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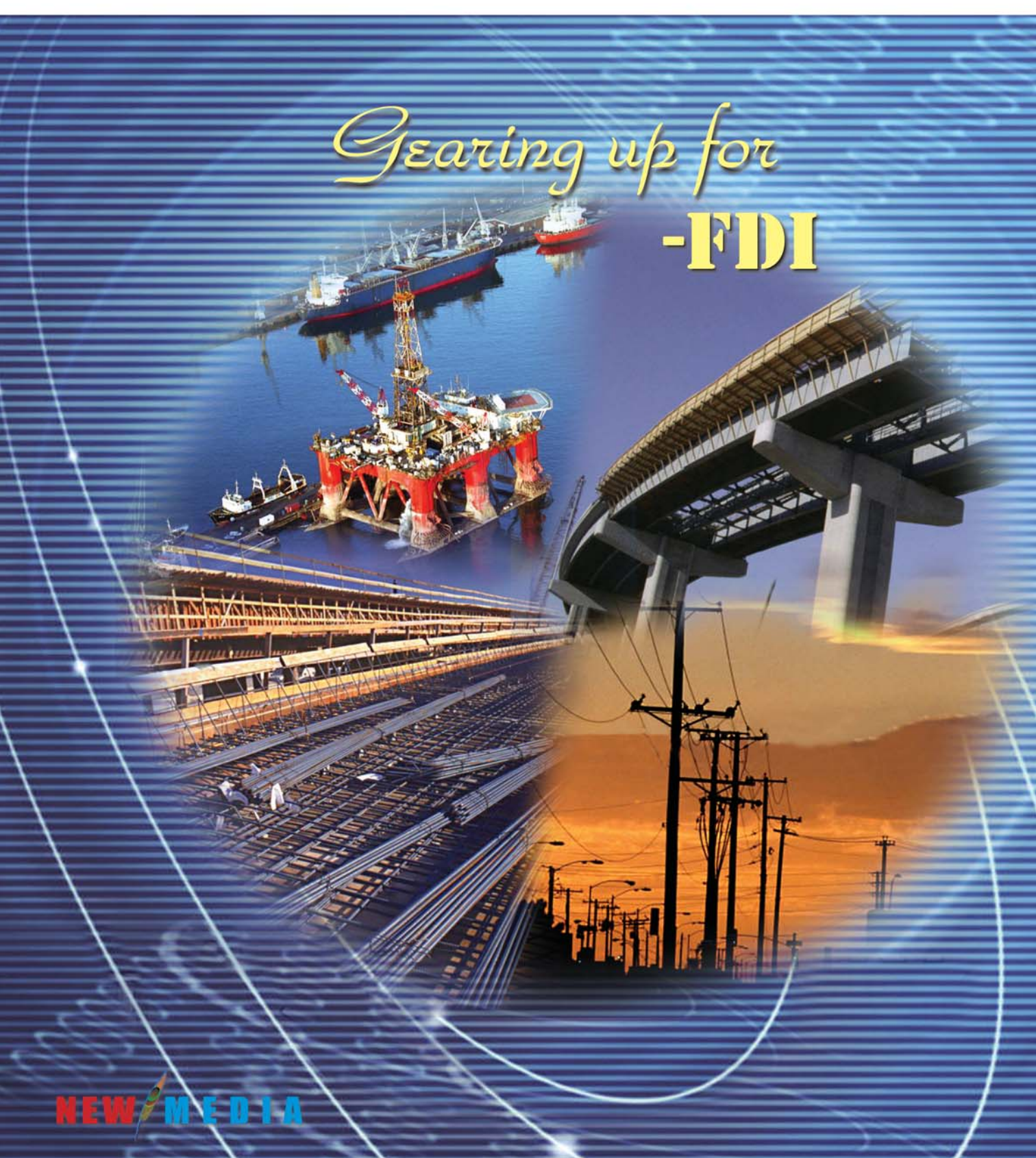


INDO-US BUSINESS

THE NEWS MAGAZINE OF INDO-AMERICAN CHAMBER OF COMMERCE

Jan - Mar 2005

Gearing up for
-FDI



NEW MEDIA

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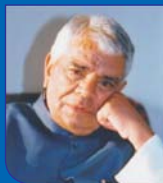
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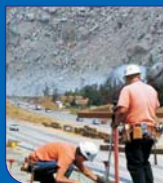
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This Scribe Pleads for Big Cats

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Dear Readers,

Greetings. In India, March is the month of money management and planning for the new financial year, beginning April 1. It has always been, with the Finance Minister unveiling the Budget traditionally on February 28, that reflects both the government's priorities and the people's aspirations. This year, when Finance Minister P. Chidambaram presented his Budget, it heralded the beginning of a new era of nation building, with the focus on infrastructure development and agriculture. The Indian Budget comes close on the heels of the US Budget for 2006 presented by President George Bush in early February, wherein he laid emphasis on massive tax cuts and on measures to reduce the huge deficit to spur America's great economy. Naturally, the focus of the current issue of Indo-US Business is on fiscal management in two democracies, one the world's most powerful and the other, the largest. The magazine also covers in detail the Indo-US Summit on Infrastructure, held recently in Delhi, which stressed the importance of investment in key sectors such as power, telecommunications, ports and highways. We also carry a photo feature on the event. Then, there is a write-up on the IT industry and the expanding avenues of outsourcing, which, together are expected to fetch \$20 billion in export earnings in fiscal 2004-05 ending March. We also present an interview with Babulal Gaur, Chief Minister of Madhya Pradesh, whose government is promoting the centrally located state as the country's infrastructure hub in terms of connectivity. On tourism, we focus on two US cities Rochester and San Francisco. While the charming city of Rochester is home to pioneering enterprises such as Kodak and Xerox, San Francisco is famously known as the Paris of the West and the Baghdad-by-the-Bay. As part of the magazine's varied fare, we have included in this issue an interview with David Baron, a noted American environmental journalist and author, who was in Mumbai recently to study the conflict between man and beast (panther in this case) and who strongly pleads for the big cat. On the cultural front, we present a write-up on Bombay Dreams, a musical that had recently completed its run on the Broadway, New York, and which is all set to open soon in Mumbai, the place of its inspirational origin. There is also a review of an international film festival held recently in Mumbai. As usual, we have the regular features, including coverage of the activities of the Indo-American Chamber of Commerce.

Wish you happy reading



Satya Swaroop

Managing Editor

satya@newmediacomm.biz



My Dear Fellow Members,

Business is indeed riding the upward curve.

The Finance Minister has proposed many far reaching changes in the tax structure to bring down the incidence of taxation, revitalization of manufacturing sector including textiles and food processing, tea and coffee and IT Sector and rejuvenation of the SMEs. But the Budget speech is silent on the labor reforms, which has been pointed out by the Economic Survey as a pre-requisite for further reforms. Hopefully some government in the future will be politically strong enough to do this.

7% growth in GDP projected by the Economic Survey for 2005-06 could be a realistic one having regard to the tempo of development in various segments of the economy. It is, however, disturbing to note the likely slide in the agricultural production by six million tonnes projected for 2005-06. Immediate steps have to be taken to boost the agricultural growth in the country. The major reason for the tardy growth in the agriculture sector is that the reform process, so far, has bypassed this crucial segment. Innovative schemes should be drawn up to overhaul the distribution network and efficiency of reaching the produce where it is needed. Stockholding is running into several years, rendering grains unfit for human consumption. Intense involvement of the corporate sector in agriculture can be instrumental in pushing up the production and distribution. Storage and distribution technologies from the US can well be adopted.

