



INDO-US BUSINESS

The Newsmagazine of Indo-American Chamber of Commerce

FEB-MAR 2004



NEW MEDIA

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Celebrating the spirit of enterprise

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We are two and going strong. In a fiercely competitive world of media, we have not only survived but also carved a niche for ourselves. Those who matter most read us across continents - government and business leaders, policy makers and diplomats. In short, we connect global business. When New Media started its first transnational business publication, namely, Indo-US Business, on February 16, 2002, the path that stretched ahead was one of uncertainty. However, we forged ahead, despite meager staff and resources working out of a cubbyhole for an office. We have since added five more publications - Trade Links, Indo-Swiss Business, Indo-LAC Business, Indo-Australian Business and Outsourcing - to our kitty. All these additions have only kindled our hunger for more, as the response from our growing numbers of readers has been overwhelming. It is truly a joyous occasion to be two. We celebrate the occasion and renew our commitment to the cause that our publications stand for, namely, promotion of India's bilateral relations with leading countries through our transnational business magazines. We have strived to maintain highest standards both in content and aesthetic quality of our publications. And we shall maintain them. It is a promise that we make to our readers.

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CONNECTING GLOBAL BUSINESS

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Dear Readers

It is my privilege to welcome the newly inducted US Ambassador to India Dr David Mulford and wish him the very best on his assignment in India. With the question of whether the US should outsource to India or not has created a severe backlash. Everything so far tips in favour of India, as the global BPO industry saves on a quantum amount through outsourcing. My instinct tells me that it won't be very long when this controversy will settle down, as more and more jobs get outsourced to India. As the global village concept gains much ground the need of the hour is for progressive thinking and continuous introspection.

At the moment India is in the driver's seat with a growth rate reaching almost 8.5 per cent backed by a strong exchange rate, just the right ingredients to spearhead the business relationship. The US is keenly interested in entering into Free Trade Agreement with India which will set the stage for an even greater bilateral relationship between the two largest democracies in the world. This in turn has brought about initiatives by trade bodies, associations, ministries, high commissions and top diplomats on both sides.

This time the magazine has strayed away from the usual and has touched upon various sectors. In an article on US-India Economic Relations by Asoke Laha, he speaks about India's growth potential and the shape of things to come and the extent of Indo-US relationship. In an article by our very own Indo-US Correspondent Shruti Sinha, where she has spoken of US as an Information Technology Super Power and the reasons for how it got there. An invitation to Robert O Blake, US Chargé d' Affaires by the Lucknow University has drawn attention to its students. In an article, he expresses the issues and perspectives of two diverse countries and how they have come together so far in various areas and how they could target higher levels of achievement.

We also have for you an article on travel, where Priti Sikdar talks of the computer related travel and how faster and timely information could be retrieved at the press of a button. Separate articles from the father of Indian Software Industry, Mr. F.C. Kohli, where he speaks of making India a front office and not a back end office. A recently concluded management workshop has been brought to you by Umesh Luthria in an article.

In the profile section we have for you two companies Essar Group and Paramount Minerals and Chemicals Private Limited. A brief preview on Indo-American Chamber of Commerce's two upcoming events namely Global Offshore Outsourcing Summit 2004 and Amfest Destination India have been recorded in two separate write-ups. Also, an exhaustive list of the new cases approved by the foreign Investment Promotion Board has been added.

And finally, chamber news from the various corners of the country gives an overview of the various activities of the chamber to give a boost to the Indian American business scenario. I take this opportunity in thanking all those who support the magazine, encouraging me to improve.

Happy reading

Satya Swaroop
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Dear Fellow Members,

Indian economy, Asia's third largest, is expected to expand by 8.1 per cent in 2003-04. Aided by a rebound in the farm sector, widespread industrial growth, increasing exports, moderate inflation, declining interest rates and visible improvement in the global economic recovery. The farm

sector, which accounts for a quarter of GDP, is expected to grow by 9.1 per cent after a drop of 5.2 per cent in the previous year. A bumper crop output is seen boosting rural incomes and pushing demand, which in turn will help the manufacturing sector post a solid 7.1 per cent growth compared with 6.2 per cent. The services sector, the economy's growth engine with a more than 50 per cent share, is set to grow by 8.44 per cent in 2003-04 compared with 7.14 per cent in the previous year. India's foreign exchange reserves have reached more than \$106 billion and are consistent with the rate of growth, the share of external sector in the economy and the size of risk adjusted capital flows.

The strong expansion, India's highest in nearly 15 years, will propel it into the rank of the world's fastest growing economies. India is a notch behind Asian rival China, which is expected to grow by 8.5 per cent in 2004. It should be possible to sustain the growth of over 8.0 per cent in 2004-05. However, next year's projection would be critical on the sustainability of the growth in services and manufacturing sector, besides greater investment, especially in critical sectors.

With the general elections round the corner, the Union Government presented a Vote on Account, prior to which it announced a series of measures to further spur economic and industrial growth. The world's two largest democracies India and U.S. will witness democratic exercise through polls.

Elections in India will be held in April through May 2004. U.S. Elections are not far away in November 2004. India the world's largest democracy will witness country's first fully electronic elections. Barring few postal ballots, every vote cast for the 543 Lok Sabha and 700 odd Assembly Seats will be done by Electronic Voting Machines.

Over a million EVMs will be deployed in this massive exercise in which an electorate of about 675 million is

eligible to participate.

This is what distinguishes Election 2004, a paradigm shift from 1999. This augurs well for expansion in political relationship between the two greatest democracies namely, United States and India.

The world will very closely watch the elections in India and U.S., an exercise in democratic nation building, through polls.

The reduction in peak customs duty to 20 per cent and the elimination of the 4 per cent SAD is expected to drive the economy towards greater competitiveness, efficiency and globalization. There has been simplification of customs procedures while simplified procedures have been introduced under direct taxes. Several measures have been undertaken to move closer to capital account convertibility and import liberalization. The government has announced a series of measures to fine tune the EXIM Policy 2002-07 so as to provide an impetus to international trade.

Fuelled by higher consumer and business spending, third quarter GDP grew at 7.2 per cent, compared to 3.3 per cent in the previous quarter. Growth in fourth quarter is expected to be around 4 per cent. US economic growth could reach 5 per cent this year and unemployment would decline slightly. Unemployment rate in the US during January 2004 was 5.6 per cent (as in November 2001). However, there is a sluggish pace in job creation. Inflation appeared set to remain very low. Inflation is predicted to decline this year to about 1.25 per cent from 1.4 per cent. Despite the acceleration in growth, the Federal Reserve intends to follow a low interest rate regime for a considerable period as it is anticipated that low rate will sustain the economic recovery.

There has been a backlash in US against outsourcing to India. The \$500-billion global BPO industry is saving as much as 75-80 per cent by setting up operations in India. For instance, the US banking industry alone saved \$ 8 billion over the past 4 years by outsourcing work to India. This comes largely on the back of savings in labour costs. At the same time, the Indian labour force and the domestic industry are equally gaining tremendously. Against the backlash and outcry of Business Processing Outsourcing (BPO) in different legislatures across the United States, trade statistics released by the U.S. International Trade Commission indicate that India's imports from U.S. increased by 18.75 percent to U.S.\$4.37 billion during 2003. The previous year's (2002) figure is close to \$3.68 billion.

Major items imported from U.S. include aircraft, machine tools and capital equipment, boilers, nuclear reactors, chemicals, process control instrumentation and telecom

equipments. Import of these items increased by 8.31 percent to \$840.7 million during 2003, as compared to \$796.2 million in the previous year. Imports of specialty chemical rose by 74.4 percent to \$488.9 million. This emerged as third highest product category overtaking aircraft, organic chemicals and medical instrumentation systems.

After logging a growth of more than 20 percent in the first half of 2003, India's exports to U.S. closed the year at \$13.03 billion representing a rise of 10.52 percent.

In spite of the higher growth in imports from U.S., India had a trade surplus with U.S. to the tune of \$8.66 billion in 2003 as compared to \$8.11 billion in 2002.

India was ranked 24th on the list of countries with which U.S. had a trade deficit.

The "0" in the word BPO is here to stay - with this being an election year in both India and United States, it may even become one of the contentious issues in the bilateral agenda.

The recently passed legislation targets only U.S. Federal Agency contracts that are outsourced, whereby the law is valid only until September 30, 2004. But we have to bear in mind the political and economic implications of a precedent that has now been set. Will the lawmakers ultimately zero down on the corporate sector? Is there possibility of the present law being renewed beyond Sept. 30, 2004?

One cannot ignore the fact that during an election year, American lawmakers will place a premium on districts and constituencies as opposed to any academic or intellectual debate on the benefits of free trade.

The writing on the wall is clear. One cannot go for a direct confrontation with the Congress. Institutions such as Indo-American Chamber of Commerce (IACC), and companies in the IT Sector will frame strategies of working behind the scenes namely - talking and writing to relevant officials in the U.S. Dept. of Commerce Members of the Congress, in the Senate, House of Representatives, and seeking support from American corporates.

It is believed by industry experts that economic impact on a country like India is said to be "Insignificant" in the sense that the ban on Federal Contracts outsourcing could be approximately a mere two percent of India's software exports.

The real worry is over the "precedent value". Several States between 8 and 12 are actually trying their hand at legislation to restrict outsourcing all over again.

This is a wake-up call. When the dotcom boom happened a few years ago, corporate America went on a hiring binge. When the expected business did not materialize, it started dishing out pink slips. If America can spot a new frontier,

jobs will come back. Till then, the current restlessness will persist.

A principal reason for outsourcing of jobs to India, more often than not, is low salary and wage structure. Increasingly it is beginning to dawn on corporate America that cost of manpower alone is not the criteria - the requisite skills are simply not available in the U.S. corporate America just cannot afford to wait for that to happen.

Politics, which derives strength from business, will find it difficult to dictate the course of commerce. Notwithstanding the political fury, corporate America will continue to outsource, but India Inc. will be well advised to look inward and focus on the quality of service.

We at IACC, are confident that the current backlash is a temporary phenomenon and would dilute once the US economy, and particularly labour market, improves further.

We must appreciate the fact that India continues on the economic radar screen of US due to the inherent scope for exploiting the commercial potentials that exists. It is in this context that the US has expressed keenness to enter into Free Trade Agreement with India in the services sector. Free trade in services between India and US is considered a very promising field, especially in IT, legal and accountancy services. The two countries have also entered into an agreement for enhancing cooperation in High Technology trade.

The more than optimistic growth in both, US and Indian economy, as well as positive developments in bilateral relations, creates an opportune environment for us at the Chamber to undertake new initiatives, which would enhance business-to-business contacts between the two countries. The Chamber is planning an "Indo-US Maritime Summit" in end June this year to explore the possible areas for cooperation. I am happy to mention that the Ministry of Shipping, Government of India has already agreed to be the co-host of the event. For the first time, the Chamber is also planning to organize an "Indo-US Economic Summit" in July to attract more investment from US companies in financial instruments and products. We are sure that the business community of both US and India would find these mega events as useful tools for enhancing their businesses.

Through the medium of our in-house journal, I wish to welcome the new US Ambassador to India, Dr David C Mulford, who has recently taken up his assignments. I am confident that we will continue to interact with him as we did with his predecessors for synergizing our efforts in taking the bilateral relations to newer heights.

V RANGARAJ
President IACC

THE UNITED STATES AND INDIA BUILDING STRENGTH IN DIVERSITY



In an exclusive programme made in honour of Robert O Blake, U.S. Chargé d'Affaires at the Lucknow University, he expressed his view on the future of Indo-US relationship

Mr Robert O Blake was invited to a programme held in his honour at the Lucknow University on January 16, 2003. He acknowledged the invitation by thanking the vice chancellor, pro vice chancellor and the students for their continuous support and engagement with the U.S. Embassy over the years, resulting in a close working relationship with Lucknow University. He stated that the university is one of India's leading schools, having a renowned history. He was highly privileged to have the opportunity to deliver and share his views on the subject chosen for the occasion which is of importance to both countries.

HERE IS AN EXCERPT OF THE SPEECH HE DELIVERED THAT DAY:

"I am happy to be here because I always enjoy direct interaction with students and faculty. The lively debates that occur daily in universities in India and in the United States -- and that I expect we will have today -- are crucial pillars to all free and democratic societies. I am particularly happy to return to Lucknow, "the city of Nawabs" and the electoral home of Prime Minister Vajpayee. This is my second visit to Lucknow and I always enjoy seeing the city's great cultural heritage, sampling its famous cuisine, especially the kebabs and biryani, and shopping for Chikan embroidery clothes for my wife. A great example of India's

secular values, Lucknow shows us how diverse historical and cultural traditions blend together to create a vibrant community.

Today, I also had the pleasure of donating a special collection of books on American society and studies. I hope that this collection will allow you, your colleagues, and future students in this University to learn more about the United States and its policies, values and institutions.

Today I want to address an issue of significance to both our nations, the important role of cultural and religious diversity in our two democratic societies. I am pleased to do this, because this diversity is a principal source of strength for our two great democratic countries. Diversity catalyzes not only creativity, but tolerance. This is important because our two nations are playing an increasingly important role on the world stage today, and we can help influence the world by our own examples.

Before I go further, I'd like to say a few words about the U.S.-India relationship. All of you know that relations between the United States and India have never been better thanks to the leadership of President Bush and Prime Minister Vajpayee. The dramatic transformation that has occurred has its roots in our common values and interests. We are the two largest democracies in the world, and we are committed to political freedom, tolerance and representative government. We have common strategic interests in protecting the vital sea-lanes of the Indian Ocean; fighting terrorism, the spread of weapons of mass destruction, organized crime, and drug and human trafficking; and creating a strategically stable and prosperous Asia.

The level of cooperation over the last two years between our two countries across a broad range of issues has been nothing short of extraordinary. In fact, the United States and India announced an agreement on a significant expansion of our strategic partnership. The agreement announced by President Bush and Prime Minister Vajpayee lays a solid foundation for our two countries to work together much more closely in areas such as expanding high technology trade, civil space and civil nuclear cooperation, and missile defense.

The positive trends in our bilateral relationship have not been confined to government-to-government relations. People-to-people contacts are flourishing as well. Each year, the U.S. consular sections in New Delhi, Chennai, Mumbai and Kolkata issue more than a half million visas.

In spite of the challenges posed by the terrorist acts of 9/11 and afterward, the overall visa issuance rate for India is the same today as it was then. In fact, India has become the second highest source of legal immigration to the United States, second only to Mexico. For the second straight year, more students from India are studying in the United States than from any other country, including China, with over 70,000 young Indian men and women going to U.S. colleges and universities. In 2002, India was second only to Germany as the country of choice for American scholars seeking Fulbright grants to study overseas. We all know the

extraordinary and growing contributions Indian Americans are making to U.S. culture, business, science and technology, and increasingly, politics.

Just last week, over 400 Americans of Indian origin came to New Delhi to participate in the second annual Pravasi Bhartiya Divas, a major international conference sponsored by the Ministry of External Affairs and the Federation of Indian Chambers of Commerce and Industry to help India develop bonds with NRIs throughout the world. I had the pleasure of hosting a reception for the American NRIs to learn more about what they are doing to cement the bonds between our two great countries. I told them the United States is very proud of the NRIs who have chosen America as their home.

They are making a significant contribution to the ongoing transformation in the U.S.-India relationship. Let me now turn to the main theme of these remarks, the importance of diversity in our democratic societies. America's history is a story of continuous social evolution. For more than two hundred years, new immigrants have flocked to our nation from all corners of the globe. They landed in great cities like San Francisco and New York but quickly blazed trails to settle all over the United States. Subsequently, their families and descendants followed those paths to new homes, new occupations, and new self-worth as American citizens.

