sup>st</sup> Century Workforce Office established on March 6, 2001, is to ensure that all American workers have as fulfilling and financially rewarding a career as they aspire to have and to make sure that no other worker gets left behind in the limitless potential of the dynamic, global economy of the new millennium.

## The Future at Work Trends and Implications

In a new study for the U.S. Department of Labor, RAND researchers Lynn Karoly and Constantijn Panis seek to answer this question. In particular, they examine how three major trends will shape the future at work in this century shifting demographic patterns, the pace of technological change, and the path of economic globalization will evolve over the next 10-15 years. Then, they consider the implications of these trends for key aspects of the future workforce and workplace, including the size, composition, and skills of the workforce; the nature of work and workplace arrangements; and worker compensation. Their assessment of these underlying structural forces is based on relevant data and research and is intended to help all stakeholders workers, employers, educators, and policymakers make informed decisions.

## Shifting Demographic Patterns

In terms of workforce composition, the trend is for a shift towards a more balanced distribution by age, sex, and race/ethnicity. The U.S. population and workforce have been growing older as the baby boom generation ages; put another way, the workforce has become more evenly distributed across age groups. Also, steadily increasing female labor force participation rates, combined with declining male rates, have brought the labor force closer to gender balance. Finally, the inflow of immigrants has been largely responsible for a continuing increase in the racial and ethnic diversity of the workforce, with Hispanics and Asians being the fastest growing such groups in the workforce.

## The Pace of Technological Change

The pace of technological change whether through advances in information technology, biotechnology, or such emerging fields as nanotechnology will almost certainly accelerate in the next 10-15 years, with synergies across technologies and disciplines generating advances in research and development, production processes, and the nature of products and services.

Further technological advances are expected to continue to increase demand for a highly skilled workforce, support higher productivity growth, and change the organization of business and the nature of employment relationships.

## The Path of Economic Globalization

The future reach of economic globalization will be more extensive than before, affecting industries and workforce segments relatively insulated from trade-related competition in the past. The new era of globalization marked by growing trade in intermediate goods and services, expanding capital flows, more rapid transfer of knowledge and technologies, and mobile populations partly results from inexpensive, rapid communications and information transmission enabled by the IT revolution.

Globalization will continue its record to date of contributing economic benefits in the aggregate. Although market share and jobs will be lost in some economic sectors, with short-term and long-term consequences for affected workers, the job losses will be counterbalanced by employment gains in other sectors.

## Implications of Trends

These three trends overlap, as do their implications. Here, we highlight four of the more important ones:

- Employees will work in more decentralized, specialized firms, and employer-employer relationships will become less standardized and more individualized.
- Slower labor force growth will encourage employers to adopt approaches to facilitate greater labor force participation among women, the elderly, and people with disabilities.
- Greater emphasis will be placed on retraining and lifelong learning as the U.S. workforce tries to stay competitive in the global marketplace and respond to technological changes.
- Future productivity growth will support rising wages and may affect wage distribution; the tie between employment and access to fringe benefits will be weakened.

*Courtesy: American Center*



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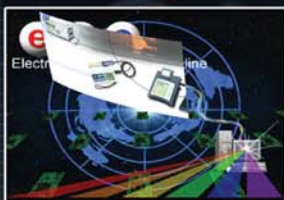
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