We welcome the Survey's recommendation to reform the tax and expenditure, regimes, labor laws and opening up of more sectors including retail. Such measures would give a critical push to the efforts for attracting FDI into the country to supplement and complement the domestic investments. The chamber wants faster liberalization.

The Survey has rightly expressed concern about the fiscal situation both at the centre and states, which is assuming menacing proportions. Despite the assurances given by all and the steps taken over the years to cut down the wasteful expenditure and revenue deficit, no respite seems to be visible on this front. There should be an honest effort to contain fiscal deficit through proper monitoring and by taking hard measures to rein it in. Political will is the need of the day. Maybe it will happen some day!

We welcome the Survey's suggestion at long last, to align the customs duty to the ASEAN level to enhance competitiveness and fuel export efforts. There is a strong case for reviewing FDI caps in sectors like coal, mining, insurance, real estate and retailing. Sooner the better if we are to fall in line with ASEAN norms, followed by WTO stipulations.

The focus on social development of the country is laudatory and signifies the present government's determination to take the process of development forward and ensure continuance. It is not redundant to repeat the cliché that the fruits of economic growth should reach the poorest of the poor.

The avowed objective of the government to strengthen the economic and cultural co-operation between India and the US by promoting vibrant people-to-people contacts is a step in the right direction. Commerce between the two largest democracies should override politics.

The Union Budget announced by Finance Minister P Chidambaram is expected to fuel economic growth and send the right signals to the foreign investors (including from US) who have been urging major policy changes in the insurance, telecom and the infrastructure sector. Elsewhere in this magazine is an excellent analysis of the Union Budget. Please read.

Already the 6th issue of our regular e-newsletter 'Electronically Yours' to keep us in touch more frequently and bring us up to speed on the latest happening in the Indo-US trade and commerce is out. I would like to urge all members to contact their nearest branch office in case they are not receiving their copies, through e-mails. Please insist. You will find them worth while.

Our first brand event of the year, the 2 day "Indo-US Summit: Partnership in Building India's Infrastructure" was excellent. Kudos to Chairman Chandrasekar and his Team. Proceedings, papers and recommendations are elsewhere in this magazine.

Two more Brand Events are impending viz "Doing Business with the US" at Madurai and "Global Offshore Outsourcing Summit" in Mumbai. Please obtain particulars. Other events, gatherings and meetings with important persons are listed.

Business with US can only grow. Please ask your friends and associates who are doing business with the US and are still not members of the IACC to join our fraternity. It is a club they will not only find useful, but also begin to enjoy. Your branch chairman will be glad to assist and your branch secretary will follow up. So please rally around.

With all the best wishes for now.

Truly yours

Ranjit Sen

National President, Indo-American Chamber of Commerce
e-mail: guardian@satyam.net.in



Budget 2005-06: Building India Anew

Striking A Fine Balance

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



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

Unveiling the Budget in Parliament on February 28, Chidambaram said that it was aimed at combating poverty and helping the common man in Asia's fourth-largest economy.

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

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

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

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

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

India has a combined fiscal deficit for states and the central

government estimated at about 10 percent of gross domestic product (GDP), one of the highest in the world, while its debt-to-GDP ratio is above 80 per cent.

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

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

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

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

One sector that will benefit primarily from the Budget is the construction activity. Manufacturing sector too will benefit because of the reduction in customs duty. In one of

the best possible balancing acts, the Budget has addressed the developmental needs of both agricultural and corporate sectors and both rural and urban areas of the country. The overall economy, which is already buoyant, is expected to get a further fillip.

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

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

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

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

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

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

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

"We shall continue to provide subsidy on food, fertilizer and petroleum," the Finance Minister said.

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

sustained buying interest.

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

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

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

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

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

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

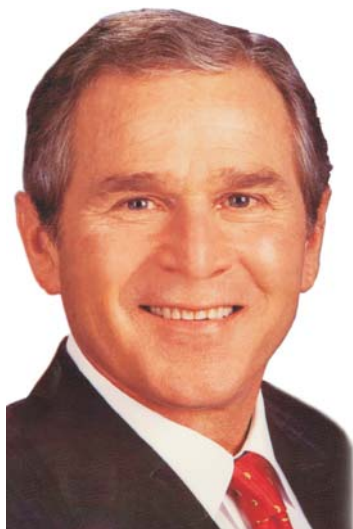
The allocation for the health sector is still much below 6.0 per cent of GDP. A major investment thrust is needed in both the health and education sectors. These two can be growth drivers in the future. Moreover the government should encourage public-private participation in these sectors.

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



To Cut Mounting Budget Deficit...

Bush slashes subsidies & State spending



US President George Bush has presented his 2006 budget, stepping up foreign aid and allocating more money for military spending. The budget's main thrust was on cutting domestic spending in a bid to lower a record deficit projected to peak at \$427 billion this year. The \$2.58 trillion budget submitted to Congress affects 150 domestic programs from farming to the environment, education and health.

Bush has proposed a budget that would scale back or eliminate scores of agriculture, education, health, environmental

and other domestic programs to help him meet his goal of slashing the deficit while providing more money for national security.

But foreign aid is due to rise by 10 per cent, with more money to treat HIV/Aids and reward economic and political reform. Military spending is also set to rise by 4.8 per cent, to reach \$419.3 billion.

The budget does not include the cost of running military operations in Iraq and Afghanistan, for which the administration is expected to seek an extra \$80 billion from Congress later this year. Congress will spend several months debating George W Bush's proposal.

Reward for reform

The state department's planned budget would rise to just under \$23 billion - a fraction of the defence department's request - including almost \$6 billion to assist US allies in the "war on terror".

However, the administration is keen to highlight its global effort to tackle HIV/Aids and planned spending would almost double to \$3 billion, with much of that money going to African nations.

Bush also wants to increase the amount given to poorer countries through his Millennium Challenge Corporation. The scheme has been set up to reward developing countries that embrace what the US considers to be good governance and sound policies. However, Bush's proposed spending of \$3 billion on that project is well below his initial promise of \$5 billion.

The Bush administration will instead continue to fill the reserve by taking oil - rather than cash - from energy companies that drill under federal leases.

Spending restraint

The outline proposes reductions in budgets at 12 out of 23 government agencies including cuts of 9.6% at Agriculture and 5.6% at the Environmental Protection Agency.

The spending plan for the year beginning October 1 is banking on a healthy US economy to boost government income by 6.1% to \$2.18 trillion. Spending is forecast to grow by 3.5% to \$2.57 trillion. But the budget is still the tightest yet under Bush's presidency.

"In order to sustain our economic expansion, we must continue pro-growth policies and enforce even greater spending restraint across federal government," Bush said in his budget message to Congress. Bush has promised to halve the US's massive budget deficit within five years.

The deficit, partly the result of massive tax cuts early in Bush's presidency, has been a key factor in pushing the US dollar lower.

The independent Congressional Budget Office estimates that the shortfall could shrink to little more than \$200 billion by 2009, returning to the surpluses seen in the late 1990s by 2012.