Thanks to this constant stream of immigration, the United States, like India, is a multiracial, multiethnic democracy. Today, there are more children from more diverse backgrounds in our public schools than at any other time in our history, with one in five from immigrant families. For example, just across the Potomac River from our Nation's capital of Washington, Virginia's Fairfax County School District boasts of children from 180 different racial, national and ethnic groups who are fluent in more than 100 different languages.

The face of America is changing -- literally. While much discussion focuses on the potential divisiveness inherent in a nation so diverse, the integration and inclusion of this new and increasing diversity is in fact bringing greater strength and vitality to the United States. For example, one study projects that by 2050, 21 percent of the U.S. population will be of mixed racial or ethnic ancestry, up from an estimate of seven percent in 1999. Among third-generation Hispanic and Asian Americans, it is estimated that marriage outside one's ethnic group is already at least 50 percent.

The year 2000 census showed that at least three out of ten U.S. residents are something other than those of European origin. In the year 2006, the Hispanic population will outnumber the African-American population. Soon, Islam may be the second largest religion in the United States after Christianity. In 2030, one out of four Americans will be either Hispanic or Asian in ethnic makeup.

Over the past twenty years, there has been a significant increase in "foreign-born" Americans. Between 1990 and

2000, the foreign-born population increased by an astounding 57 percent from 19.8 million to 31.7 million. In 2000, 40.3 percent of the foreign-born were naturalized U.S. citizens, but taken as groups, 82 percent of those who entered the U.S. before 1970 were naturalized as opposed to 13 percent of those who had entered in 1990 or later.

Of this group, Indians are making a significant and growing impact on the American society. Indian-Americans already have the highest per-capita income of any ethnic group in the U.S. There are 50,000 Indian American doctors, a number that represents 5 per cent of all doctors in the United States. Of the 52,000 hotels in the U.S., 22,000 are owned and operated by Indian Americans. Indian Americans are responsible for one-third of the start-ups in Silicon Valley. According to the U.S.-India Political Action Committee, Indian Americans donated \$7 million in the last U.S. Presidential campaign and are expected to donate \$10 million this year. Many of you may have heard of Bobby Jindal, a bright, young Indian-American who recently narrowly missed being elected as the Governor of the State of Louisiana. Even though he lost this time, I am sure it will not be long before there is a state Governor, a U.S. Senator, or a member of Cabinet who is an Indian-American.

Just last week, we had Congressman Joseph Crowley, the Co-Chairman of the Congressional India Caucus, visiting India with a delegation of nine members of Congress. The Congressional India Caucus, a grouping of legislators dedicated to promoting U.S.-India relations, is the largest such organized group in the U.S. Congress. Several other Congressmen and Senators are also visiting India this month. These Congressional delegations testify to the growing importance of U.S.-Indian relations and the growing ties between our two nations. It is no exaggeration that Indian-Americans are quickly assimilating into the American mainstream and becoming an active force throughout American society. These statistics show clearly the changing make-up and face of America and the strength and dynamism this diversity brings to American society. America is quickly becoming more diverse in what is an increasingly globalized world. This is good.

Admitting and assimilating so many new people from such a vast array of cultures and nationalities is a true testimony to the strong foundations that underlie American society - the commitment to democratic principals, the rule of law, and the right to freedom of expression and religious beliefs. These values, I believe, are also shared by India. This is especially apparent in Lucknow. Visiting here today, I am reminded of the importance of religious and cultural tolerance because of Lucknow's long and rich history of promoting these values, including the reign under the Nawabs of Oudh. In particular, the last Nawab, Wajid Ali Shah, was well known for the cultural enrichment of Lucknow, which would not have been possible without the tolerant interaction between Lucknow's various religious and ethnic communities. This history, and the success of the Nawabs in promoting the best in different cultures and religions, is important for all of us to remember.

In this regard, let me say a few words in particular about the growing role of Islam in American society and focus on some misconceptions of how U.S. foreign policy has interacted with the Muslim world. Welcoming people of all ethnic groups and faiths into American society has been the rule, and Islam is no exception. For example, you may be surprised to learn that Islam may well be the fastest growing religion in the United States today. By some estimates, in 2010 the Muslim-American population will be the second largest in the nation after Christian-Americans. In fact, while it is difficult to be precise because the U.S. Government is prohibited from asking its citizens about their faith, it is estimated that there are 6 million Americans of Muslim faith and 1.3 million of the Hindu faith in the American population. America has over 1,200 mosques and 700 Hindu temples.

America's history has taught its citizens the value of reaching across faiths, creeds, and cultures so that everyone can achieve their dreams. We are a nation of many races and religions. In fact, our nation has shown diversity in action, not theory like If you take a walk in the area around the Department of State in Washington, D.C., within minutes you can be at a mosque, a synagogue, a temple, or any of a large number of different kinds of churches. As for America's Muslim population, historically they have been a part of American society since the late 1800s, when people from the Middle East (present-day Syria, Jordan, and Lebanon) immigrated. Today, the American Muslim population is highly diverse, representing Indians, Pakistanis, Bangladeshis, Middle Easterners, North Africans, Iranians, Turks, Eastern Europeans, Southeast Asians, Africans, African Americans, and other converts.

Today, American Muslims are very young, with 74 per cent under age 50; and like the Indian-American population overall, highly educated, with 58 per cent holding college degrees; extremely successful, with 50 per cent earning more than \$50,000 annually; and involved in the political process with nearly 80 per cent registered to vote. The remarkable success of Islam in America is ensured by a form of government, and secularism that values the role of religion in the lives of its citizens, while keeping the hand of government out of their faith. It is predicated on open borders that allow goods, services, information, ideas, and people to flow freely. This has enabled America to perpetually reinvent itself and change with, and adapt to a dynamic world. America, like India, is opening and accepting positive new influences from anywhere. These beliefs not only underlie the profound diversity of our domestic society, but they define our foreign policy objectives as well.

Yet around the world one encounters the unfortunate and incorrect impression that American foreign policy is directed against a particular ethnic group or religion, such as Islam. This cannot be further from the truth. U.S. foreign policy is not based on religious or ethnic considerations. It seeks to promote freedom and

democracy throughout the world for everyone regardless of their ethnicity or religious beliefs. For example, in Bosnia the U.S. deployed American troops to protect its Muslims from Serb attacks. We contributed hundreds of millions of dollars to Bosnian reconstruction, and remain committed to an independent, democratic, secure and prosperous Bosnia. In 1999, the United States intervened in Kosovo to assist oppressed Muslim Kosovars. Kosovo is now on the road to stability.

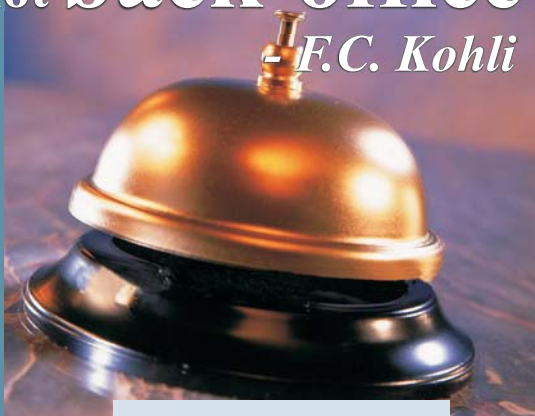
In 2001 the United States helped liberate the Afghan people from a regime that supported terrorists. Earlier this month, Afghanistan, after considerable effort, formally adopted a new constitution that protects the basic human rights of Afghans and sets forth a civil law that is consistent with Sharia law. Recognizing the importance of protecting democratic rights and the right to religious freedom, the Afghan constitution provides broad guarantees of religious freedom, allowing adherents of other faiths to practice their religions and observe their religious rights. Our effort, together with the international community, including India, helped the Afghan people reach this important milestone. The United States is working hard to achieve a similar objective in Iraq. Our goal there, shared by India and the United Nations, is to build an independent, democratic and stable Iraq. We are now working with Iraqis to help create the conditions in which the Iraqis themselves can elect a representative government that can lead the Iraqi people to full sovereignty. The United States Coalition Provisional Authority will not remain in Iraq one day longer than is necessary to accomplish this goal, but we will continue to work with Iraqis on the reconstruction after our soldiers have gone.

In future, the United States, like India, will continue to help people of all religions and ethnic backgrounds share equally in building a great nation. Both of our countries are opposed to the oppression of anyone regardless of religion, ethnicity or gender. President Bush has said, "America rejects bigotry ... America values and welcomes peaceful people of all faiths -- Christian, Jewish, Muslim, Sikh, Hindu and many others. Every faith is practiced and protected here, because we are one country." So what does the future hold for America?

The debate over immigration tells us something about Americans as a people. The story is one of increasingly blurred boundaries between groups. Although erasing distinctions completely may be neither possible nor desirable, minimizing them seems inevitable. As we move into the 21st century, the American challenge, like that for India and for much of the world, is to continue to welcome immigrants and diverse ethnic groups into our societies in a way that strengthens democracy and increases mutual understanding. It is this vision of the future that will continue to strengthen our mutual commitment to democracy and freedom throughout the world. Thank you for your warm welcome, and may I wish the students and faculty of this university all the best."

“Be the FRONT OFFICE, INDIA... not back-office”

—F.C. Kohli



Indian companies should graduate to a value-added role and not stop at being a mere transaction engine mechanism. IT & ITES have specific roles to play & India should make use of the situation in generating employment too.

“I want India to be the front office of information technology, not the back office for multinational companies wanting to take advantage of our prowess,” is the assertive statement of the pioneer of Indian IT industry, **Mr F.C. Kohli**, former deputy chairman and currently member of the executive committee of Tata Consultancy Services. “We must occupy the driver's seat as there is no alternative. And we have to keep on exploring as technology is fast changing,” he adds.

In a freewheeling interview with *OutSourcing* for its inaugural issue, Mr Kohli, who chartered the course for the Indian IT industry to be a world winner, feels that many software firms seem not to understand technology. “Technology is not static. It is fast changing. Every year there is a new bus. Every organization wanting to be in the field of technology must be prepared to catch

the bus.”

He says IT-enabled services have a specific role, and Indian companies should make use of the situation, especially in generating jobs for the unemployed. But these are jobs that do not require technological precision. So, an engineer should never be aspiring to be part of a BPO outfit.

Does he think that India, being in the IT field in a big way for so many years, and having English as a widely used language, has an edge over other ITES destinations, say for example, China, Taiwan or even Australia?

“I do not see these as an edge over other countries mentioned. Yes, competitive technology has a role, but as in a manufacturing concern, it is a question of business model, question of leadership, question of adoption of appropriate technology and also a question of value system, especially in terms of deliverables. Any company with these qualities can aspire to be a successful venture in this field.”

He reiterates his contention that technology is changing very fast. He foresees that some of the manufacturing companies like General Motors or GE or other multinationals which have been big outsourcing companies would be able to develop and adapt changing technologies so that they would be capable of creating their own processing centers in their own backyards in a cost-effective manner, thus dispensing with the Indian service organisations. This situation may happen in about five years.

Mr Kohli says any technology-intensive organization should be able to act with vision. Its leaders must think at least 48 months in advance. Then only will they survive in this fast-changing world. “That is how TCS worked way back in the 1980s and created credibility. If TCS has not been there, I would say the IT scenario in the country would have been different. In fact, TCS has been a great facilitator for the IT to happen.”

Recounting the problems every Indian IT firm had to face in the early years of the IT revolution, he said “When TCS was started in 1968, it faced huge problems”. Information technology or software was not known at all. Even the government attitude had not been helpful. “But we slowly worked our way up and overcame these problems and reached this position. What I am stressing is that we knew there would be problems and at the same time we also knew that solutions are there and that we will succeed in surmounting those problems.

“Sometimes not having a particular sophisticated computer system becomes advantageous, because you learn from experience. I can tell you about an instance. One of our first projects in 1974, which was done in India, required the use of a Burroughs computer system. The government had naturally rejected import of the system. We did the work on an ICM machine and our software engineers wrote a program, which acted as a filter converting ICM Cobol into Burroughs Cobol. We checked it, perfected it and installed it on the Burroughs machine in the US. The system worked fine. And the end result Burroughs bought that filter from us, because in the UK, ICM machines were to be replaced by Burroughs machines and using the filter was the easiest way to migrate from ICM programs to Burroughs programs. I am sure Burroughs would not have been able to develop the filter. It is adversity that made us design and develop a filter to serve a particular purpose. But, being innovative helped us because ultimately the filters became a source of revenue for us.”

The **US-INDIA ECONOMIC** Relations...

Scripting a New **PARADIGM**

- Asoke K Laha

From an Aid seeking nation till the mid 90's, India has come a long way. With over \$107 billion as foreign exchange reserves and robust growth signals, there is a changed perception among the community of nations and global businessmen about India's growth potential. India is now retiring some of the old debts, which it had contracted from the multilateral organizations like World Bank to reduce the burden of the external debts. India has considerably eased its foreign exchange regulations and has enhanced the threshold limit on a progressive scale fixed for investment abroad. In short, there are clear signals that the country is gradually moving towards the capital account convertibility.

STRATEGIC PARTNERS

The progress that India has achieved in the recent years has brought about seemingly perceptible changes in its relationship with the United States, its major trading partner for a very long time. The US now reckons India as a strategic partner to expand co-operation in the areas of civilian nuclear activities, civilian space programmes and high technology trade. India and the US, in the words of President Bush, are partners in the war against terrorism and in controlling proliferation of weapons of mass destruction. This is indeed a major transformation from the days of PL 480, when India topped the list among the aid receiving countries.

TECTONIC SHIFT

How did this tectonic change in the Indo-US relationship happen in the recent days? There are economic and geo-political reasons. The scope of this article is mainly confined to the economic paradigms and structures that shaped the Indo US policy, though geo-political reasons are dominant factors that concretized the contours of change. The National Security Paper issued by the National Security Council of the US in September 2002 is a major milestone in the bilateral relations. It specifically mentions the potentialities of India as a partner of the US and clearly amplifies its commitment to engage India in the spheres of peaceful uses of nuclear energy and space and to co-operate in missile technology. This also indicates that the US and India have decided to put the past behind them to chase a shared vision for the future, based on common values and interests of the two largest democracies in the world.

ECONOMIC ANGULARITIES

What is relevant for us now is to introspect on the economic angularities of the new partnership. Let us touch

upon some of the lesser-known facts about the Indo-US economic ties.

- This year exports by the US to India increased by 20 per cent after four or five years of flat growth. This augurs well for the US, which is facing severe trade deficit with most of the countries including China and Japan. The bilateral trade between the two countries is poised to make a quantum jump.

- Of late, there has been a tremendous interest among the business community in the US about opportunities in India. The expanding number of middle class families in India is perceived as a potential market for the US. Let us look at the financial sector alone. Almost all the large insurance companies in the US have set up their operations in India, despite the general hiccup that the equity ceiling is considerably low. Major US banks have considerable presence in India and almost all of them have started their global operations from India, hiring large number of people. They also have achieved considerable labor and productivity arbitrage because of the relocation of their global operations enhancing their profitability. Besides, Indian investments have paid off to the US investors. An analysis made by the Standard & Poor on the US Mutual Funds investing in the Indian stocks had revealed that the average domestic mutual funds holders in the US have invested at least 10 per cent of their stocks in India. This had given a return of 65.40 per cent in 2003, when the return from the US equity and debt market was very low. According to the analysis, US\$ 7 billion flowed into the Indian equity market in 2003. This is likely to swell to US\$ 20 billion in 2004.

- Indian diaspora has played a major role in bringing both the countries together. The immigrant Indian community has become more active and hence relevant to the US political affairs. With the growth of IT industry globally, the role being played by the Indian Americans have been increasingly being taken notice of by the global business community. For instance, the top 92 Indian American owned companies in the US together generated a revenue of US\$2.2 billion and together employed 18,337 full-time workers in 2002.

- According to the data released by the Department of Treasury, US Federal Reserve Board, recently, India's holding of US treasury securities (UST) amounted to US\$ 13.5 billion in October 2003, up US\$ 4.9 billion over the January level of US\$ 8.6 billion. This works out to a growth of 57 per cent, one of the fastest after Australia, Canada and the Netherlands.

- The growing India US military ties, post 9/11, have entered into an exciting phase particularly for buying of security installations. It is believed that equipments worth several billions are going to be imported from the US in the recent days. Of course, the import of these equipments will not be reflected in the merchandise trade between the two countries. Also, India is sourcing large quantities of computers from the US mainly from HP, IBM and Dell.

- The phasing out of quotas in textiles and clothing trade by the end of this year will reduce the number of textile exporting countries from the existing 44 to less than half a dozen. China will be the killer destination for sourcing. Many US firms believe that India is the primary alternative to the US for sourcing. The booming textile industry in India will provide market for the US textile machinery manufacturers.

- India has emerged not only as a destination for IT outsourcing, but also for R&D, bio-techs, financial, medical and legal outsourcing, saving billions of dollars for the US corporations. The anti-outsourcing campaigns may be triggered by the forthcoming elections in the US, but US corporations will step up their campaign for outsourcing once the elections are over since their future profitability is very much dependant on outsourcing.

TOWARDS AN EXCITING PHASE

Could we take the bilateral relations to an exciting phase? Could India and the US craft the newfound relationship into a durable and sustainable realm? What are the roadblocks that both sides perceive are holding back the growth potentials? These are some of the issues that have to be focused up on by both sides. Let us take the issues from the US perspectives first.

TRADE DEFICIT GNAWING

The US views the increasing trade deficit, year after year, as a major hindrance to bilateral economic growth. Presently, the trade deficit is an annual US\$9 billion, which is growing everyday. In the case of capital flows also the US has forwarded a wish list to India. They want an easier investment access in potential and lucrative investment market in India such as telecom, insurance, retail trade, etc. The current restrictions such as total ban on investment in the retail sector and sectoral caps on investments, are perceived as major hindrance to bring the capital. If these bottlenecks are taken care off, the US could overlook the mounting trade deficit since it could be made good by augmented capital remittances by way of repatriation of profits and dividends. The US does not want a Chinese or Japanese experience to repeat in the case of India, where trade deficit is growing unwarranted by not much hike in the capital remittances. At the same time, the US may not mind the EU experience to be repeated in India, where though the US has a mounting trade deficit, the overall balance of payments is in her favor due to accelerated flow of revenue from the capital flows. The US is also concerned with India's lackluster record of protecting the Intellectual Property Rights in India, particularly data protection, where a large quantum of

resources have been spent on basic research.

What does the US expect from India in return? The United States Trade Representative Robert Zoellick has put it succinctly during his recent visit to India that the US wants the Indian market to be further opened including services, consumer goods, technology and agriculture. The US wants India to reduce domestic subsidies that distort production of agricultural products so that the US agro products can increasingly penetrate into the expanding Indian market. This, they believe can considerably reduce the growing trade deficits. They are looking at products like wines, almonds, peanuts, fruits, vegetables, fish and meat preparations to be sold to the increasing number of middle class people in India. They want customs duty reduction for these products to make them more affordable. The US also wants phasing out of subsidies on products like liquid petroleum so that their oil companies can sell more in the Indian market. A number of US firms are also troubled by the Indian regulation that expects them to take permission from the Indian partner to set up a new joint venture or a wholly owned subsidiary.

INDIAN PERSPECTIVE

India's response to this wish list from the US very much depends on the immediate reciprocity on matters relating to Business Process Outsourcing, technology transfer, easing of visa restrictions and importantly a better treatment to India as compared to Pakistan in matters relating to geo-political issues. In an atmosphere surcharged with strong stance on BPO, India cannot gather the political will to further reduce the customs duty on agricultural products or legislation to further tighten the Intellectual Property Rights. Further, tightening of the IPR regime should lead to inflow of the state of the art technology to leverage the productivity arbitrage in the Indian manufacturing and the services sectors. India also wants restoration of complete set of GSPs, which she has enjoyed before the nuclear detonation. There are also concerns for India regarding the double taxation avoidance treaty, which has created several bottlenecks for the Indian government in taxing the US firms operating in India. Presently, it is reported that there are 16 grey areas in the double taxation avoidance treaty, which India is trying to resolve with the United States, not the least, a totalization agreement, which will help Indian professionals on short-term visa in the US to save millions of dollars.

RECIPROCITY

Therefore, the exciting phase for both the United States and India in the bilateral economic relations depends upon a give and take policy based on mutual respect and is imbued with a spirit of partnership. The relationship should be solidified on the assertion that by 2050, the economic superpowers in world would be the United States, China and India, in that order. Our efforts should be such that the future generations will draw inspiration and guidance to work more closely and for better results. That, is the challenge and the mission statement.

FUTURE FIRST

At a two-day workshop conducted at the Taj Land's End, Mumbai on February 18, directors and top line managers from companies in the software, pharmaceutical, manufacturing, and services segments from leading companies like ITC, Merck, Lupin, IPCA, Pfizer, and Voltas witnessed a unique workshop on Management. Mr. Umesh Luthria, eminent Strategy Advisor to the hospitality and tourism Industry, and an attendee at the workshop put forth his thought and reactions.

My first reaction at receiving an invite to attend a 2 day workshop on “Reinventing Strategic Planning” was that of a skeptic. Was it going to be a 'remix' version of what had already been expounded by various management gurus? But, keeping an open mind to any new concept on strategy that may come my way, I attended the workshop. Moreover, my research on Steve Haines and his Center for Strategic Management reassured me that the time spent would be well worth the attendance. (Ref. Box Item)

“I love skeptics they are my best friends” is how Steve opened the workshop and followed it with a quote from J. Marriott (*the founder of what is today the world's largest hotel chain*) that had said to one of his Associates (In Marriott Corp. all employees are called Associates) “If two of us think alike then one of us is unnecessary”. To Steve, a positive skeptic is one who would not just accept what he had to say in the workshop as the gospel truth but challenge it where required to establish the required belief in the process that he was to put forth before us. It was good to know that I was welcome.

So what is this “Reinventing Strategic Planning” all about? According to Steve it's all about the way we think and that's why he calls his method a “Systems Thinking Approach to Strategic and Business Planning”. His view is that in the industrial age that ended a couple of decades ago, business had been built by incremental expansion of available technology, assumptions, and day to day operations. A good leader was one that could see the existing (present) situation, however complex, in the eye; dissolve that situation into small manageable components and then resolve it. (Incidentally, this was the final lesson I had learnt on my graduation day in 1985 from none other than Tom Pritzker (of Hyatt Hotels) who was the speaker at

the ceremony). In today's global information age, this strategy of merely building on the present is defunct. Worldwide markets and instant global communications are now multiplying opportunities. Today, organizations must keep pace with changes in their environment and reduce current expenses, waste and bureaucratic operations. They must completely reinvent their future vision and then begin to think backwards to this future with strategies needed to remain successful. They must commit passionately to the disciplined management of changes that occur along the way toward becoming “customer focused, high performance, learning organizations”. This was the end goal of the Systems Thinking Approach.

Today, organizations must keep pace with changes in their environment and reduce current expenses, waste and bureaucratic operations. They must completely reinvent their future vision and then begin to think backwards to this future with strategies needed to remain successful.

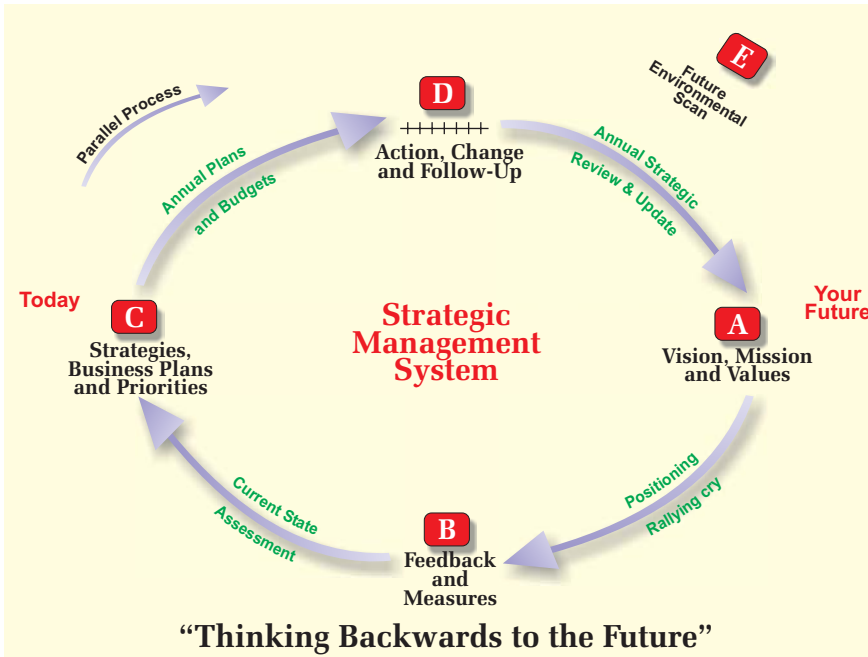
To clear this FUTRE FIRST concept, Steve explained that most organizations set up goals to achieve in their future with an elaborate “strategic plan”. In most cases the developed document contracts the fatal “S P O T S” syndrome (Strategic Plan On Top of Shelf gathering dust). Reason the plans have been made on the basis present limitations of what is available and happening in the organization today. “Insanity is doing the same

thing all the time expecting different results” he quoted. Therefore, it was imperative that a Strategic Plan begins with the end goal first, then figure out what was needed to achieve those goals, then do an analysis of where the organization stands today and finally what are the inputs required to correct the shortfalls of today. It is only then that an organization can set realizable goals that are capable of being flexed by the environment and adapt to this constantly changing world we live in today.

My mind immediately took a quick diversion and thought of Ratan Tata and his Indica project the parameters set by him for the car were labeled insane by the industry and it is this very car that turned the fortune for Tata Motors. This was

the First Premise in the “ABC of Strategic Management” that Planning and Change are a primary part of management and leadership on which the first goal of developing a Strategic Plan and Document is based upon.

for the 21st century to enable a leader to train, coach, facilitate and carry out this “Parallel Process” so as to fulfill the second goal of Strategic Management that is “Ensure Successful Implementation”.



“Planning is not making documents but the act of the entire management” S. Haines

The third premise to Strategic Management is “Customer Focused Systems Thinking” - This premise though recognized and accorded primary status is so often lost out by organizations. Reason, most plans are content with customer satisfaction as the end goal wherein “Systems Thinking” the end goal is just the beginning of the next cycle to a higher level the third goal of Strategic Management “Sustain High Performance”. In a way “Systems Thinking” was all about creation of a “living and constantly learning” plan governed by the same natural laws that govern us.

“Systems are the way by which the world and all its entities work” S. Haines

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“Future is what should lead today. That's the only way the future will not bog down the present”. S. Haines

The second premise of Strategic Management “People Support What They Help Create”. It is the job of the organization leaders to take what Steve called a “Helicopter survey” approach in not getting bogged down by the detailing of the plans but “Focus” for whom the organization was evolving these goals (hence plan) for. This way the leaders could look at plans holistically and ensure that every subsystem gels in perfectly. Holistic approaches generally result in the simplest of solutions to the most complex problems very akin to the Rubicks cube puzzle. (The only way to sort it out is to look at all 6 faces at once).

“In a system the whole is primary and parts secondary” S. Haines

Once the basic plan is in place, the detailing is shared with as many key stakeholders in the plan in the most meaningful way, gathering their inputs on all draft documents and increasing their ownership of the plan. Such a process allows the organization to function at two levels “parallel” seamlessly one at its current level of operations and second move towards the desired level to achieve the planned goals.

Visionary and participative leadership practice is a need

Plainly speaking, Steve expressed that we are all part of a natural system and therefore, correctly so, if one wants to bring about change than all one has to do is change his/herself. So if any one person in an organization applied Systems Thinking in planning strategy then the same would be reflected in the entire organization no matter how small or large it is. In fact the simplicity of Systems Thinking allows an individual to write out a strategy plan for his or he own life as effectively as a blue print for a large organization. To see effective change it normally takes between two to three years of concentrated and continued action.

Having said this, the workshop commenced in taking the participants through a day and a half long exercise in creating a workable strategy with our own future goals in mind.

What did I leave with? A sense of satisfaction on having attended the workshop that stressed on strategizing with a sort of new age spirituality or awakening (if one wants to call it) as its foundation. It reinforced my own personal belief gathered out of spirituality that the present is pregnant with the seeds of my future and its for me to first “think” out my goals. The plan will somehow fall into place. The skeptic in me smiled on reading a quote in the workbook given to us all:

“The bottom line is that what we think, or what we know, or what we believe is, in the end, of little

consequence. The only consequence... is what we do"

Umesh Luthria is a Strategy Advisor to the Hospitality and Tourism Industry. email: uluthria@vsnl.com

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THE SYSTEM THINKING APPROACHSM

TEN KEY BENEFITS

1. A framework and way to make sense out of life's complexities since all living things are systems. A method of understanding the relationship, patterns and themes between issues and events.
2. A way to learn new things easier as the basic rules stays the same from system to system.
3. A framework for diagnosing, analysing, problem solving, and decision making of the system. A clearer way to see and understand what is going on in an organisation or in any system. Complex problems become easier to understand, as do the interrelationship of parts and the multiple causes/effects cycles.
4. A way to manage in the complex "systems age," i.e., focusing on the whole, its components, and the *interrelationships* of the components. A better way to integrate new ideas together within the systems context.
5. A way to see the big picture as well as the details. A view of the long-term and the short-term consequences.
6. A new and better way to create strategies, solve problems, find leverage points, keeping the outcome/vision goal in mind at all times. It unveils points of leverages for change that might otherwise be ignored.
7. A method for identifying the root causes to a current problem. It engages teams and people in a deeper thought process/analysis and definition of more root causes that provide longer lasting results that aren't obvious by the "Quick Fix" mentality.
8. A framework for focusing on the customer and your external environment.
9. A forward looking, solution seeking perspective vs. just problem solving today's issues.
10. A common language with a better way to communicate and collaborate.

In Summary: A New and Better Orientation to Success in Life and Business

The Centre for Strategic Management (CSM) headquartered in San Diego, California, USA provides innovation for any business through strategic planning, human resource management, change management, strategic management, business planning and leadership development. The Centre for Strategic Management has set its primary focus on helping organizations lay the foundations of Strategic Change and building a culture of performance excellence through the "Systems Thinking Approach".



STEVE HAINES, an entrepreneur, strategist, a facilitator and systems thinker is CSM's founder, CEO and Managing Partner. He is a prolific author and internationally recognized leader in strategic management. Steve is a U.S. Naval Academy engineering graduate, Naval officer, and was president and part owner of University Associates Consulting and Training Services. He was also EVP at

Imperial Corporation of America, SVP of Freddie Mac, and a member of eight top management teams.

CSM is partnered in India with Empowered Learning Systems Pvt. Ltd., (ELS) India's first VAN (Value Added Network) company set up by a group of IT professionals and businessmen to provide Indian Small Medium and Large organizations a platform of learning for integrating the rapidly changing technology, communication and systems to become today's Second generation e-businesses. ELS is headed by



K. JAYSHANKAR (JAY), as its Managing Director. He has over 21 years experience in industry in various executive capacities. Jay specializes in strategic planning, change management, and empowering learning throughout organizations.

After a significant tenure in the corporate world with Tatas, in Rallis & Merck Sharp & Dohme, (later known as Merind), he moved on to fully engage in wider organizational consultancy, setting up Empowered Learning Systems in 1992. He has also served internationally with various companies.

Besides being a faculty member at various management schools, Jay is a member of different professional bodies, including the American Management Association (AMA) and the American Society of Training and Development (ASTD), and he has been a speaker at a number of international conferences.