But its estimates depend on the tax cuts not being made permanent, in line with the promise when they were passed that they would "sunset", or disappear, in 2010. Most Republicans, however, want them to stay in place.

And the figures also rely on the "Social Security trust fund" - the money set aside to cover the swelling costs of retirement pensions - being offset against the main budget deficit.

Bush and his aides portrayed the plan as an effort to prune ineffective and duplicative programs while providing more support to priorities like keeping the nation safe from terrorism, keeping the economy healthy, improving high school education and building health clinics in poor areas.

The budget responded to mounting calls from

conservatives for Bush to take a harder line against the expansion of government, and it laid out a path for meeting his target of cutting the deficit in half by 2009 without giving an inch on his demand to make permanent the tax cuts he pushed through Congress in his first term.

"It's a budget that reduces and eliminates redundancy," Bush said after meeting with his cabinet at the White House to discuss his plan for \$2.57 trillion in government outlays for the fiscal year starting on October 1. We've had a history of being successful in terms of passing good, strong budgets, and so I'm very optimistic that we can do so again this year."

Although it was welcomed by many Republicans on Capitol Hill as the first ambitious effort to check the growth of government since right after the Republican takeover of the House in 1994, other members of Bush's party were clearly leery of some specific proposals, especially the call for substantial reductions in aid to farmers.

Democrats denounced the budget as wrongheaded in its priorities and said it masked the fiscal effects of the administration's policies. Noting that the administration's budget made no allowance beyond this year for the costs of the military campaigns in Iraq and Afghanistan and left out entirely the costs of Bush's proposal for overhauling Social Security, they said his proposals

were not credible.

Reflecting Bush's focus on fighting terrorism at home and abroad, the Pentagon's budget would increase 4.75 percent next year, to \$419 billion from \$400 billion, and spending on domestic security would rise 3.2 percent, to \$32.2 billion from \$31.2 billion. Both the military and domestic security programs would also get steady increases through the rest of the decade.

The budget included \$81 billion for the request Bush is expected to send Congress next week to pay for military operations in Iraq and Afghanistan in the 2005 fiscal year. But it included no money specifically to pay war costs in those nations next year or in following years.

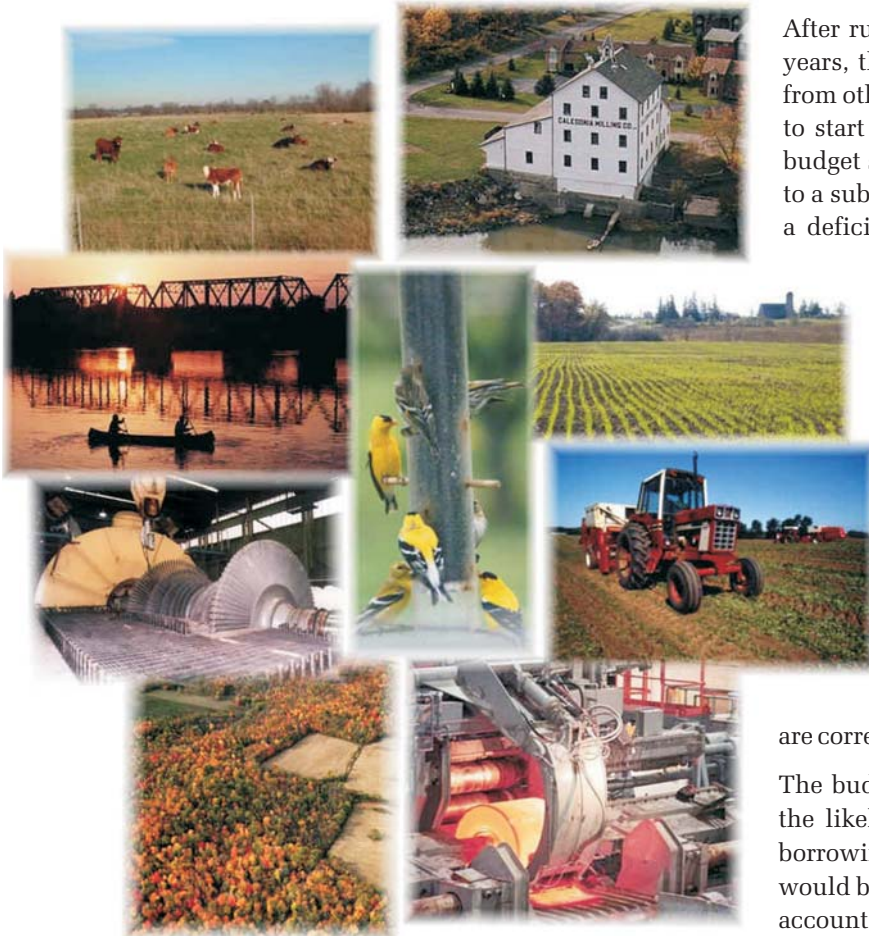
Even as his plan took a knife to many spending programs in the name of fiscal responsibility, it left room to make permanent the tax cuts of Mr. Bush's first term, at a cost of \$53 billion in the next five years and \$1.1 trillion through 2015. The costs are heavily concentrated after 2010 partly because some of the tax cuts, like the repeal of the estate tax, are being phased in gradually until then, holding down the revenue loss in the next five years.

The new budget proposal also called for new tax cuts worth \$23 billion in the next five years and \$117 billion through 2015.

After running up the national debt in the last few years, the United States is coming under pressure from other nations, as well as the financial markets, to start improving its fiscal condition, and Bush's budget sought to show progress by mapping a path to a substantially reduced budget deficit. It showed a deficit in 2009 of \$233 billion, compared with \$412 billion last year.

But little if any progress would come in the first year or two. The budget shows the deficit climbing this year to \$427 billion, including the \$81 billion in new money for military operations and reconstruction in Iraq and Afghanistan, then declining next year to \$390 billion. But the estimate for next year does not include any money for a continued American presence in Iraq and Afghanistan, assuring that the actual deficit - assuming that the administration's economic assumptions are correct - will be higher than that projection.

The budget's figures for later years also understate the likely size of the deficit by not including the borrowing that, by the administration's own figures, would be needed to establish the private investment accounts that Mr. Bush has proposed for Social



Security starting in 2009. Administration officials said the private accounts plan would add \$23 billion to the deficit in 2009 and \$56.5 billion to it in 2010, and would require higher levels of borrowing in subsequent years. The proposed spending cuts would range across the government, and include reductions that the administration has previously tried and failed to wring from Congress as well as new ones.

The cuts would be offset to some extent by increased spending on programs Mr. Bush supports. NASA would get an added \$400 million, or 2.4 percent, bringing its budget to \$16.5 billion as it focuses on the administration's long-term goal of a manned mission to Mars. The budget also called for \$3.2 billion to fight AIDS around the world, a rise of \$382 million over this year but less than what the administration had originally signaled it would provide. The Department of Health and Human Services would get \$304 million more for its program to build health clinics in poor neighborhoods, bringing the total for next year to \$2 billion.

After leading the nation through a military buildup and the creation of the Homeland Security Department after the Sept. 11 attacks, Bush has been labeled a "big-government conservative" - admiringly by some Republicans, derisively by others who have grown

frustrated by what they see as their inability to make good on their claim to be the party of limited government.