Upcoming Event:

Empowered Learning Systems (ELS) in association with the Centre for Strategic Management (CSM) is organising a two-day workshop in Bangalore on April 30 to May 1st and in Mumbai on May 3rd to May 4th, 2004.

A Promising Roller-coaster Ride

While relations between the two hit an all time low during the years following the Cold War, the fall of USSR and the ushering in of globalization saw the ice thawing and a revival of mutual respect for each other.

The prospects for further cementing the growing ties between the two countries are strong, though they may be fraught with frictions now and then. A brief review of certain recent developments at this point therefore becomes necessary.

POSITIVE STRIDES

On the one hand, the two countries have taken many strides in February 2004, which on the other, are followed by attrition, but not without promises of being sorted out.

A positive development was the Economic, Computer Crime Investigator's Meet hosted by U.S. Diplomatic Security Service in New Delhi on February 6, 2004. Held under the auspices of the US Department of State's Diplomatic Security Service, the conference underlined U.S.-India cooperation in countering the threats of terrorism, international crime, and chemical-biological warfare.

A regular feature, these sessions have been conducted by the U.S. Embassy and are an effort to combat cross border terrorism and other similar crimes. To quote a senior official of the mission: "As part of the increasingly strong bonds between the U.S. and India and our cooperation in the war on terrorism, these cooperative efforts and beneficial exchanges continue to grow and flourish between law enforcement and security agencies to the mutual benefit of all."

The untapped potential of South Asia in general and India in particular, is a matter of interest that could serve to bring both the nations together as the region is witnessing intense social, economic and technological transformations.

In yet another development in February, Ms Christina Rocca, Assistant Secretary of State for South Asian Affairs, outlined the importance of the region to the Bush Administration in the context of the President's commitment to "expanding freedom -- for individuals as well as nations -- on promoting economic prosperity and

on never, never giving up in the search for peace."

Giving a gist of the policies towards different countries of South Asia, like Pakistan, Afghanistan, Japan and the like, Ms. Rocca stated clearly that relations between India and the US were experiencing a new high, with expanded cooperation in areas such as civilian nuclear activities and high technology trade.

Yet there was definitely greater scope for expanding bilateral trade and that this should be the focus of

interaction between the two. Touching the sensitive issue of Indo-Pak relations she reiterated the stand of US that while they would try to use the trust established with both the countries as a medium to resolve the tension, no attempt would be made to impose the US as a mediator.

The first of its kind, joint air exercise between India and the US, that began in Gwalior on the 16th of February, 2004, marks an important step towards improving the interoperability between the two forces, and thereby, is of great significance in the context of regional security and stability in the Asia-Pacific region. In this

operation, pilots from both the sides will match their skills in interceptions and combat man oeuvres and also undertake high-

value aerial asset protection and thus, be of immense consequence from the technical and strategic point of view.

India and the US have also embarked upon the "Indus Project" to eliminate the curse of child labor. Scheduled to be the largest of its kind, the project targets children employed in hazardous industries, like cigarette making, brassware, brick making, etc. Child labor is a complex socio-economic problem in India that arises out of poverty and is aggravated by social backwardness and illiteracy. The nature of the problem however, necessitates that the government takes a gradual and sequential approach to solve the problems.

On the corporate front, India's Mahindra and Mahindra group has entered into an agreement with the Bristlecone Inc, a California-based Information Technology firm, to acquire a stake of 60 per cent in the US company. The novelty of this move lies in the fact that in the current

Indo-US relations have seen many ups and downs through years and have always been the subject of much debate and discussion. This follows quite naturally when one is the sole global superpower and the other the world's largest democracy and an emerging economic giant, which has carved a niche for itself in the competitive field of Information Technology. An analysis by Shruti Sinha

scenario, when most of the Indian companies are focusing on low end of the IT market, this automobile major, is concentrating on the high end IT consulting opportunities.

MAJOR IRRITANT

One major irritant that has threatened to sour the relations between the two countries has been the issue of IT outsourcing. There have been a volley of statements from both the US and Indian governments on outsourcing. The issue crops up at a time when the US seems to be just recuperating from a prolonged recession and India is finding in outsourcing a vast employment opportunity. The viewpoints exchanged frequently indicate the criticality of the issue. The recent visit of U.S. Trade Representative Robert B. Zoellick to India was much in this regard, as concerns were raised here over the statement of President George Bush that clearly stated that the US would be coming down severely on outsourcing jobs to India. Alongside is the issue of India's stand on Soft selling the US.

For Joseph S Nye, professor of public policy at Harvard, the superpower of US stems not only from its being a military power but also from its being a "soft power" i.e. the ability of the US to attract some of the best talents from the world over to its universities, coupled with the appeal of its liberal culture and democracy. Although some of the neo conservatives in the US might want to go otherwise, prof. Nye strongly feels that US needs to redefine its hegemony in terms of public goods. With regard to India, he contends that there is a lot of scope for the relationship between the two countries to progress in the context of regional stability, trade openness and countering terrorism.

With services acquiring the center stage in global trade, India has emerged as an important player in terms of export and influence. Daniel Grisworld, associate director at Cato's Center for Trade Policy Studies, while expressing his views has shown a lot of optimism over the emerging equations between the US and India. He feels that India has a lot of advantages to offer- a large pool of technology workers, who are proficient in English and are well educated, a political system that is open and service providers in important metros like Bangalore, New Delhi and Pune. The challenge before India is to upgrade its infrastructure, further liberalize the economy and create an environment more favorable to Foreign Direct Investment.

With regard to the US, Grisworld says that though the protectionist sentiment is rising high in the US at present, it will show signs of slowing down with its economy gathering momentum.

If the Indian government attempts to lower trade barriers, it will only serve to raising the productivity of its own economy, while lowering the protectionist sentiment in the US.

US AMBASSADOR TO INDIA Dr David C Mulford



Dr. Mulford was nominated by President Bush to be the United States Ambassador to India on November 13, 2003. He was confirmed by the Senate on December 9 and was officially sworn in on January 23, 2004.

Dr. Mulford received a Doctor of Philosophy degree (D.Phil.) from Oxford University in 1966, an M.A. degree in Political Science from Boston University in 1962 and a B.A. in Economics from Lawrence University in Appleton, WI in 1959. He was confirmed an Honorary Doctor of Laws Degree from Lawrence University (1984). He received several accolades from the Legion d'Honneur from the President of France (1990), the Distinguished Alumni Award from Boston University (1992), the Alexander Hamilton Award, the highest honour to be bestowed by the Secretary of the Treasury for extraordinary service and benefit to the Treasury Department and the Nation (1992), the Order of May for Merit from the President of Argentina (1993) and The Officer's Cross of the Medal of Merit from the President of Poland (1995). Dr. Mulford is a member of the Council on Foreign Relations and is affiliated with the Center for Strategic and International Studies in Washington, D.C.

Before his government service, Dr. Mulford was a Managing Director and Head of International Finance at White, Weld & Co., Inc., with responsibility for coordinating efforts with Credit Suisse on international financial business (1966 to 1974). During this period, he was seconded to the Saudi Arabian Monetary Agency (SAMA), where he served as senior investment advisor (1974 to 1983). His responsibilities included managing the investment of Saudi oil revenues and developing a comprehensive investment programme for SAMA.

He made his debut into politics when Dr. Mulford served as a Special Assistant to the Secretary and Under Secretary of the Treasury as a White House Fellow during 1965 to 1966 and later on rose to the position of Under Secretary and Assistant Secretary of the U.S. Treasury for International Affairs during the period 1984 to 1992. He served as the senior international economic policy official at the Treasury under Secretaries Regan, Baker and Brady. Among the highlights of Dr. Mulford's responsibilities and accomplishments at the Treasury Department include U.S. Deputy for coordination of economic policies with other G-7 industrial nations; Head of the Administration's Yen/Dollar negotiations with Japan; the Administration's senior advisor on financial assistance to Russia and other states of the former Soviet Union; leadership of the Administration's international debt strategy, and the development and implementation of the Baker/Brady Plans and President Bush's Enterprise Initiative for the Americas. Dr. Mulford also led both the U.S. Delegation to negotiate the establishment of the European Bank for Reconstruction and Development as well as the G-7 negotiations to reduce Poland's official bilateral debt.

Prior to his position as the United States Ambassador to India Dr. Mulford held office as Chairman International of Credit Suisse First Boston, based in London. From 1992 to 2003, Dr. Mulford was responsible for leading Credit Suisse First Boston's worldwide, large-scale privatisation business and other corporate and government advisory assignments.

He is married to Jeannie Simmons Mulford.

US backlash: Perspective



**An interview with
DHANANJAY
BENDRE (Consultant
& ex-CEO of HCC
InfoTech) on the
repercussions spelt
due to the American
restrictive policies.**

Q. Apart from explaining the vote-bank political stunt motive behind the very recent actions, US senate law & the bills signed by Bush against BPO, what else could be the driver?

A. Some of the explanations could be...

- US\$ is going down as business is flowing out. The bill could be an indirect measure to get US\$ up against EURO.
- GDP growth is naturally more in developing countries & if one slows their progress, US will get more time to get its economy up. Once US does this, it can ask UK to

do the same and can put pressure on Europe for the same. One way of doing this is to reduce outsourcing to emerging economies.

- A lot many credit card companies are facing defaults. This could worsen as also the mortgage repayments when labor dollars move out. The burgeoning deficit financing and terrorist threats will also cripple US's dominance as financial capital.

Q. The law prohibits the sub-contract outsourcing of government contracts. This should not affect offshore companies, as their target audience is private companies' requirement anyways. What is your take on it?

A. Major business in the US is from the government than the private companies. Private companies in the US depend on government business, so it's linked. This will have effect and one can see some fallout in the near future.

Q. What is the best possible way of countering the backlash?

A. Focus more on Europe. It is an upcoming market as compared to US. Anyway EURO is stronger than USD.

Q. Is there a way whereby the bad performers (BPO services Providers in India) can be checked? The questions stems from the fact that still there are people, who say they have got land, can buy computers and get into BPO.

A. The return in BPO comes after 2nd year so one can focus on 1-2 year old BPO companies. and take their interviews, conduct research and publish the facts. The big fish will always eat the small fish; there are so many cases you will get. The business will consolidate and only few players will remain.

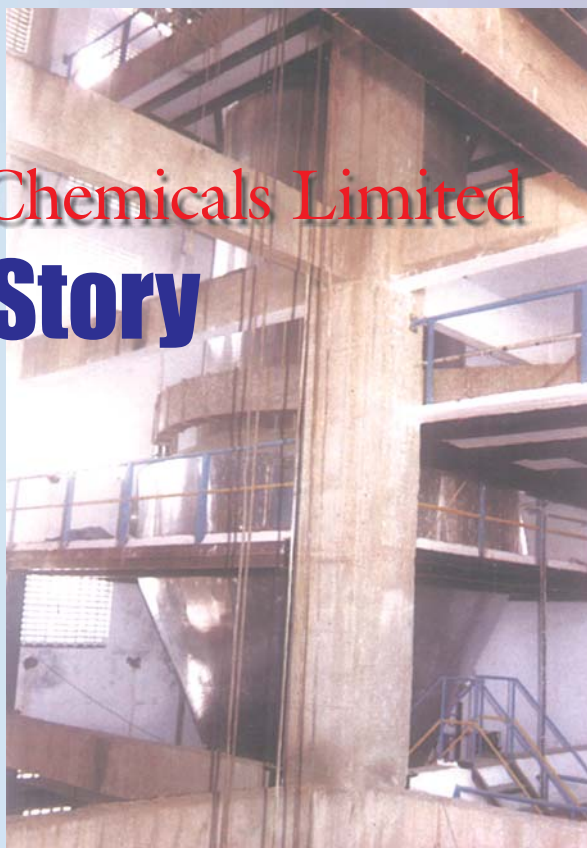




Paramount Minerals And Chemicals Limited

An Indian Success Story

Paramount Minerals and Chemicals Limited (PMCL), a pioneer in the manufacturing of optical brighteners, belongs to the Rajkamal Group, promoted by the families of Siyaram Poodar Group & Sanghai Group, based at Ambarnath, near Mumbai. The company has played a sterling role for nearly two decades in developing a wide range of products for meeting the whole gamut of optical brightener needs of the detergent, paper and textile industries. From a humble beginning, the Group has forged ahead and has been serving global customers for more than a decade.



Paramount has recently completed a project for upgrading the manufacturing technology of its plant for increasing its production capacity at a cost of several million dollars. The project has boosted the company's ability to meet the requirements of its customers to their optimum satisfaction. Emphasis has been laid on stringent quality standards. Besides, the project has equipped the company with flexibility to further expand its production capacity rapidly.

Powered by innovative marketing, Paramount has been able to sell its products to multinational detergent producers, paper mills and textile industries across the world.

The commissioning of a plant for the manufacture of Di-amino Stilbene Di-Sulphonic Acid (DASDA), a vital input used in the production of optical brighteners, will greatly bolster the company's ability to produce its own raw material.

Paramount has strived to adopt the ISO 9001:2000 Quality Management System to provide its customers world quality products. The company has also constantly laid stress on R&D and has been able to develop new products of high light fastness and best quality to meet the growing needs of customers and offer them at competitive prices.

Paramount's customer portfolio includes reputed



PRABHAS SANGHAI
Director

WHAT IS AN OPTICAL BRIGHTENER ?

Optical Brighteners are a class of dyes that absorb ultraviolet light and re-emit light in the blue region of the visible spectrum. This makes whites appear whiter. Optical Brighteners are used for brightening / whitening of Paper, Textiles and for blending in Detergents. They are used extensively in the Paper, Detergent & Textile industries throughout the world. Optical Brighteners are also known as Fluorescent Whitening Agents (FWA).



RAHUL SANGHAI
Director

multinational giants and it is the company's earnest desire to be available to serve them through its agents and representatives across the world.

ACTIVITIES

Located ideally in the Chemical Zone of the Maharashtra Industrial Development Corporation, with an easy access to Mumbai's seaport and the international airport, the plant is best equipped to ensure the prompt shipment of finished goods.

The Parawhite range of optical brighteners are largely used in the three industrial segments, namely, textile, paper and detergents while DASDA is used in dye stuff manufacturing.

The Group's production activities include processing of fabrics to manufacturing ready-made garments, suitings, and shirtings. The finished products are exported to countries across the Gulf, Europe and the U.S.

Presently, the manufacturing capacity of Optical Brightening Agents (OBA) is 6,000 tonnes and of DASDA is 600 tonnes per annum. There is good potential to increase the production capacity of OBA and DASDA to 15,000 tonnes and 1,500 tonnes respectively. Plans are also underway to widen the product range by manufacturing other dye intermediate like Metanilic Acid to meet the growing demand for quality products.

PRODUCTS

Paramount manufactures a wide range of Low, Medium and High affinity Stilbene based Optical Brightening Agents for the cotton, textile, paper and detergent industries. These products are available in both powder and liquid forms. The company also manufactures DASDA, required for the production of OBA's.

Moreover, for companies having processing facilities, Paramount also offers concentrated crude

powders in the free acid form for some of the products, which can be neutralised into liquid by a simple neutralisation procedure laid down by the company itself. This helps to cut freight costs.

QUALITY CONTROL

The key to the company's success and continuing growth lies in its commitment to quality in all areas of activity. After having achieved the ISO 9001: 2000 certification, Paramount is on constant look-out for opportunities to improve quality of its products and systems with a view to enhancing customer satisfaction.

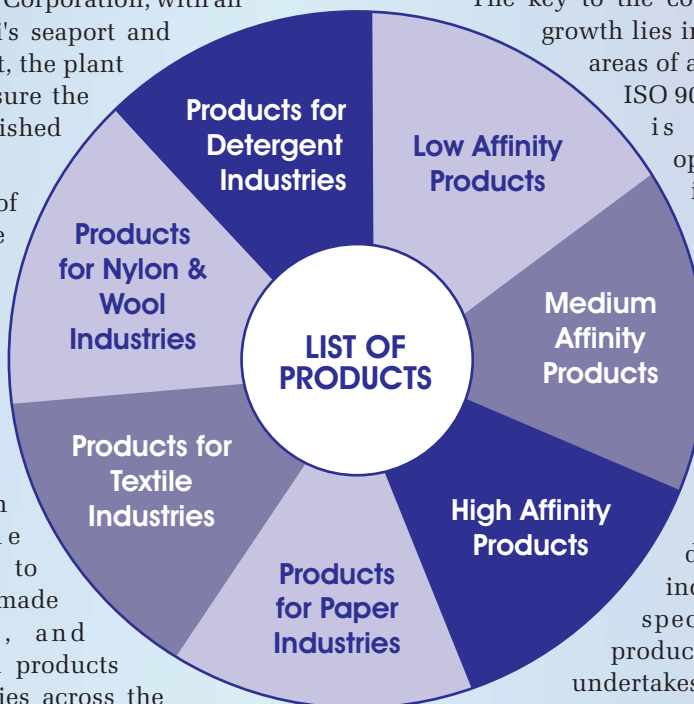
The elaborate laboratory facilities armed with state-of-art technology and equipment enable the company to constantly monitor its products at all stages of production. Although the lab functions in close co-ordination with various departments, it is totally independent in order to ensure the specified quality parameters of products. Besides, the R & D wing undertakes the task of bringing out new products and to achieve constant improvements in the company's range of products as well as processes.

Paramount's lab team consists of highly qualified professional with vast experience in the field and staff members are regularly trained to ensure that they understand the relevance and importance of their activities and how they contribute to the company's overall achievement.

Paramount's products are packed in HMHDPE, fiber drums, tanks or ISO Tanks of very high standard to ensure that there is no damage or contamination to the materials during transit to the customers.

QUALITY POLICY

The Company's quality policy is to continually innovate, improve customer satisfaction and explore domestic as well as global markets & resources and to make the organisation capable of producing value-added products of



international standards. The features are:

1 ADHERING TO THE UNIVERSALLY ACCEPTED QUALITY MANAGEMENT SYSTEMS, IN TRUE SPIRIT.

2 PERSISTENT EFFORTS TO PRODUCE & DEVELOP THE PRODUCTS THROUGH ENVIRONMENT-FRIENDLY TECHNIQUES.

3 CONSTANT RESEARCH & DEVELOPMENT AND UP-GRADATION OF THE MACHINES, MATERIALS, PROCESSES & END-PRODUCTS.

4 CONTINUOUS DEVELOPMENT OF HUMAN RESOURCES AND THEIR SKILLS THROUGH PROACTIVE TRAINING AND MOTIVATION.

TOLL MANUFACTURING OR JOINT VENTURE WITH BUY-BACK ARRANGEMENT

Paramount welcomes proposals from reputed manufacturing companies worldwide or Individuals with high technical experience, who can share technology on buy-back arrangement or

joint marketing efforts.

THE COMPANY'S SCOPE FOR TIE-UP ASSOCIATES:-

Variety of Reaction Facilities

Past experience with reputed companies worldwide

Low cost infrastructure availability in terms of land & labour

Liberal Indian Government policies

Long-term secrecy agreements with strict confidentiality

LOOKING FOR INTERNATIONAL AGENCIES & DISTRIBUTIONSHIP

The company desires to work together with experienced marketing companies, agents or individuals who have sound knowledge of the market and relations with customers to promote Paramount products in industries such as detergents, paper & textiles.

Contact:

Tel: +91-22 - 22018562, 22039302, 56334471, 56334472.

Fax: +91-22 - 22054108, 22083690, 24935420.

E-mail: whitener @vsnl.com

website: www.pmclindia.com



Pawan Sanghai of R.J. Knitwears Ltd. receiving an award from Prime Minister Atal Behari Vajpayee

Sanghai Group Company R.J Knitwears Ltd. was given the Export Award for exports of Knitted garments globally. They have recently developed superior quality garments by blending the yarn with TENCIL AND MODAL fiber and such other products, which are new innovatives in the field of garments.

Highs and Lows of the Indian **FOREIGN EXCHANGE RESERVE**

The shining India with an overflowing forex reserve is the talk of the hour. The all time highs and lows of the Indian foreign exchange, its trends and developments could be an interesting topic to discuss about. Indo-US Business presents these facts and justified validations in a report.

***BoJ's strong intervention failed to lift the dollar against Yen.**

*** Dollar storms higher on Fed's rate statement.**

*** European talk curbs euro strength.**

Although the US Federal Open Market Committee (FOMC) left interest rates unchanged as expected, it surprised analysts by its accompanying policy statement, which said the Fed, can be patient in removing its interest rate policy accommodation. That altered the Fed's pledge made in August to keep rates low for a "considerable period". The mere hint that the central bank might be prepared to raise rates down the road is likely to buoy the US currency. The scent of a higher interest rate environment has helped the dollar claw back some losses against higher yielding currencies. The dollar rose to a high of 1.2351 against the euro, but failed to rally further as dollar selling took hold around 1.2360.

US consumer confidence improved in January. Its index of confidence jumped to 96.8 in January from a revised 91.7 in December. The University of Michigan's final reading of January's consumer sentiment index showed a stronger than expected 103.8, up from 92.6 in December, supported by lower interest rates, better job prospects and stock market gains fueled by robust earnings. The US economy grew at a 4-pct annual rate in the final three months of last year, surprisingly below the rate expected. GDP had been expected to show annualised growth of 4.8 pct in the fourth quarter, following a sizzling 8.2 pct pace in the third quarter. The NAPM index of economic activity in New York climbed to 257.3 in January from 242.6 in December.

The euro's short-term trading range has fallen to between USD 1.2300 and USD 1.2600, where it will likely trade until the G-7 meeting kicks off on Friday of next week. Traders are scanning the near horizon to see how Group of Seven finance ministers and central bankers may react to the dollar's latest recovery. Some analysts reckon there

may be less sparring about foreign exchange among Europe, Japan and the United States at that meeting than previously anticipated. ECB President Trichet commented on Thursday the central bank disliked excessive volatility in exchange rates. The influential German Ifo economic research institute said its index rose to 97.4 in January, the highest since January 2001, from an upwardly revised 96.9 in December. The strong business confidence index helped the euro to stabilise above 1.2400 against the dollar.

The greenback softened a touch on news Japan intervened in record amounts of about USD 67.56 bn. in January in an attempt to stem the Yen's rise against the dollar from crimping exports, but still could not stop the Yen from hitting the three-year highs of 105.42 earlier this week.

Currency	High	Low	Close
EUR	1.2663	1.2351	1.2478
JPY	106.73	105.47	105.86
GBP	1.8381	1.8019	1.8252

DOMESTIC SCENARIO

Bullish sentiment on the Rupee remained intact, on the back of strong current and capital flows.

Easing inflation hold the bond yields steady.

1-month forward dollar premium at 1.85% p.a.; likely to cap at this level.

The Rupee maintained its firm trend during the week but could not break the 45.30 level as the state-run banks continuously intervened to anchor the Rupee's rise. The foreign funds have invested more than USD 650 mn. in shares in January. The current account inflows continue to remain robust. As long as the inflows are strong, there is no pressure on the Rupee to weaken. On the back of indications earlier the US could raise interest rates sooner than expected, the Asian currencies marginally weakened against the dollar but yet the bullish sentiment on the Rupee remained intact. The market is eyeing to test the 3-year high of 45.22 and the flows position firmly indicate that it is only a question of time before the rupee rises to test the psychological 45.00 level

WPI-based inflation eased to 6.13% on January 17, after 10 weeks of rise. The inflation is expected to fall further as a reaction to moderation in world oil prices and the higher base effect in the previous year. Bond yields are ruling mostly steady and the investors are expected to stay on the sidelines on a growing view that the Central Bank is likely to hold rates in the near-term amid an economic upturn.

As the dollar liquidity improved, the paying interest from banks emerged in the swap market. The near-term forwards showed a sharp rise and the 1-month forward dollar premium ended the week at 1.85% p.a. The forward premium yield curve is looking steepened at the near-end and negatively sloped at the far-end. As the Rupee tends to appreciate against the dollar, we expect the forward dollar premiums to cap at the current levels.

INTEREST RATE SWAPS
(Indicative quotes)

PERIOD	% P.a. (Fixed rate)	Benchmark Reference
1month	4.47 -4.57	NSE MIBOR
3month	4.47 -4.57	NSE MIBOR
6 months	4.52 -4.57	NSE MIBOR
1 Year	4.54 -4.59	NSE MIBOR
2 year	4.64 -4.69	NSE MIBOR

RUPEE FACTS
RUPEE Vs MAJOR CURRENCIES (% p.a.)

Currency	1 month	3 month	6 month	12 months
EURO	0.90	0.34	0.31	0.10
JPY	2.88	2.46	2.23	2.33
GBP	(0.89)	(0.69)	(0.42)	(2.05)

OVERSEAS INTEREST RATES

	U.S.A.	U.K.	EURO	JAPAN
6 M Libor	1.21375	4.29375	2.13400	0.0645
Prime Rates	4.00	3.75	3.00	1.37500
US Treasury Rates (Floating)				
2 yr 3 yr 5 yr 7 yr 10 yr 30 yr	1.85 2.21 3.13 3.53 4.14 4.96		ECB refinancing rate	2.00%
			US Fed Funds Rate	1.00%
			US Discount rate	0.75%
USD Swap Rates (Fixed)				
3 yr 5 yr 7 yr 10 yr	2.71 3.52 4.03 4.52		UK Base rate	3.75%
			Japan ODR	0.10%

RATES AT A GLANCE

Gold: \$ 399.88 Troy oz.- 6,050/10gm (Gold: \$ 404.13 Troy oz.- 6,175/10gm)	Silver: \$ 6.25 Troy oz - Rs.9, 690/kg Silver: \$ 6.26 Troy oz - Rs.9, 705/kg)
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MONEY MARKET					
	31.01.04	24.01.04		31.01.04	24.01.04
		4			
Commercial Bills	5.00%	5.00%	Bank Rate	6.00%	6.00%
(90 days Rediscount)			CPs (30 days) - p1+	4.60 -4.70	4.60/4.70 %
			(90 days) -P1+	4.75 -4.75	4.65 - 5.00%
91days T -bill	4.34%	4.26%			
(primary cut -off yield)			Reuters MIBOR	4.48%	4.48%
364 days T -bill	4.40%	4.40%	NSE MI BOR	4.50%	4.50%
(primary cut -off yield)			Daily Repo rate	4.50%	4.50%

STOCK MARKETS

Index	30.01.04	24.01.04	Index	30.01.04	24.01.04
BSE	5,695.67	5,816.64	Dow Jones	10,488.07	10,568.29
Nikkei	10,783.61	11,069.01	FTSE	4,390.70	4,460.80
Hang Seng	13,289.37	13,750.58	NASDAQ	2,066.15	2,123.87
Oil (\$/barrel)					
WTI	33.52	(35.80)			
Brent	30.13	(32.17)			
Dubai Brent	28.08	(29.69)			

N.S. Paramasivam

AmFest Destination India

India, home to over a billion people, is a fast growing, thriving nation. According to a very recent World Bank report, the sustained upswing in the Indian economy in 2003 has been instrumental in fuelling a surge in South Asian regional growth. The prospects for the year 2004 are bright and it is expected that Indian economic progress will continue on its upward trajectory.

Mumbai is a bustling metropolis and India's commercial capital. Over 10 million people reside in this multi-cultural, multi-ethnic, vibrant city. Mumbai is home to several of India's most accomplished citizens in diverse areas including business and the arts. India's burgeoning middle-class, highly accentuated in Mumbai, has exhibited high propensity to consume a wide array of goods and services and several large global brands have met with tremendous success in this market.

It is against this backdrop that the Indo-American Chamber of Commerce is hosting AmFest. This is the first in a series of annual trade events to be held in order to accomplish its mission to boost U.S exports to India. AmFest is a three day long exposition cum socio-cultural festival of American consumer products and culture. The event is scheduled to take place between 3-5 June, 2004 at the Taj Lands End in Mumbai which will culminate in a cultural event on the 6th June. AmFest is supported by Southern United States Trade Association (SUSTA) and Alabama International Trade Centre from U.S.A. and Foreign Agricultural Service (USDA), India.

The objectives of AmFest are:

- To facilitate a deeper understanding of the Indian market and trade dynamics.
- To present an opportunity for on-the-ground interaction between the U.S. based enterprises and possible Indian partners.
- To promote direct interaction between U.S based enterprises and Indian end-consumers.
- To open up collaboration opportunities and facilitate discussions on possible franchising / distribution arrangements.

For this exposition, IACC will focus on the fast moving consumer goods segment. More specifically, the segments

targeted will be wine, food & beverages, beauty care, fitness products, toys, fashion. The broad format of the event is:

- A trade show and expo for display of American product and services. While this will primarily be targeted at the business community, it will also be open to the general public for a limited number of hours each day.
- A seminar focused on 'Trade Insights', which will feature basic rules for business, tax structures, the Indian demographic profile, and other relevant information.
- One to one buyer-seller meets.
- A cultural festival is also planned simultaneous to the expo, to bring in a very real flavour of the 'American experience'

There is a lot to look forward to at AmFest 2004: Destination India. As a trader it's a fest that should not be missed. It's an excellent ground for exploring business opportunities in a market segment which has tremendous potential. The 3 days of the trade fest would be interspersed with a host of other events. Ranging from a photo exhibition to exciting wine tasting sessions to lip smacking delicacies whipped up by expert chefs from New Orleans and New York and a Hollywood extravaganza every evening to complete the experience. The highlight of the fest would be the grand cultural show to be held on the 6th of June. This would showcase snapshots of the American Culture.

Payment terms and exhibit details at AmFest are as follows:

- USD 750/- or Rs. 30,000/- (Regular rate per exhibitor for 3 days)
- USD 563 or Rs.22,500/- (25 % early bird discount till March 31st, 2004)
- 25% discount on every additional stall booking (more than one stall of 9sq.mtrs)

The cost of USD 750 (regular rate) would include:

- Booth space measuring 9 sq.mtrs for 3 days.
- Access to Seminar sessions.
- An invitation to the grand cultural evening.
- An opportunity to attend host of other events during a Fest 2004.

For more information, please visit us at www.amfest-india.com or feel free to contact:

Ms. Shabina Patel, Manager - PR & Events, WIC
Tel.: +9122-22821413/22836340. Cell: +91-9821214061
Email: shabina@indous.org

Ms. Suba Gajapathi
Senior Executive - Programs & Events
Tel.: +9122-22821413/22836340. Cell: +91-9821736909
Email: suba@indous.org

Come be part of AmFest !

The GLOBAL OFFSHORE OUTSOURCING SUMMIT 2004: The India Offshore Outsourcing Advantage April 21st and 22nd at the Grand Hyatt Mumbai

The Global Offshore Outsourcing Summit (GOOS) 2004, a premier event hosted by Indo-American Chamber of Commerce (IACC), will be held on April 21st and 22nd at the Grand Hyatt in Mumbai. Following an extremely successful GOOS 2003, the 2004 event will again see the coming together of the BPO industry in India as well as participation from overseas.

The theme for GOOS 2004 is 'The India Offshore Outsourcing Advantage'. India is now well established as the leading offshore destination for outsourcing with many of the world's pre-eminent organizations. India scores high on all requirements of a global outsourcing hub the large number of qualified, English speaking people; the focus on developing world-class infrastructure; proven skills in software services and the geographical advantage allowing for a round-the-clock business operation. Top global organizations have established that an India based outsourcing strategy pays rich dividends and results in increased productivity and improved quality.

An increasing number of companies who are interested in the outsourcing route are exploring how to transform the India outsourcing advantage into a reality for their business. The Global Offshore Outsourcing Summit 2004 will serve as the ideal meeting ground for all audiences

with a stake in the outsourcing space and will create the perfect environment for both in-depth learning and conducting of business.