In order to sustain economic expansion, the federal government must continue pro-growth policies and enforce even greater spending restraint upon itself, he said.

"Our nation's most critical challenge since September 11, 2001 has been to protect the American people by fighting and winning the War on Terror," Bush said, going on to cite his administration efforts to "establish democratic institutions" in Afghanistan, Iraq, as well as the rest of the West Asia.

To reinforce the US security, the 2006 budget hikes funding for anti-terrorism investigations; border security; airport and seaport security; nuclear and radiological deflection systems and countermeasures; and improve security for food supply and drinking water.

We must ensure that America remains the best place in the world to do business by keeping taxes low, promoting new trade agreements with other nations, and protecting American businesses from litigation abuse and over-regulation," Bush said.

The budget estimates the US Gross Domestic Product at \$12,227 billion or \$12.2 trillion, rising to \$15,906.2 billion in 2010."This budget also promotes economic growth and opportunity.



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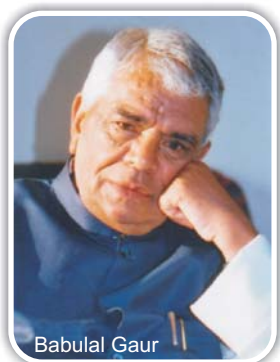
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Open Invitation to Investors

M.P. Makes Right Moves



Babulal Gaur

Madhya Pradesh, India's second largest state, offers as many opportunities as it poses challenges. It takes the dexterity and skill of a seasoned rider to rein in two horses that pull in different directions at galloping speed. Simple and unassuming Chief Minister of the State, Babulal Gaur, amply possesses all the skill to steer the state clear of the web of its past problems and put it on the path to prosperity. In a wide-ranging interview with Veerendra Bhargava, exclusively for Indo-US Business, Gaur talks about the state's rich cultural heritage, ancient religious traditions, the colourful tribal life, the inexhaustible mineral wealth, agriculture, industry and commerce and the government's relentless efforts at boosting the overall economic growth to provide employment to the rural poor and the tribal population.

Could you please tell us at the outset the advantages that Madhya Pradesh offers for the growth of industry and commerce?

The location of Madhya Pradesh itself is a great advantage for the growth of industry and commerce. It shares borders with six states, and is equidistant from all major metros of the country. As many as 425 trains pass through the state. Six national highways criss-cross the state. So connectivity is the biggest advantage for setting up any industry. Madhya Pradesh is blessed with vast and rich natural resources. Its labour force is peace-loving.

Which are the areas on which your government would like to focus?

In Madhya Pradesh, the environment is conducive to the growth of every industry. There are plenty of investment opportunities in the areas of minerals and granite, agri and food processing, pharmaceuticals and bio-technology, textiles and garments, automobile and automotive components, information technology, gems and jewellery, tourism and infrastructure, such as roads, industrial estates, etc. We have well developed industrial growth centres such as Pithampur, Malanpur, Gwalior, Bhopal, Indore and Mandideep, which attract entrepreneurs from all over the country. The future of industry and commerce in MP is very bright. All this indicates that the government is very investor-friendly. **Madhya Pradesh has the distinct advantage to become a distribution hub.**

What kind of incentive your government is offering to induce flow of private sector investment into the state?

We have several schemes. These include industrial investment promotion assistance, concessions to mega and special projects in the matter of land allotment, **policy for required exemption of stamp duty and registration fees**, interest subsidy on term loans, special financial packages to entrepreneurs from weaker sections of society.

We have our 'Udyog Mitra' industrial policy in place. We are making available land at a very cheap rate and ensure enough water and power supply. We provide good transport infrastructure and abundant workforce. There has not been a single strike in the recent past. All these factors are very essential for setting up industries. We are also permitting industries to set-up their own captive power plants.

Agriculture and forest wealth are great assets for MP. How best are you exploiting the potential of two of your major assets?

As you are aware, Madhya Pradesh is the largest producer of oilseeds and pulses in the country. MP is the biggest producer of soybeans and soya oil and other products. To explore and exploit the forest and agricultural wealth, we have the Laghu Vanopaj Sangh and Agro Industries Coporation. About 31 per



cent of the state has forest cover. The state provides a large number of rare and valuable medicinal plants. All the forest produce such as tendu leaf, safaid mousli, and other medicinal herbs can be purchased from the Laghu Vanopaj Sangh. We have a few export-oriented units (EOUs) for herbal products, which are using our raw materials. In agriculture, we are the leaders in soybean production and de-oiled cake (DOC) exports. The state has five Agri Export Zones for a number of crops in different places. There is good scope for food processing industries as well as for processed & precooked vegetables.

Have you taken any steps to promote these products in international markets?

Yes. We are already in export of agri-products like wheat: sharbati and durram, coriander, fenugreek and we also have export units like HEG etc. For instance, we participated in the **Ramadan Festival** in Sharjah at the invitation of Sharjah Chamber of Commerce. They have purchased Rs 200 crore worth of wheat and potato. They are also purchasing our hand-printed saris, besides agro-products.

What facilities are you providing the farmers?

In MP, e-choupals, equipped with computers have become very popular. You can purchase agricultural produce directly from farmers through e-choupals. There is no intervention of middlemen and the farmers need not go to mandis to sell their produce.

What are the steps you are taking to promote biotechnology?

We are blessed with abundantly rich bio resources. We are establishing an Institute of Life Sciences and Biotechnology at Bhopal. The aim of the institute is to produce scientists, researchers and technologists in the cutting edge areas of life science and biotechnology. To provide facilities to biotech companies and parks, we have reserved 2000 acres of land in Bhopal for and started IT parks at Indore. The response from the corporate sector is very encouraging. We are in the process of achieving our goals. To provide good connectivity for the progress of these sectors we are also working for the improvement of airports.

What are the steps you are taking in creating jobs in the IT and ITES sectors?

The Centre has sanctioned Rs. 200 crores for a **Design Technology Park in Jabalpur**. We have a wide network of good technical institutions in the state and every year 18,000 young people pass out from them and are available to the companies in the state. At present, all the students

who pass out of these institutions are absorbed in good jobs.

What steps have you taken to improve the roads, railways and airports?

As mentioned earlier, ours is a centrally located state having excellent connectivity by railways from north, south, east and west. We have the first and only one **ISO railway station in India at Habibganj, Bhopal**. We also have **two ISO trains starting from Bhopal**. Ministry of Railways has sanctioned Rs. 400 crores for railway extension from Itarsi to Bina. We have constructed good roads in the state and work is in progress for the improvement of roads on a BOT (build, operate and transfer) basis.

Is MP developing any Special Economic Zones (SEZs) to attract investment and to promote industry?

We are getting projects worth Rs. 1800 crore. At Indore, Greenfield SEZ has been developed as a globally competitive investment destination at Indore. SEZ Indore Ltd, a special purpose vehicle has been formed to implement the SEZ with assistance from strategic private partners. Several units have already started commercial production.

MP is one of the states that has a rich heritage, both historical and religious. What steps your government has taken to boost tourism?

MP has everything that is a tourist's delight. The state has world heritage sites at three places Bhimbhetka, Sanchi and Khajuraho, historical sites like Mandu and Orchha and cultural and religious sites such as Mahakaleshwar (Ujjain), Omkaleshwar, Amarkantak and Bhojpur.