The Global Offshore Outsourcing Summit 2004 is:

- An opportunity to see, first hand and on the ground, how offshore outsourcing has been a smart decision for businesses and in turn their customers, shareholders and the community as a whole
- A platform for deeper understanding of the latest advances in outsourcing and to help establish an effective India based strategy for outsourcing
- A launch pad for exploring and taking first steps towards establishing new outsourcing relationships
- A showcase of the success Indian providers have had with global companies and how they have set world standards in operational excellence and service quality

Confirmed speakers for GOOS 2004 include:

- **Dr. Wendell Jones**, Senior Executive in IT Management with extensive outsourcing experience, Co-author of Outsourcing Information Technology Systems and Services, and Author of several outsourcing articles
- **Mr. Mark Kobayashi Hillary**, author of the book '*Outsourcing to India: The Offshore Advantage*'
- **Mr. Jerry Rao**, Chairman & CEO, Mphasis
- **Mr. Avinash Vashistha**, Chairman and Managing Director (APAC) and Managing Partner Advisory Services, neoIT
- **Mr. Gopal Jain**, Managing Director (India), The VIEW Group and
- **Mr. Ravi Ramakrishnan**, CEO and Consultant, Rvalue Consulting; former Vice President and Business Leader - Global Accounting, American Express

For more information on the conference, please call Ms. Shabina Patel at the IACC office on 22821413 / 22836340 or email- shabina@indous.org or log on to www.goos2004.com. **The regular registration fee for GOOS 2004 is Rs. 9,500/- per participant and 10% Group discount for 3 or more persons from the same organization. Also as an IACC member, you can additionally avail of a 20% discount on the fee.** For registration, please contact Rashmi Bapat at the IACC office on 22821413 or email: rashmi.bapat@indous.org

The Global Offshore Outsourcing Summit 2004 is an opportunity to meet and network with the who's who of the outsourcing world. You will be presented with an environment conducive to focused learning, intensive business interaction and a thought provoking exchange of views and ideas. We look forward to seeing you at this premier conference!

Mr. Randy Harris, President Offshore Operations of Sitel Corporation, USA, delivered an insightful presentation on "Cultivating Outsourcing relationships to harvest growth".



Mr. Surendra Bagde, CEO of MIDC makes a presentation on government initiatives to promote BPO. Also seen in the picture are Mr. Jerry Rao, Chairman & CEO of Mphasis; Mr. Neel Raheja, Director, K. Raheja Corp., Mr. Arun Kumar, President & Managing Director, Hughes Software and Mr. Gopal Jain, Managing Director India, View Group.

GOOS 2003 held on April 22nd - 23rd at the JW Marriot, Mumbai was a resounding success, with 450 C-level delegates participating in the conference.



THE ESSAR GROUP

A Leader In The CORE SECTORS

The Essar Group has a presence in six infrastructure and core sector areas - Telecom, Steel, Power, Construction, Oil & Gas and Shipping - sectors of national importance. Essar, today, is in a phase of consolidation after exciting growth in its business during the last decade.

Essar, in partnership with Hutchison Whampoa of Hong Kong, has created one of India's largest cellular service networks. The subscriber base of the consolidated entity is over 3.7 million and is growing with a presence in 4 metros and a presence in Gujarat, Karnataka, AP, Rajasthan, Haryana, Punjab and East U.P. The consolidated entity is valued at approximately USD 1.5 billion (Rs.6900 crores).

Essar Steel's manufacturing complex at Hazira is the first fully integrated steel manufacturing facility in western India. It operates a 2.4 million tonnes per annum (tpa) Sponge Iron plant and a 2.4 million tpa Hot Rolled Coil Steel plant with the requisite support facilities like captive port, lime and oxygen plants, power and other utilities. With a view to produce value added quality products and customise the requirements of the users, the company has set up a downstream complex at Hazira adjacent to its steel plant. The company has emerged as the largest exporter of flat products from India with total exports aggregating over USD 900 million in the last six years. In partnership with Stemcor, UK, it operates a 3.3 million tpa pellet plant at Vizag, which supplies quality raw material to the steel plant. It operates a 200,000 tonne CRC plant in Indonesia to further integrate its steel operations.

Essar Power is India's first independent power producer with a capacity of 515 MW, supplying approximately 7 per cent of Gujarat's power needs. The combined cycle power plant supplies 300 MW to GEB and 215 MW to Essar Steel. The company is continuously endeavouring to become one of the lowest cost producers of power in India.

Essar Constructions is one of India's leading EPC contractors having executed projects worth over Rs.14,000 crores. It is currently executing a 267 km highway project on the NH 4 Western Transport Corridor in Karnataka, part of the Prime Minister's Golden Quadrilateral project. Over the past 20 years the company has executed diverse projects in the fields of marine projects, cross-country pipelines, industrial projects, irrigation projects among others. In fact it has laid 180 kms of the Narmada Canal and 200 kms of Sardar Sarovar, apart from Rs.500 crore worth of water pipelines.

Essar Oil's Ratna and R Series oil fields have in

place, an estimated 500 million barrels of oil in addition to five exploration blocks and two CBM blocks. With the vision of becoming a fully integrated oil company, Essar entered the refining sector with a capacity of 12 MTPA refinery at Vadinar, Gujarat. It is expected to complete the project by second quarter 2005. Essar Oil has set up the first private sector retail outlet in Ratnagiri, a first in over 100 years. So far it has commissioned three retail outlets already in its plan of setting up of 1,700 retail outlets over the next 5 years, one of which is operational in Jamnagar. Apart from this it has taken the first step in bulk marketing of petro-products after the sector was opened to private players.

Essar Shipping is a diversified shipping company focussed on providing transportation solution to the global energy business. The modern fleet of 32 vessels is one of India's youngest with an average age of 12 years. It is setting up port and terminal facilities to handle the receipt, storage and despatch of crude oil and petroleum products at Vadinar. The project will facilitate storage and handling of 32 MTPA of crude oil and petroleum products for the Essar Oil's refinery and other projects in the vicinity.



NORTH INDIA COUNCIL



Mr Demian Smith, Vice Consul, Consular section, US Embassy

IACC-NIC had organised an Interactive Session with Mr Demian Smith, Vice Consul, US Embassy on Visa Guidelines and Issues, on 16th January, 2004 in Lucknow, UP.

Key Cultural Differences that Impact Success of Indo-US Business Relationships

Indo-American Chamber of Commerce had organised an interactive session on the Key Cultural Differences that impact Success of Indo-US Business Relationships, which was held on January 24, 2004 in New Delhi. Mr. David Eaton, CEO of Eaton Consulting Group had made a presentation on Cross Cultural Management and its impact on Business Relations.

He spoke about seeking innovative solutions for resolving cultural differences that creep into business process outsourcing (BPO). It has been noticed that culture impacts business process performance and bottom-lines, and therefore it is important to find out why this happens. He enlightened the audience to the possibility of the key areas of cultural differences in communication style, misunderstanding of project deadline, unexpected delay in software releases and reduced trust between partners. The consequences could mean a loss of time, money and credibility for a company.



Some of the other issues pertained to cultural interdependence, cross-border outsourcing (CBO), cross border outsourcing its complexities and difficulties, impact of national cultures on CBO, CBOs global success, issues and problems.

He emphasised that managing cross-cultural differences could also be rewarding, as it gives the employees the all-important confidence and the ability to re-engineer the implementation of the process.

The programme was very focused and ended with excellent interaction from the audience

Sitting left to right : Mr Vinod Chandiok, Immediate Past President, IACC, Mr David Eaton, CEO, Eaton Consulting Group, Mr Prem Behl, Regional President, IACC, NIC, Mr Vikram Madhok, Regional Vice President, IACC, NIC

Indo American Chamber of Commerce conducted an interactive Session on Visa Issues and New Visa Guidelines, which was held at the Hotel Le Meridien, New Delhi on February 11, 2004.

Seen Standing is Mr. William Bartlett, Consul General & Minister Counselor for Consular Affairs, US Embassy



KARNATAKA BRANCH

Indo-American Chamber of Commerce organised the IACC Fellowship Day at the Grand Ball Room, Leela Palace. The event was sponsored by Valdel Corporation, Bangalore. The programme was very well attended and had good entertainment and on-the-spot give-away prizes, which was then followed by cocktails and dinner. Networking among the IACC members and non-members took place over dinner. All who were present had a taste of pure country music from Carlton and Gini Briganza of trump It Events. Some of the popular numbers were played from the music albums of Kenny Rogers and John Denver.

The guest list included Govind Mirchandani, President and CEO of Personality limited, Lisa Stewart, Senior Director of Fidelity Real Estate, Richard Gall President of Cranes Software, Samy Sana CEO of Motorola, Brodie Smith of ACS, G.P. Chandrakumar, Chairman and Managing Director of Linc Software, Thomas P. Phillip of Marsh India Pvt Limited, Ranjani Karthikeyan, Associate Vice President of Valdel Xtent Global, Narsimha, CEO of GeaeSoft, M. Rajagopal, founder and CEO of ATW Technologies Pvt, and Priya Chetty-Rajagopal, Regional Manager, Asia, Alliance Network who were warmly welcomed by Vinay Kumar, Country Director of the Centre for American Education.

HEAD OFFICE

Indo-American Chamber of Commerce had organised a guest lecture on "Capitalism in Transition: Opportunities & Obstacles for India" by the noted Economist and Management expert Mr. Partha S. Ghosh. The programme commenced with networking and fellowship over Brunch which was then followed by the lecture.

Seen from left to right: Mr V. Rangaraj, President of IACC, Partha Ghosh, Mr Jasu Shah & Mr Ramachandran.



VARANASI BRANCH

Indo-American Chamber of Commerce Varanasi branch and Institute of Chartered Accountants of India, Varanasi Branch jointly organised a one-day seminar on **“TDS Under Income Tax and Service Tax”** on January 24, 2004 in Varanasi. The Seminar was divided in two sessions. The first session was on “TDS Under Income Tax” dealt by Mr Vijay K. Khanna, outlining the importance and significance of a better understanding of latest Income Tax rules and regulations. The second session was dedicated to the topic on “TDS Under Service Tax” dealt by Mr Ravi Holani who explained the various aspects of the newly introduced tax. The talks included issues pertaining to income and service tax. The speakers were Mr Vijay K. Khanna and Mr Ravi Holani. The audience comprised of members from IACC, Varanasi, ICAI, Varanasi Branch, Members of EUPEA and other associations, local industrialists, intellectuals, bankers and media persons.

A brief introduction was made by Mr Mohit K. Saigal who also extended his thanks to Mr J.B. Sangma, Income Tax Commissioner, Mr Bashista Prasad, Deputy Commissioner, Department of Central Excise and Service Tax, and other government officers and participants present at the seminar.

Some of the other participants on the occasion included Mr Vijay Prakash, Chairman, ICAI of Varanasi Branch who enlightened the audience about the activities of the Chartered Accountants of India, Varanasi Branch. Mr Sangma expressed his view, saying that it was the duty of the professionals to educate people adequately on the provisions laid down in both Income Tax and Service Tax.

In an one-hour long lecture on “TDS Under Income Tax”, Mr Khanna said that TDS provisions were undergoing changes every year and therefore the provisions made under TDS had become tedious. Besides, taxpayers suffer by way of penalty when there is no intention of committing a mistake, such as filing of return. He spoke on all aspects of TDS under income tax.

The second session on “TDS Under Service Tax”

was chaired by Mr Prasad. He expressed his satisfaction about the growing awareness of the provisions of service tax. In his presentation, he said that the government was finding out new avenues for collecting revenue and in doing so, has decided to levy service tax on various services. The scheme of the tax provides the method of levy.

The government has the power to grant exemptions from service tax in appropriate cases, by means of specific notifications.

The seminar ended with a question-answer session and Mr Puneet Raman proposed the Vote of Thanks to all its participants.



Mr. Ravi Holani Addressing Participants at the Seminar.

VARANASI BRANCH

Indo-American Chamber of Commerce (IACC), Varansai Branch organised a one-day seminar titled **"AGRO-BASED FOOD PROCESSING INDUSTRY"** on February 14, 2004 in Varanasi wherein various aspects of Food Processing Industry were discussed. A large number of members from IACC, Varanasi, EUPEA, Varanasi, AICMA & CEPC, Bhadohi, government officials, local industrialists, intellectuals, bankers and media persons attended the seminars.

Mr. Mohit K. Saigal, Chairman, IACC, UP Branch welcomed guests and expressed hope that constructive discussion would take place in this seminar which would be helpful in timely completion of "Agropark".

Mr. P .K. Alok, Dy. General Manager, UPSIDC presented relevant information on "Agropark" and said that it is equally important to increase the production of food grains, fruits and vegetables at the same time take effective steps to preserve and safeguard the agro-products.

Mr. P .D. Sudhakar, Managing Director, UPSIDC, Kanpur said that substantial percentage of food grains, fruits and vegetables can be preserved and saved by using suitable techniques developed by our agro-laboratories. Mr. Sudhakar said that efforts are being made to encourage famous agro-laboratories to open. At Agropark all attempt has been made, so that, all concerned can be benefited by using the knowledge and techniques in preserving food grains. Mr. Sudhakar said that Uttar Pradesh holds first place in producing not only wheat, milk, sugarcane, potato, pulses and vegetables with substantial contribution in producing mango and guava. To utilize this potential, the government has made efforts to develop and encourage food processing industries. Food Processing Industry has tremendous scope in terms of contributing to growth in GDP of the country and also generating new employment avenues to 5 million aspirants.

Representatives of M/s Blue Star Ltd. made a presentation regarding their upcoming "Multi-Chamber and Controlled Atmospheric Cold Storage" at Agropark incorporating latest technology. Researchers from Indian Institute of Vegetable Research expressed their hope that Agro-industry would make more and more use of scientific know-how developed by laboratories.

Dy. Director of Dept. of Horticulture and Food Processing, Lucknow Mr. Vijay Bahadur and Principal, Govt. Food Processing Training Centre, Varanasi also expressed their views and spoke on the various grants/subsidies offered by the government.

Jt. Director Industries, Varanasi Mr. V.B. Vahan, General Manager D.I.C., Bhadohi and many other government officials participated in this seminar. Past Chairmen of the Chamber Mr. Ashok Kapoor, Mr. Anurag Chandra, Vice Chairmen Mr. Puneet Raman and Mr. Debashis Mukherjee and members like Mr. Vinay Kumar and others also participated in the seminar. Industrialists of Varanasi and adjoining districts were also present in large number.



Mr. Puneet Raman thanked participants of the seminar.

KOLKATA THE FULCRUM OF A RESURGENT EAST

On 19 February 2004, senior members of the Indo American Chamber arrived in Kolkata to attend the third meeting of the council held in the city. The IACC EIC members, led by the regional President Mr. Kapil Kaul, arranged a two-day event, which was a mixture of business and pleasure.

Commencing with a visit to four sites - Toy Park, Manikanchan (Gems & Jewellery Park), Bengal Infinity (Intelligent I.T.) building, New Kolkata and Swabhumi, showcased the tremendous industrial progress the state has made in the recent past, the visitors were entertained at a show held at the ITC Sonar Bangla, organized by the eastern wing of the chamber, by some very good traditional baul singers, followed by Latin rock music, Bengali folk dance and a fashion show. It was a very well attended show which had most of the city's diplomatic corps including the US Counsel General Mr. George Sibley and his wife Lee Alison Sibley present amongst the audience.

On the 20 February 2004, there was an audiovisual presentation by ITC highlighting their success story of operating one of the most efficient and productive tobacco processing plants in the world in Kolkata, followed by a very interesting "OPEN HOUSE" personal interaction with the State's Chief Minister, Shri Buddhadeb Bhattacharjee and prominent members of the government and secretariat. It was a memorable event attended by the members of the chamber and select invitees received excellent coverage from the media.