Tourists find MP very attractive. Our tourist spots are very easily approachable by air, rail and road. We are constantly improving the tourist infrastructure such as affordable and clean accommodation, transport etc. Elephant rides are very popular in forest areas. For example, in Bandhavgarh, one can watch tigers, deer and many species of birds by riding elephants. Holidays in MP offer everything, including adventure, heritage and spiritual tourism.

What is the message that you would like to give to the Business Community in India as well as abroad to invest in the state of MP?

There is favourable industrial environment, plenty of land and water, fast-improving infrastructure and effective labor laws. We welcome all industrialists to come and take advantage of the opportunities in the state. We are here to help them.



The Export Target

Among the industry leaders, Wipro Chairman Azim Premji and Infosys Chief Mentor Narayana Murthy stand out for their achievements and the inspirational guidance they provide to the other members of the IT fraternity.

Recently Premji has projected India's IT software and IT-enabled services' exports to touch \$19-20 billion in the current fiscal year 2004-05 (April-March).

Basing his projections on a report by McKinsey, Premji said the whole of the IT industry, including the IT-Enabled Services is expected to grow at 22-25 per cent per annum in the next four to five years, while talking to newsmen on the sidelines of a convocation function of the Institute of Management Technology (IMT) at Gurgaon, near Delhi.

India Poised to Hit the \$20 Billion Mark in '04-05

the subject of duty structure, exuding immense optimism.

"Since the zero duty regime will come into force from April this year, we want to make sure that Indian IT manufacturers should not have any disadvantage. The zero-duty regime will definitely invite more manufacturing set-ups and we see a huge price drop in all hardware equipments," Maran said.

On the broadband, there have been 120,000 bookings so far and huge upsurge is expected in their number. "I wish to see broadband penetration happening at all levels that would make an impact on the Internet sector as a whole."

Manpower Development

The Maran touched on the performance of the fastest growing segment of the Indian IT industry, namely BPO, and raised the crucial issue of manpower.

"The development of manpower is very important. And it has to be developed from the school level itself. This is a huge effort and will require close coordination from the state governments. We must also remember how the software



India's IT and IT-Enabled Services, led by world class leadership, have been on a high-growth path, powered by quality and cost advantages and a premium they command among their clients across the globe. As Finance Minister P. Chidambaram prepares to unveil his second budget for the fiscal year 2005-06 (April-March) the IT and ITES sector, including its BPO segment, expects further rationalization of import duty structure to lend a cutting edge to Indian software exports and other allied products in a fiercely competitive global market. Here is an assessment of the situation by various industry leaders, who believe that the software exports in the current financial year 2004-05 may smash the barrier of \$20-billion.

Earlier, Nasscom the IT industry's apex organization, had forecast a 35 per cent growth for software and services exports to \$17.3 billion in 2004-05.

Premji advocated a level playing field for domestic IT hardware manufacturers vis-a-vis foreign players. "We have put our demands (for the budget 2004-05) before the government and it is sensitive to the issue," he said, adding: "The duties are already very low. Any such measures will have just two to three per cent impact."

On the forthcoming budget, he said the government wants more growth and compliance to tax systems. "You will find a positive budget," he said.

Talking at another forum, Minister for Communications and Information Technology Dayanidhi Maran too touched

sector has surged ahead on its own by getting its own training in the private sector," Maran said.

Infosys Chief Mentor Narayan Murthy wants the smaller IT units to find niche areas, which have not been touched by the big players and specialize in them.

"The IT industry today depends too much on the big five companies. Of the total revenue of \$16 billion, 60 per cent comes from the top five firms. This is risky. Smaller companies can adopt to the market and specialize in niche areas," Murthy said.

He pointed out that for smaller companies, finding finance was not a problem as there were greater opportunities to source it. What smaller companies need to do is to zero in

on a niche and an area where the big companies have not focused, he added.

Peter Bendor-Samuel, CEO, Everest Group, who was in India recently, clearly thinks that outsourcing was no more a controversy.

“Outsourcing is here to stay. The only thing that will spoil that is the government attitude, and I don't see any intent there. But, governments have done foolish things from time to time,” Bender-Samuel said.

Mark Kobayashi-Hillary, Author, Outsourcing to India, thinks the discussion today in the market is on the next level issues such as data protection and Intellectual Property Rights. These developments indicate that offshoring has been accepted as a way of life.

Pradeep Singh, Chairman and CEO, Aditi Technologies, shares Murthy's view that finance is not a problem.

“Software product outsourcing seems to be gaining traction amongst start-ups with many venture capital funds asking for an Indian plan,” he said.

Neeraj Bhargava, President and CEO, WNS, is bullish on the unbridled growth of the Indian BPO industry in the last few years. He lists some of the reasons.

Impact on Society:

The BPO industry is transforming townships, creating more purchasing power, supporting large ancillary industries, instigating migration of talent, to key BPO hubs, and changing the basic fabric of society and consumption patterns. Once used to the improved standard of living and better quality of life, the employees will further contribute to the growth of the BPO sector through acquisition of higher skills. They also inspire the younger people to opt for a BPO career.

Innovation and business transforming:

Offshore operations combined with use of technology can have a deep impact on the economics of the clients. We will see dramatic reduction in costs and cycle time through innovations and newer business models. The new entrants will change the business models.

Domain expertise:

Leading BPO players will increasingly develop industry

practices that combine operational excellence with domain expertise.

High productivity:

Take advantage of the lower costs of labor, the 24-hour round the clock working and the time difference with India positioning itself in a strategically better situation.

Growing Brand recognition:

Brand India in the BPO industry is being recognized, appreciated and sought after. It is highly likely that the cost and talent pool advantages will extend benefits from superior quality, world-class risk management practices.

Integration with global business system:

Indian operations are no longer mere offshoots. They are an integral part of the clients' business systems and an important source of value delivery. Today there is a growing number of companies handling end-end processes and functions.

Enriching careers:

The industry has developed more than 50,000 managers who are working with most demanding clients. There is ample reward for them in the form of global connectivity.

Greater Scale:

The leading players are fast approaching the levels of global manufacturers.

Overall, the IT and ITES services are expected to propel India into a high league, supporting its overall industrial growth.

“In 10 years, G-7 will have white faces, yellow faces, amber faces. Both India and China are bound to be super powers by then,” said Ketan Patel, MD, Goldman Sachs International.

Also gazing at the crystal ball is Ramalinga Raju, Chairman, Satyam Computer Services, one of the top five Indian IT companies.

“If the world GDP reaches \$ 60 trillion in 15-20 years then, 75 per cent of the economy will come from services.” And India is expected to position itself to enjoy a bigger slice of that cake.





Kamal Nath's Policy Assurance at Indo-US Summit

India Offers Best ROI in Infrastructure



India's infrastructure in key sectors is poised to absorb massive investments and the time is ripe for huge inflows of foreign direct investment (FDI), thanks to the government's continuing reforms in further opening the country's economy. That was the theme and message, conveyed strongly at the two-day US-India Infrastructure Summit held in New Delhi on February 9 and 10, 2005, organized by the Indo-American Chambers of Commerce (IACC).

Kamal Nath, Union Minister of Commerce & Industry said, Return on Investment (ROI) in India is competitive and comparable with those prevailing in any other country.