The interaction with members is best summarized by veteran member Gautam Mahajan from New Delhi, and the Executive Vice President Mr Govind Mirchandani, voiced the sentiments of all:

1. Very impressed by the infrastructure the government of West Bengal is creating.
2. Impressed by the very positive attitude of the Chief Minister, and the bureaucrats.
3. Nice to see the pride the junior officers and field officers had in their state.
4. WB needs to benchmark itself versus other states to see if they are adding value to the investors, and what value investors are expecting.



5. If they are better in some aspect, they need to communicate that aspect better. If worse, they need to improve.

6. Must quantify the number of Bengali's at software companies; and sell software and knowledge strengths.

IACC Executive Vice President, Govind Mirchandani asked the Chief Minister, certain pertinent questions "With the infrastructure in Kolkata now being much better than in the past, is it not time for Kolkata to invite many companies which

Honourable Chief Minister Buddhadeb Bhattacharjee addressing the meet

KOLKATA THE FULCRUM OF A RESURGENT EAST

had left Kolkata in the past to now relocate? Further, what are the steps the government is taking to attract new companies?" The Chief Minister replied briefly but appropriately, "Companies which had left Kolkata is history and the focus of the government is to make it attractive for new companies to set up business."

West Bengal has many things to be proud of. The IT Market leader WIPRO realized that over 50 per cent of their employees are from West Bengal and 80 per cent of these people are graduates from Jadavpur University. Consequently, WIPRO are putting up their facility which will employ about 10,000 people for which work has already begun. IBM is doing likewise, PEPSI has already invested Rs. 25 crore in a food processing plant, and the total investment is slated to be Rs. 100 crore.

West Bengal is regarded as one of India's fastest growing states in the last decade, reportedly with a 5.2 per cent growth in per capita net SDP. Over the last 3 years (1998-99 to 2000-01) it has ranked as the fifth most attractive destination for investments.

Today, ITES is the flavour of the times and the U.S. moves on outsourcing back office operations have caused concern; but the impact of the moves are largely restricted to government contracts which are not significant. Hence, it is a matter of great satisfaction to note that the ITES market in West Bengal, has witnessed exponential growth, with over 100 per cent employee growth in the last 5 years. West Bengal is blessed with abundant talent, excellent infrastructure, low cost of operations and a highly responsive government, which is the key to its progress.

It is noteworthy that West Bengal has over 350 degree and 40 engineering colleges, with two of its colleges, Presidency and St. Xavier's ranked among the top 10 degree Colleges in India. In addition to these, premium educational institutes of Management (IIMC) and the Indian Statistical Institute (ISI) are located in the State. Hence, Kolkata has excellent domain knowledge in specialized fields such as financial services and travel/logistics, as well as many manufacturing and industrial fields.

It was in the state of west Bengal that the US Congressman Gregory Meeks led a delegation to Kolkata and expressed the intention to develop a state-to-state relationship with West Bengal. The State of New York which has developed a sister city relationship with Beijing, now wants to do the same with Kolkata. Mr. Meeks commented that the state has immense potential because it is rich in human capital!"



Releasing a souvenir at Special session of E.C. Meeting. Seen in the picture are Mr. Rangaraj-President IACC; Consul-General Sibley, Chief Minister Buddhadeb Bhattacharjee; Mrs. Sibley. Mr. Kapil Kaul, Regional President IACC.

EVENTS SCHEDULED FOR THE FORTHCOMING YEAR

Indo-American Chamber of Commerce (IACC) is celebrating its 35th year, which represents a major milestone. Hence, several programs aimed at enhancing Indo-U.S. economic relationship have been planned for the year ahead:

Maritime Seminar scheduled for third week June 2004

The theme of the Seminar is "Resurgent India-Maritime Horizon."

- The Ministry of Shipping has consented to be the co-host for the two-day Seminar. The Ministry and other regulatory authorities under the Ministry are open to dialogue and interaction at a governmental level with the U.S. Federal Department of Transportation, Homeland Security, FMC and MARAD. Hence, one thrust of the IACC's endeavour would be in establishing a policy framework and creating matters of mutual interests to the U.S. and India.
- The Commercial Consul, Consulate General of the United States of America, Mumbai, has endorsed the seminar and urged the U.S. Maritime industry to explore opportunities in India. They have described it as a useful platform for interaction between maritime players in both India and the U.S.
- One of the aims would be to involve the private sector, especially U.S. Companies to showcase the high-end technology in the Maritime field, in terms of port equipment, I.T. security systems etc. It will enable U.S. businessmen to appreciate the water transportation scenario in India and showcase their capabilities and technology.
- Apart from technology, the U.S. will have a lot to contribute towards effective administrative controls at Indian ports and allied areas. While this represents earnings for the U.S. from export of knowledge and technical know-how, it will benefit India tremendously in terms of up gradation badly needed.
- The Ministry of Shipping and Chairman of Ports will be expected to make small presentations on opportunities for good investments in port and maritime infrastructure; not just restricted to SAGARMALA, the gigantic project developing the port infrastructure along the Indian Coast. Some of major invites are US companies, venture capitalists and investment bankers, to study various investment avenues, which will showcase their products.

The fact is that the U.S. is our largest trading partner and vital to our exports; which involves shipping. Around 95 per cent of India's international trade by volume and 68 per cent by value are shipped. Therefore, the IACC Maritime Seminar, will serve as a platform, to give a fresh impetus to the sector and for the seminar to equally reflect the concerns of the U.S. and our own, in the true spirit of bilateralism. Official level contact is already there in terms of drafting the ISPS (International Ship and Port Security Code), to counter the threats posed by terrorists and pirates in high seas. However, there will be other issues pertaining to the shipping industry that will be addressed. Our exporters face many procedural problems. A quantum jump in exports to the US is on the cards. Therefore, the Maritime Industry has to start looking at new gizmos in the U.S. called "Smart Containers" for export of the items or x-ray machines for Cargo, to save on time and eliminate delays. In the final analysis, the Seminar will have something for everyone.

Indo-U.S. Economic Summit scheduled for July 2004

A two-day Indo-U.S. Economic Summit scheduled for July 2004 will bring together American and Indian business economists, investment bankers, government leaders and select members of both legislatures. It will also involve senior officials from the IMF and the World Bank. The Summit is proposed to be inaugurated by an eminent U.S. personality, and ministerial level dignitaries of India.

This Summit will serve as a useful platform for economic thinkers and decision makers, both from the government and the private sector, to showcase the latest policies and pragmatic programs of the newly installed government at the Centre. Further, it will be a unique opportunity for healthy interaction between the government and the investment community. Investment and Finance is the leading edge of the Indo-U.S. partnership. Deliberations are taking place and several important topics are on the cards for the final program, such as Indian Pension Sector reforms. Indian financial service companies partnering with American firms to structure, market and distribute pension products tailored for the Indian market. Other topics being mooted include the role of American Financial Services in advancing India's capital markets and tapping Indian savings for productive investments. Finally, the Summit will also serve as a credible listening post for the new government in fine tuning the regulatory mechanism, bringing about further reform and neutralizing any factors which emerge as being a hindrance to growth and attraction of foreign direct investment, especially in infrastructure building and other sectors which require modernization.

SINGAPORE INDIA BUSINESS MISSION

At an exclusive function held at the Rooftop Rendezvous, The Taj Mahal Palaces & Tower, Mumbai, on March 16th, 2004, AmCham Singapore the Singapore-India Business Mission promoting US business in Singapore and the region. The degree of importance which the Mission assumed, is demonstrated by the fact that its leader was Franklin Lavin, U.S. Ambassador to Singapore himself. This is the first time that an Ambassador has personally evinced such keen interest in a Mission of this nature. He is a former senior corporate banker with Citibank and Bank of America.

The Indo-American Chamber of Commerce was nominated by the Consul-General Mumbai, to host the delegation at a working luncheon with its members, 35 of whom responded and networked with some 20 visitors among them being companies like Refco (Singapore) Pte., Sloan Inc. of Asia, CH2M HILL, United Technologies, Consistel (Singapore), Futurelinks International, United Parcel Services, Dell Asia Pvt. Ltd., Baker & McKenzie, Wong & Leow and others.

The delegation visited Bangalore, Mumbai and Delhi, describing the luncheon as the high point of their Mumbai visit.

President V. Rangaraj set the tone with a brief but spirited speech replete with quotations and the Ambassador replied on behalf of the visitors thanking IACC for hosting the delegation and expressing confidence in India and the future. Small beginnings have great endings they say and we are confident that the ties established in the relatively short time, will lead to enduring business relationships, said the Ambassador.

H.E. Ambassador Frank Lavin, addressing the members at the Luncheon Networking Session held for the Amcham Delegation from Singapore.

Sitting L to R: Ms. Kristin E. Paulson, Chairperson; Mr. V. Rangaraj, President, IACC and Mr. Angus Simmons, Consul General, American Consulate General, Mumbai.



NEW YORK SECRETARY OF STATE ACKNOWLEDGES INDIA'S GLITTER

At a breakfast meet jointly organised by the Indo-American Chamber of Commerce and the Indian Merchant's Chamber, Mr Randy Daniels, Secretary of State, New York was accompanied by a delegation to consolidate a wide range of business relations between the two countries. The programme was held in Mumbai on February 10, 2004.

It was a six-member delegation included Mr Andy Shenoy, President, Indo American Promotions, NY, Ms Sallie Manzanet, Supreme Court Judge, New York State, Mr Phuman Singh, President, CMC Corporation, Mr Lucky S. Zoria CEO, Engineering and Construction Corp., Mr Ambarish Shenoy, CEO, Brilliant Choice Inc., and Mr Kirti Gandhi, Managing Director & CEO-Gandhi Engineering.

Mr Daniels has called for the best Indian universities to have tie-ups with the New York State University with exchange of faculty, students and syllabi. He acknowledged India's contribution to education and knowledge, which he said was virtual capital. Besides, the education sector he also invited investments in transport, environment, child-development programmes and health sectors.

He stated that India and the US were natural allies with shared values. During Mr Clinton's reign India US relation had begun, while President Bush consolidated and deepened it. He added that, though, democracy was the gift by US to the world, India was the largest practising democracy in the world.

Mr Shailesh Haribhakti of IMC said that India's stake in the global trade was increasing substantially and suggested an even-handed policy be practised by both democracies. There are currently 4000 global patents filed by Indian companies. While Mr Daniel mentioned about India's vested interest in protecting its intellectual property, as it has several creations to its name. Mr Haribhakti continued to say that it was high time India and the US recognise and respect each other's core companies. India is all poised to become a knowledge hub of the world, besides it is committed to being truly globalised with zero tariffs, no subsidies and complete freedom of movement of men, money and materials across the world.

L to R : Mr. V. Rangaraj, President, IACC; Mr. Randy Daniels Secretary of State, New York State Department; Mr. Shailesh Haribhakti, President, IMC; Mr. Andy Shenoy President, Indo American Promotions, NY; Ms. Sallie Manzanet Supreme Court Judge, New York State.



A Single Window to Customer-Centric Travel Options

-Priti Sikdar



The well being of people, shared by those who travel and the communities they visit and their natural, social and cultural environments. The backbone of the travel industry's growth is its complex distribution network of suppliers and intermediaries. Travel distribution infrastructure has evolved over the years to support the changing needs of the industry in Canada and over many European countries.

Airlines reduce time and costs necessary to process tickets and increase productivity of airline reservation agents. Airline systems immediately determine what flights/seats are for sale, modify inventory automating the recording of passenger record. The reservation processing time is reduced from 3 hours to a few seconds. It also reduces reservation error rate and staff training cost. It has a capability for handling large amounts of information. Travel agents seek immediate access to airline flight schedules and fares. It has an ability to serve new business travel marketplace and meet the demands of global airline alliances

e-CRM effective by takes care of customer relationship management and it aims towards a customer-centric information system. The key benefits of customer-centric systems in the arena of travel & tourism are:

- i) They ensure an informed and seamless dialog with customers across all touch points, i.e. presenting a "single face" to the customer.
- ii) Achieves consistency of facts and definitions across corporate functions
- iii) Coordinates information between bricks and mortar and online initiatives
- iv) Formulates an increasingly rich picture of each and every customer as data volume increases
- v) Presents a unified data set for an analytically-rich campaign formulation, execution and testing

The modern traveler is hard pressed for time. The emergence of online travel distribution, is the most recent response to customer needs, and is projected to grow at an unparalleled rate. The various travel needs are categorized into-

- | | | |
|-------------|------------|------------------|
| 1) Airlines | 2) Lodging | 3) Car Rental |
| 4) Cruise | 5) Rail | 6) Package tours |

The vendors provide consumers with direct access to their inventory and increase confidence in Internet security. They capture and leverage consumer insight by providing complex travel products and initiating customer self-service system and also giving a variety of travel options to choose from. It is

predicted by 2005, online travel purchases are projected to cross 28 per cent of the \$100 billion e-commerce market.

The emergence of on-line travel distribution is the most recent response to industry needs, has been projected to grow at an unparalleled rate. The travel and tourism industry can no longer survive as a transaction-oriented business. The successful supplier or intermediary will recognize and accommodate a broader and more complex definition of interaction, one that focuses on having profitable conversations with customers to meet their travel needs.

Much of this growth could not have occurred without the global distribution system (GDS) infrastructure. In the last 30 years, distribution evolved from primarily airline seats to include the various travel segments we have today. Future industry growth will be driven and shaped by on-line travel. By 2004 end, the global e-commerce market will cross \$86 billion. Growth will be the most dramatic in the more complex travel segments like cruise (from 2 per cent in 2000 to 13 per cent in 2005) versus the historical growth in more commodity-like products such as air and car rental. However, the industry faces a number of significant barriers that include:

- Transaction-centric systems
- Simple product representation
- Lack of advanced technology
- Non-standard communication channels
- An industry consisting of many independent small-to-medium sized enterprises
- It is the responsibility of both internal and external stakeholders to transform the travel and tourism industry to reach this future state. Internal stakeholders include suppliers and intermediaries who make up the industry's distribution network. Independently and jointly, internal stakeholders are responsible for executing a broad transformation program. The internal stakeholders must build a new infrastructure that enhances the traveler's experience, better services to needs, and profitable growth to the industry.

Suppliers and intermediaries must independently and jointly execute a number of broad transformational programs.

As can be seen from the above, the transformation program is comprised of seven major initiatives that suppliers and intermediaries must jointly and independently execute:

Intermediary Infrastructure Transformation

- Supplier Integration and Service Transformation

- On-line Systems Transformation
- Off-line Systems Transformation
- Experience Delivery Transformation
- Revenue Management Transformation

The integration of all sectors internal and external along with business environment steers the growth of customer-centric systems. The external stakeholders include a large number of peripheral entities ranging from associations and research organizations to consultancies and Information Technology and Communication (ITC) companies. These external stakeholders must take on a range of responsibilities from raising awareness of the key issues to providing the technical products and services that will make up the transformed customer-centric technology infrastructure.

In addition, there are broader problems with the systems' infrastructure. Integration between their two most critical systems, property management and central reservations, make inventory management a challenge. Customer information can not be accessed when and where it is needed to deliver on the tailored or unique customer experience purchased.

Content, integration, and customer profile-related challenges also exist in the cruise industry. For example, many cruise

based on the notion that buyers may only have an idea of what they want so they must be well informed to purchase. However, the cruise and tour industries can reap significant economic benefits by gently switching consumers to direct channels without alienating travel agents.

A critical success factor in achieving this strategy is the effective product representation online something that is not well controlled or consistent among today's supplier and intermediary websites. Effective product representation will require the development of enhanced capabilities to create, package, and manage digital content across a broad range of delivery devices and channels. Simple product representation is limiting the effective distribution of fast-growing, complex, and information rich products e.g. cruises and package vacations.

The natural response of suppliers has been to lower costs by limiting the number of transaction through the GDSs. However, the legacy systems of the suppliers themselves present a number of limitations to achieving customer-centric systems and capturing more bookings.