While inaugurating the Indo-US Infrastructure Summit organized by Indo-American Chamber Of Commerce (IACC) today in New Delhi, the minister said that, a recent survey on the 500 foreign companies doing business in India has revealed that as many as 77% are making profit and another 9% are breaking even. The balance 14% are about to make profits. This has signalled the investment climate in the country, he added.

Mentioning that India has to go a long way in toning its infrastructure facilities, Mr. Nath said that enabling situation has to be created not only for attracting investment, but also for committing long-term funds in the infrastructure sector. In this regard, he elaborated, that India is looking at long-term investment of 15-25 years for funding infrastructure sector. "That is within the achievable realm having regard to the fact that exports in India has surged to \$ 75 billion and a foreign exchange reserve of \$ 150 billion, indicating great degree of buoyancy and resilience in the economy," he added.

He underscored the need for changing the mind-set particularly at the state level to absorb the tenets of competition and to have a positive attitude towards the flow of FDI. The government is considering to set up regulatory frameworks in different sectors to ensure a fair and even competition. "That is important since the growth of sectors like IT, biotechnology, pharmaceuticals and manufacturing are hinging on infrastructure development."

The minister has laid emphasis on the flow of US investment in sectors like power, highways and roads, seaports, urban infrastructure and Telecom to move towards higher level of economic cooperation between the two countries. The Indian experience in the opening up of telecom was a grand success and every month 2 million new connections are added. The same success story could be emulated in other infrastructure sectors as well.





Quantum Jump In Indian Tonnage On Account Of Rationalization Of Tonnage Tax... *T R Baalu*



Mr T. R. Baalu, Union Minister for Shipping, Road Transport & Highways said that on account of rationalization of tonnage tax regime, Indian tonnage registered an increase of 28 per cent and touched 7.86 million GT on February 1, 2005 as compared to 6.14 million GT on April 1, 2004.

While addressing the Indo-US Summit on Infrastructure organized by the Indo American Chamber of Commerce (IACC), he said that reduction of tonnage taxing was aimed at attracting the Indian companies, which have flagged out their ships. This would also encourage foreign companies to flag their ships to India.

Mr Baalu also said that the Ministry is in the process of declaring three more national waterways in the country with a view to harness this segment of transport. " This would require creation of a lot of infrastructure for which I invite private investments through this forum. Here, I must reiterate that our rivers viz., Ganga and Brahmaputra and canals like the Buckingham Canal are amenable to water transport like Mississippi in the USA and Rhine, Danube and Volga in Europe", he added. He mentioned that inland waterways connecting Andhra

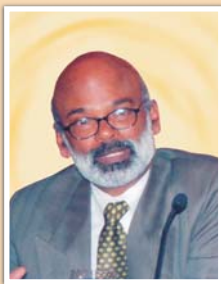
Pradesh, Karnataka and Pondicherry will be placed before the Parliament for approval.

Though productivity in major ports has gradually increased, yet, it is very low as compared to South Eastern countries like Singapore. Industry and the government should sit together to work out modalities for enhancing the productivity and port modernization.

The Minister revealed that under NHDP Phase III, about 10,000 kms of National Highways connecting key economic areas, are to be 4-6 laned on Build, Operate and Transport (BOT) basis at a cost of Rs. 55,000 crores (\$ 11 billion), which is targeted for completion by December 2010. Thereafter, under NHDP Phase IV, 38,000 kms of National Highways are to be 2 laned with enhanced safety features at a cost of Rs. 50,000 crores (\$ 10 billion) in a phased manner. About 3,000 kms of National Highways are proposed to be upgraded every year under this program. Cabinet approval on this is expected in three weeks time.



Port Act Amendment Requires State Participation: Shipping Secretary - *D.T. Joseph*



Mr. D. T. Joseph, Secretary, Shipping said that the industry and the policy makers should sit together to discuss about the modalities of amending the archaic Port Act.

While addressing the **Indo-US Summit: Partnership in Building India's Infrastructure** today in Delhi, Mr. Joseph said that only

major Ports are in the control of the central government and the management of minor ports are with the state governments. To have a proactive legislation, the central

and state governments and industry should sit together and identify the gray areas. That is also true for toning up the ports facilities and overcoming the difficulties being faced by the

exporters and importers regarding delays in loading and unloading.

Referring to Vallarpadam Projects in Kerala inaugurated by the Prime Minister on February 16, Mr. Joseph said that the initially projects was redefined to attract private participation. That was also true in the case of JNPT. "Ports sector holds considerable promise for attracting FDI and private investment since the prospect of getting adequate return on investment is very high. Competition should be across the port sector, be it between the major or minor ports or between the various departments in the ports itself," he added.



Speaking at the occasion, **Mr. A. Ramakrishna**, Conference Chairman said that innovative schemes have to be developed for public-private partnership in infrastructure and there should be business models for risk-sharing as well. He further explained the quantum of investment required in segments like ports and shipping, airports, roads and for building urban infrastructure. The US being the largest investor in India should identify niche areas of investments, which can give adequate returns.

Mr. S. Chandrasekar, Chairman Infrastructure Committee, IACC in his welcome address noted that strong policy framework has to be evolved to give a critical push to infrastructure sector. While explaining the objective of the summit, he underlined the need for crafting guidelines to catalyze investment both from India and abroad.

The other eminent speakers who addressed the inaugural session included : **Mr. George Deikun** - Mission Director USAID, **Mr. Michael Wattleworth**, Senior Resident Representative, International Monetary Fund-India Office and **Mr. Vikram Madhok** Regional President IACC.





Honorable Union Minister for Commerce & Industry Kamal Nath at the inauguration (L - R) are Michael Wattleworth, Senior Resident Representative International Monetary Fund-India office, A. Ramakrishna, Conference Chairman, Vikram Madhok, Regional President, IACC, George Deikun, Mission Director, USAID, S. Chandrashekhar, Chairman, Infrastructure Committee IACC & Chairman, Technicians Training Institute National Academy of Construction.



George Deikun, addressing the audience



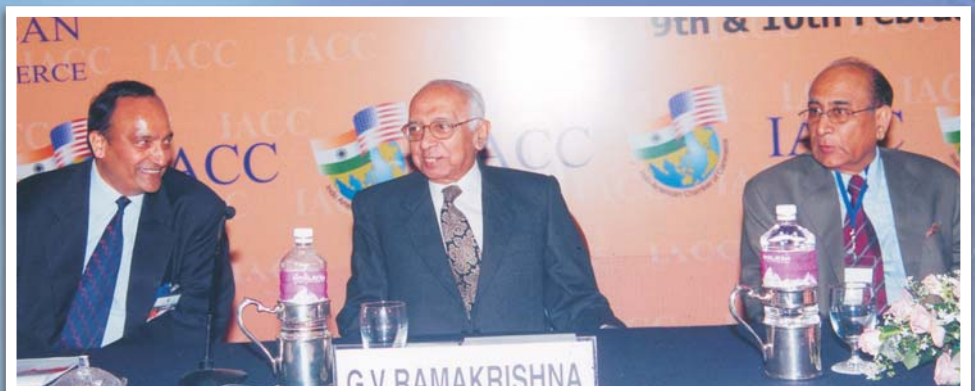
Some of the speakers at the session on Ports (LtoR) Shashi Ruia, Chairman, Essar Group, A. Ramakrishna, D.T. Joseph, Secretary, Deptt. Of Shipping, Ministry of Shipping, Road Transport & Highways



K Roy Paul, Former Secretary, Civil Aviation & Member Naresh Chandra Committee on Civil Aviation chairing the session on Airports. Also seen from (L to R) Mr. Luis Miranda, President & CEO IDFC Asset Management Co. Ltd., Mr. A. Ramakrishna, Atul Sharma, Partner, Link Legal, S.N. Subramanyan, Joint General Manager & Head Airports Larsen & Toubro Ltd, ECC Division, and Mr. S Chandrasekhar.



T.R. Baalu, Hon'ble Minister for Shipping, Road Transport & Highways flanked by (L to R) A. Ramakrishna, Vikram Madhok, S. Chandrasekhar, Donald G. Nay, Deputy Counselor for Commercial Affairs, US Embassy and A.K. Lakhina, Vice Chairman & Managing Director Maharashtra State Road Development Corporation Ltd.



G.V. Ramakrishna, Chairman Emeritus Construction Industry Development Council delivering the Valedictory Speech.

IACC RECOMMENDATIONS

At the end of the two-day Summit, the major recommendations that emerged were presented. Subsequently, these have been submitted to the various departments of the government including the Planning Commission and the US Ambassador for review:

Policy

- A 'Central Clearing House' of Projects is needed
 - Projects that are Modeled on Standard lines
 - Which have cleared a few 'preliminary stages' of Development
 - And have Secured Government's 'In-principle' Clearance
- Centre to enact Model 'Infrastructure Enabling Legislation'
 - Unifying different sector specific laws
 - All States to be encouraged to formulate enabling laws on the lines of AP (IDEA) Gujarat (GIDA) and Maharashtra (MIDAS)
- Exemption from Environmental Clearances
 - For National Road Projects up to 60 m Right of Way
- Role of Regulators need to be Expanded To enable them to play a Proactive role in Project Development
 - There should be a 'unified' authority for each sector, vested with all the powers to accord statutory clearances
 - There should be a Standard Framework for BOT Projects across sectors which delineate
 - Entry Criteria for Prospective Bidders
 - Risk Allocation
- TAMP could probably be modeled on the lines of Federal Maritime Commission of USA
- Maritime State Development Council to strive for Standardization of Development and O & M of Non Major Ports

Project Development

- In view of their large size & complexity Mega Projects have to be necessarily Developed and Implemented by the Government
 - Organizations like MSRDC should be created to Incubate high risk projects, de-risk them and then hand over to private Sector for O&M
 - Given the challenges to Infrastructure development the following need to be encouraged
 - Performance based Engineering Design for Cost optimization
 - Higher Mechanization for Speed, Quality & Economy
 - Industrialized Methods of Construction
 - Design Standardization (example for R o B / R u B, Rural roads)
 - Use of Innovative Materials Reuse/Recycling

- Create an Exclusive fund for Project Development
- More resources and time be spent on Project Development so that all the relevant aspects are properly studied and the impacts assessed
- Private sector needs to be compensated for their Project development efforts even if they are not ultimately selected in the bid process
 - All Statutory Clearances are to be obtained before inviting for bids
 - Coordination between Central & State Agencies for expeditious clearances
 - Clear Right of Way be assured before commencement of fieldwork
 - There should be incentives for project completion 'ahead' of time

Partnership

- 'PPP' to be applied to procure 'Services' and not just 'Assets'
- Many Innovations like Variable revenue share, + NPV (without an end date for concession period) be explored in some projects
 - Targeted Subsidies like 'Annuity' and 'Viability Gap Funding' to be encouraged across sectors
 - Projects to be 'redesigned' to suit potential developers without sacrificing on the ultimate objective of providing good services to the end customer at reasonable costs
 - Involve Local Institutions in formulating and Implementing large projects, so that there is some flexibility to suit local needs/ conditions
 - 'Disinvestment' Income to be invested in creating 'capital assets' and not to be spent on revenue account
 - Relax External Commercial Borrowing (ECB) norms to allow agencies like IFC to invest in Quasi Equity / Mezzanine Debt
- Allow Pension Funds & Provident Funds to invest in Infrastructure Projects
 - Extend Tax benefits under Section 88 to Infrastructure Mutual Funds
 - Encourage NRIs to Invest in India's Infrastructure Projects through specific Instruments like the 'India Resurgent Bonds'
 - Indo-US Partnership in Infrastructure sector be further strengthened by organizing visit of an Indian business delegation to USA lead preferably by the Honorable Union Minister and including CEO's who have successfully completed PPP Projects
 - A Shelf of Projects cleared through the Central Clearing House be proposed for focused attention and fruition through Indo US joint efforts

I Left My Heart in San Francisco

- Charles D. Pinto

"A mad city -- inhabited for the most part by perfectly insane people whose women are of remarkable beauty. San Francisco has only one drawback -- 'tis hard to leave."

Rudyard Kipling's take on San Francisco.

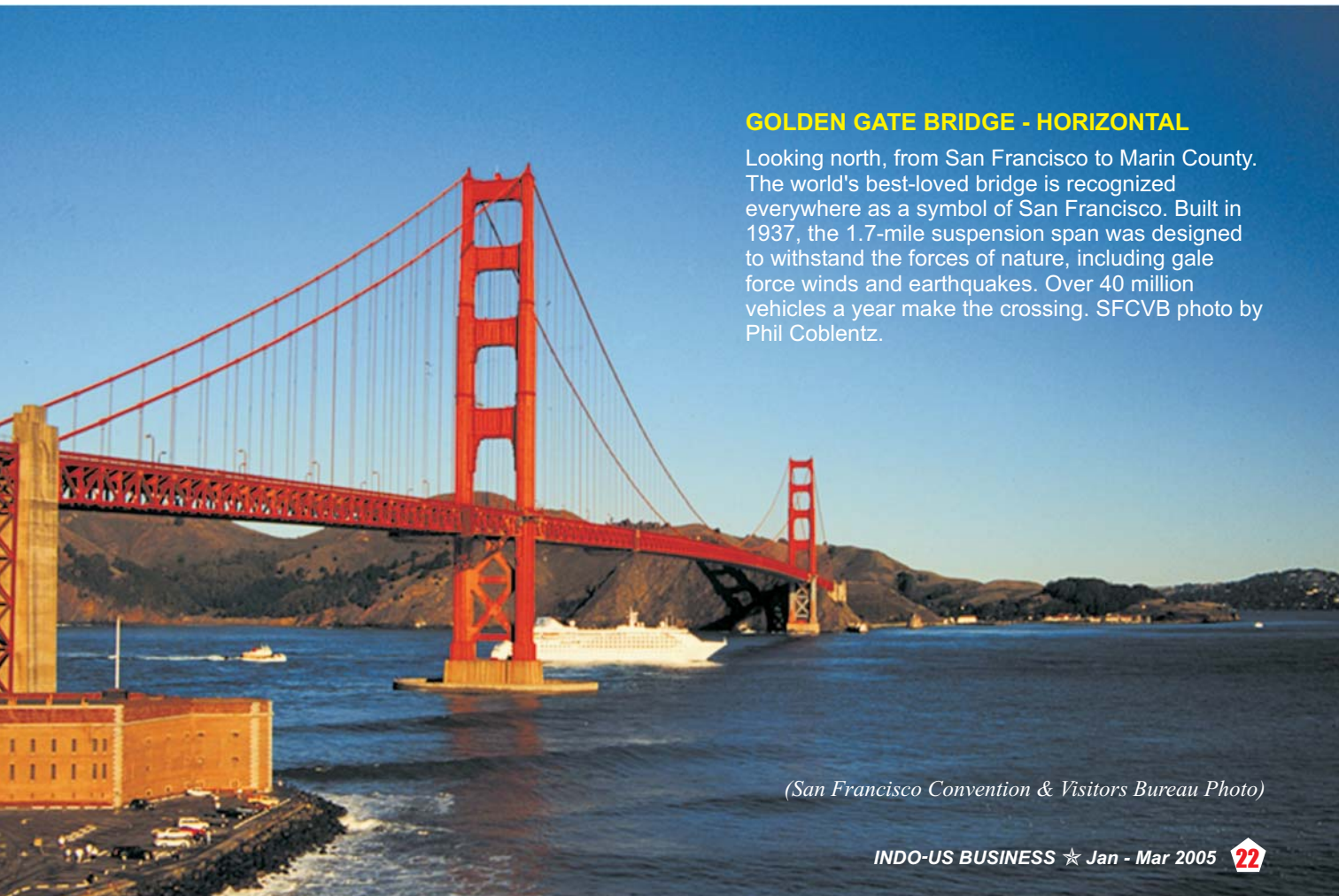
San Francisco offers travelers two built-in advantages. It's one of the most scenic cities in the world, and one of the most compact. Did you know that San Francisco has more restaurants per capita than any other in the U.S. or that San Franciscan Andrew Smith Hallidie patented the first cable car in 1871?