ADVANCED TECHNOLOGY IN TOURISM:

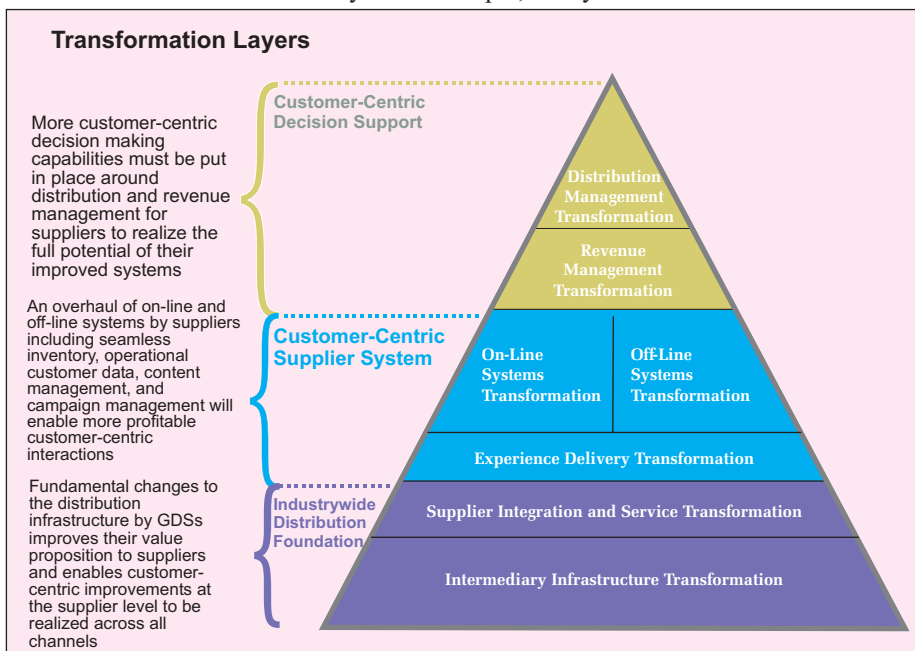
The travel and tourism industry has started moving towards more technology deployments. A common example is use of wireless notification of flight delays and checking availability through a PDA. As the industry moves to improve its core systems, the adoption and integration of several key applications of advanced technology could further improve customer interactions involving service, content delivery and transactions, but at this time, they are not being widely used. The key applications of advanced technology that offer benefits for the travel and tourism industry include:

- **Silent Commerce** is use of intelligent, interactive objects that use multiple technologies, concepts, and platforms to "silently" communicate without human interaction.
- **Ucommerce** is a continuous, seamless stream of communications, content, and services exchanged among consumers, businesses, suppliers and systems.

- **Mobile Payment** is an electronic payment process that enables a consumer to execute a payment to a merchant or a person, regardless of the consumer's geographical location.
- **Messaging** is an efficient and cost effective means of constant connectivity between consumers, businesses and suppliers.

STANDARDIZED COMMUNICATION CHANNELS

Travel industry systems were not initially designed to communicate with each other. The current approach to standardized communications works for a limited number of suppliers but quickly becomes a problem as companies



companies use a third-party provider to manage their prospect and past-passenger information, making it difficult to access operationally. This industry also faces an added challenge as they look to improve their reservations' systems. Today, many functions related to reservations that would ideally be loosely coupled and interfaced to create flexibility in their application architecture are part of a single, large block of reservations system code. As the cruise industry looks to make their reservations systems more customer-centric, they are experiencing the incremental cost of uncoupling and repairing this "collateral damage".

Fueling growth is increased supply that must be filled, growing consumer awareness, and shifts in the commission structure that will drive travel agents to push these products. Dependence on travel agents to sell products that are of a complex nature is

connect to a growing number of business partners.

Adoption of a single, broad communication standard such as the one being developed by the Open Travel Alliance (OTA) could unite the travel industry, simplify on-line transactions, and reduce costs. Since May of 1999, the OTA's 150 members have been working on eXtensible Markup Language (XML) based standards that make it possible to exchange business data seamlessly across different systems, companies, and industries via the Internet. Working with these XML standards, business partners would only need one interface to connect with each other. This would create new opportunities for suppliers, intermediaries, and consumers. Industry adoption of SML standards would:

Create a wider-spread, lower-cost communications platform in the following ways:

- Facilitate the development of more travel distribution channels and choices.
- Encourage the creation of new, innovative products at a lower cost.
- Display product information in an improved manner.
- Enhance the reservation process.
- Communicate the critical operational data that is necessary to create a seamless travel experience for the consumer.

The OTA has developed an approach to developing new travel industry communication specifications. A GDS must lead the way to XML communication standards and develop an "integration manager" that serves as the foundation for a cross-channel customer service offering. Make integration among GDS, intermediaries, and suppliers easier, serving as the "one face to the customer" for customer services regardless of the booking source, spearhead the development of single set of XML communication standards, build an "integration manager" that enables travel partners to "direct connect" in the XML standards and to store historical GDS transactions made through Travel Agents or other directly connected points of sales (e.g., corporate booking tools).

TRAVEL AND TOURISM GLOBAL OVERVIEW

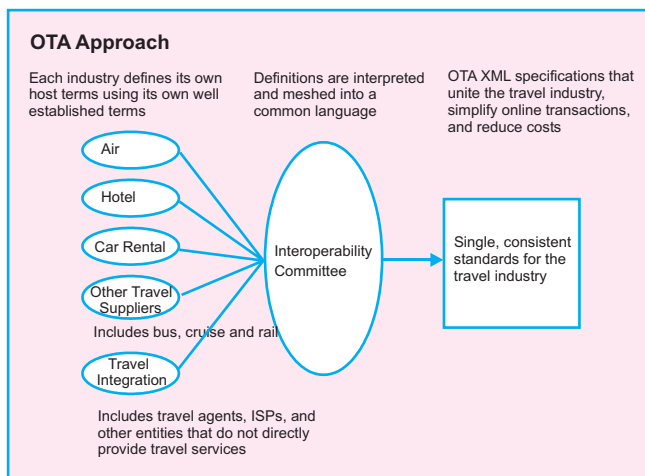
The backbone of the travel industry's growth has been its complex distribution network of suppliers and intermediaries ranging in size from small operations to multi-billion dollar global companies. In the last 30 years, distribution evolved from primarily airline seats to include the six major segments we have today:

- Major, national and regional airlines.
- Owned, managed and franchised lodging businesses.
- Car rental companies.
- Large and secondary cruise operators.
- Passenger rail operators.

While the market for cruises, package vacations and tours have been strong in Europe, and will continue to grow, there is a major opportunity for these types of products to grow in North America. Fueling this growth is increased supply that must be filled, growing consumer awareness and shifts in the commission structure that will drive, travel agents to aggressively push these products.

Cruise, package vacation, and tour operators have a much greater incentive to increase their on-line bookings. Shifting even a small percentage of bookings on-line will save them the high commissions usually paid to the travel agents. The cruise and tour industries can reap significant economic benefits by gently switching consumers to direct channels without alienating travel agents. Today, 95 per cent of all cruise passengers and 88 per cent of packaged vacationers booked their trips through a travel agent. While the cruise and tour industries will not cut out travel agents, there is a significant profit increase from even a small shift to on-line bookings. Tour operators have huge margin levers that they could affect by moving more and more bookings on-line.

The challenge for these suppliers is to improve their reservation systems and on-line booking capabilities so that customers can get the same level of advice and information about their potential purchase on-line and in the call center as they would by going to their travel agent. A critical element to improving these systems is content management. In the reservations system, this means providing the company's call center agents with integrated booking and content on the workstation.



On-line capabilities require the same if not more content integration to support the planning and booking process. These suppliers also have the added challenge of controlling their content in the emerging and actively growing on-line travel network that includes GDS powered travel agent booking tools, on-line travel agents, cruise specialist websites, and cruise line websites.

Use of modern technology in the form of information integration and proper site management, goes a long way in providing the modern traveler, complex choices which are flexible and fitting his economic and time constraints. Competition is rampant, and the customer has become the supplier's God. So systems designed towards better service levels are definitively going to prove beneficial and effective in both ways. Also a single market-place for all travel products will facilitate the traveler in a hurry and sometimes help him get a better bargain!

FIPB APPROVALS

1	2	3	4	5	6	7
S.No.	Name & Address of the existing/proposed foreign company	Name & Address of the Indian company, if already incorporated	Activity	Location	Particulars of the proposal	Amount of FDI/NRI/OC Investment (Rs. In crore)
1	GE Pacific (Mauritius) Ltd Les Cascades Building Edith Cavell Street, Port Louis, Mauritius	M/s. GE Plastics India Limited Gateway Tower, 8 th Floor, DLF City Phase III NH-8, Gurgaon	Manufacture of compounding line for alloys/ blends compounds of engineering plastics including coloured resins, polycarbonate sheets/ films polycarbonate resins, polyethylene oxide (PPO), modified PPO	Baroda, Gujarat, Gandhar, Gujarat.	Acquisition of shares of the Indian company from the existing resident and non- resident shareholders by the foreign Investors	Negligible
2	Dr. Mohana R. Velagapudi 6, Hickory CT Rock Island IL-61201, USA	M/s. Matrix Laboratories Ltd 1-1-151/1, IV Floor Sairam Towers, Alexanber Road Secunderabad-3	Manufacture of active pharmaceutical ingredients and its intermediaries	Medak, Andhra Pradesh	Transfer of shares from resident to non- resident	1.80
3	Dr. J.V. Singh Professor of Management The Wharton School University of Pennsylvania, USA	M/s. Emcure Pharmaceuticals Limited Emcure House, T-184, M.I.D.C. Bhosari, Pune-26	Manufacture and marketing of pharmaceutical formulations	Bhosari, Pune and Pinjewadi	Fresh issue of shares to the foreign investor	0.05
4	M/s. Amway Corporation, USA	M/s. Amway India Enterprises, A-5, Kailash Colony, New Delhi 48	Develop direct selling business of products	Not indicated	Extension in the test marketing period upto June 2004.	No inflow
5	M/s. International Distillers & Vintners Ltd No. 1, York Gate Regent Park London-NWL 4 PU	M/s. International distillers (India) Pvt. Ltd., Block 2D, No. 71, Phoenix Mills Complex 462, Senapati Bapat Marg, Lower Parel Mumbai-13	Marketing and production of liquor products	Not indicated	Cash and carry wholesale trading in alcoholic beverages	No inflow
6	M/s. Lotte Confectionery Co.	M/s. Parry Confectionery	Manufacturing, buying, selling,	Chennai	Acquisition of the resident shares	139.89

1	2	3	4	5	6	7
7	Ltd 23, 4KA, Yangpyung-Dong, Youngdeungpo-Gu Seoul, Korea	Limited Dara House, Parry's Corner, Chennai-1	importing and exporting and otherwise dealing in confectioneries		from the primary and secondary market (issue of public offer)	
8	M/s. Farmers International Inc. 1260, Muir Avenue Chico, CA 95973, USA	M/s. ANV Foods Private Limited 47-B, The Mall Amritsar, Punjab.	Processing and roasting of dry fruits, spices and vegetables by the process of dehydration	Kundli, Sonapat Distt. Haryana	Transfer of shares from resident to non- resident	0.01
9	M/s. Sperotto Rimal S.P.A. Italy	M/s. Sperotto Rimer India Pvt. Ltd. Plot No. 152, Bommasandra Industrial Area, Bangalore -58	Manufacture of textile finishing machines	Bangalore, Karnataka	Transfer of shares from the existing foreign and resident shareholders to new foreign investor	0.098
10	M/s. Araco Corporation 25, Kamifujike, Yoshiwara-Cho Toyota, Aichi, Japan-4738512 M/s. Toyota Tsusho Corporation, Japan M/s. Sumitomo Corporation, Japan	M/s. Araco Polyflex Pvt. Ltd 41, Bhimenanhalli, M.N. Halli, P.O. Bidadi Raamagara, Bangalore 109	Manufacture, design, assembly, sale, distribution, after-sales services of seats and interiors for automobile seats, automobile interior and other parts and components	Bangalore, Karnataka	Permission for technical collaboration	No inflow
11	M/s. Feneral Electric Company, USA	M/s. GE Lighting India (P) Ltd H.r. Complex, 310/6, Industrial Main Road, 5 th Block, Koramangala, Bangalore-95	Manufacture of high pressure mercury vapour lamps, high pressure sodium vapour lamps, GLS, fluorescent lamps and other lighting components	Not indicated	Transfer of one equity share from resident to non- resident	Negligible
12	M/s. GE Electrical Distribution & Control, USA	M/s. GE Power Controls India Pvt. Ltd 3 rd Floor, A1, Golden Enclave Corporate Towers, Airport Road, Bangalore-17	Manufacture, market, engineer, source, export and distribute electrical distribution and control products	Not indicated	To undertake additional activities including trade and after sale services	No inflow
13	M/s. JC Bamford Excavators Ltd Rocester Staffordshire England, ST 14 5 JP	M/s. JCB India Ltd A-36, Mohan Co- operative Industrial Estate, Mathura Road, New Delhi-44	Manufacture and construction and material handling machinery	Ballabhgarh, Haryana	Conversion of existing company into a holding company and setting up downstream venture	No inflow

SABA SOFTWARE ATTAINS NEW HEIGHTS

The Training Media Review Awards has given an outstanding rating to Saba Software India Pvt. Ltd., a leading provider of human capital development and management (HCDM) solutions. The company was confirmed a four-star, "Outstanding" rating which is the highest possible rating for its learning management system offering Training Media Review (TMR), that reviews training content and supporting technologies.

The research is part of TMR's LMS Series, a growing number of reports written by training practitioners to help readers understand e-learning technology and provide a comprehensive evaluation derived from hands-on experience. The LMS report was authored by Jeff Merrell, a consultant and researcher who focuses on helping organizations implement effective technology-based learning environments. Merrell has more than 20 years of business experience as a consultant and corporate learning and development manager.

The report commends Saba's learning management offering, denotes that "across all of the functional areas required in a learning management environment, Saba

provides both breadth and depth. The research concludes that Saba's offering is comprehensive, user-friendly, functional and highly configurable, from both the learner and learning manager's perspective. It adds that "Saba

also seems to understand that an offering provides value through functionality (Saba Analytics) as well as services (content testing services).



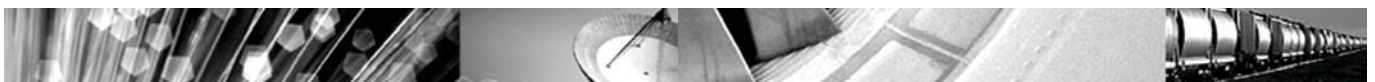
When compared to other LMS solutions in the marketplace, TMR's overall ranking for Saba indicates that it "significantly extends the functional category and meets or sets the standards for 'ideal' system functionality." Saba was highly ranked in learning management functionality, usability, language support, roles, and reporting, and analysis. It was also commended for its user interface, noting that it is "appealing

and uncluttered." Additionally, Saba was regarded highly for its Saba Analytics offering.

"Training Media Review is known for their ability to evaluate solutions based on first-hand experience of users and deliver real-world feedback and recommendations to a wide range of decision-makers within our market," said Malcolm Hobbs, Saba's vice president of marketing.

He also mentioned that "We welcome the opportunity for a comprehensive evaluation of the Saba Enterprise Learning Suite and are extremely proud that the results of this research validate our market leadership position", on being well rated.

"Our research helps organizations identify the critical functional and design components required to deliver the real value proposition of today's LMS offerings and therefore make informed decisions on the solution that best meets their individual business needs," said Jeff Merrell, author of the report. "Our analysis is based on a thorough evaluation of the major functional components of the LMS suites against a set of attributes that we know, through actual experience, contribute to the success of an enterprise learning environment."





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