But friends and family of the 75,000 plus Indians studying in the U.S. will surely be aware that San Francisco is home to some of America's best academic institutions such as San Francisco State University, Golden Gate University, University of San Francisco, and Hastings College of Law.

The headquarters for a vast vacationland, the metropolis is known variously as the Paris of the West, Baghdad-by-the-Bay, and the Gateway to the Orient. For further information on things to see and do in San Francisco contact the **San Francisco Convention & Visitors Bureau** at email: visitor-info@sfcvb.org.

Attractions and Tours around San Francisco

Warm and sunny, *San Mateo County* is the location of the San Francisco International Airport and is just minutes away from downtown San Francisco. One can participate in a unique elephant seal or whale watching adventure, enjoy deep-sea fishing or stroll the miles of unspoiled beaches and magnificent redwoods. Historic mansions, museums, lighthouses and



GOLDEN GATE BRIDGE - HORIZONTAL

Looking north, from San Francisco to Marin County. The world's best-loved bridge is recognized everywhere as a symbol of San Francisco. Built in 1937, the 1.7-mile suspension span was designed to withstand the forces of nature, including gale force winds and earthquakes. Over 40 million vehicles a year make the crossing. SFCVB photo by Phil Coblenz.

(San Francisco Convention & Visitors Bureau Photo)



important landmarks will delight history lovers. For more information contact Margi Grant of San Mateo County Convention & Visitors Bureau at margi@smccvb.com.

Redding is the second sunniest city in the nation with 88% days of sunshine per year. Whiskeytown Lake, Redding's best kept secret, offers beautiful views, spectacular wildlife watching, camping, hiking, fishing, and boating. To learn more about this gateway to the scenic Shasta-Cascade region of California contact Redding Convention & Visitors Bureau at info@visitredding.com.

A spectacular landscape on the eastern side of the Sierra Nevada; home to Mammoth Mountain ski area, Yosemite National Park's east entrance, **Mono County** provides a rare environment of natural contrasts: soaring granite peaks and spacious desert vistas, quiet lakes and bubbling hot springs, winter snows and sunny summer skies, rolling sagebrush hills and vibrant wildflower meadows. Mono County Tourism/Film Commission can be contacted at imedove@visitmammoth.com for more information.

With over 50 years experience of flying seaplanes on San Francisco Bay, **San Francisco Seaplane Tours** (www.seaplane.com) offers a magical ride above some of the most spectacular scenery in the world. Their high winged planes with large view windows and un-tinted glass present panoramic views and unrivaled photo opportunities.

Incredible Adventures (www.incadventures.com) provides sightseeing and adventures tours from San Francisco to Yosemite, Lake Tahoe, Las Vegas, Muir Woods, Wine Country and specially designed tours, such as hiking, rafting, skiing, across California.

If you want to see how computer chips are made at Silicon Valley's only high-tech company museum visit the **Intel Museum**. The Intel Museum is designed as a self-guided experience. Free-guided group tours are available through advance reservation. More is available at www.intel.com/go/museum.

Angel Island State Park (www.angelisland.com) is a microcosm of U.S. History spanning from the Miwok Indian times, through the Cold War. Angel Island has served as a hunting ground for the Miwoks, a Civil War encampment, a quarantine station during the Spanish-American War, a discharge depot and recruitment processing center during World War I, an embarkation station and POW camp during World War II, an Immigration Station often referred to as "The Ellis Island of the West" from 1910 through 1940 and a Nike Missile Base from 1955 to 1962.

Children's Discovery Museum of San Jose (www.cdm.org) is set up as center for learning and discovery, which serves the needs of children, families, and schools. Encompassing the broad themes of community, connections, and creativity, exhibits invite self-directed, open-ended explorations, while programs provide facilitated, focused, and sustained interactions.

(The author is the Travel & Tourism Specialist at the U.S. Commercial Service, Mumbai and can be reached at charles.pinto@mail.doc.gov. The U.S. Commercial Service is the Commercial Section of The U.S. Consulate General, Mumbai.)



American Women Moving Up the Political Ladder

When looking at the role of women in history, it has been observed that they have always enjoyed fewer legal rights and career opportunities as compared to men. Women naturally assumed the role of wifehood and motherhood. However, this changed in around the 20th century, when women gained better status and won the right to vote, in turn increasing their educational and job prospects. The most important accomplishment was when they learnt to fight for their rights and were able to re-evaluate traditional views of their role in society. Thereafter, over the years women have grown to be queens and prime ministers of nations.

It was only until the 1920s that American women were underrepresented in the United States Government. Jeanette Rankin from Montana was the first woman elected to Congress. Her main agenda was to expand voting rights to women and ban liquor. Rankin also voted against going to war in World War I, which turned out to be an unpopular stance making her lose her first re-election bid. In 1940, she however, won election in the House again by making pacifism her main campaign issue. She established a tradition of independent thinking among the slowly expanding number of women legislators of her times.

The post-war women's movement helped Shirley Chisholm, Barbara Jordan, Bella Abzug, Millicent Fenwick and Patricia Schroeder win elections to the House of Representatives and in doing so they came under the eye of the nation for their contributions in the last 30 years. In the meanwhile, Margaret Chase Smith, Helen Gahagan Douglas, Nancy Landon Kassenbaum and Carol Mosley Braun won elections as U.S. Senators and sponsored important federal legislations while in office. On the other hand, Sandra Day O'Connor became the first woman appointed to the Supreme Court in 1981. As recent as President Clinton's tenure, the appointment of Ruth Bader Ginsburg to the Court made an important mark depicting women jurists as good as their male counterparts.

Courtesy: American Center Bulletin



VAT?

Is It That Simple!

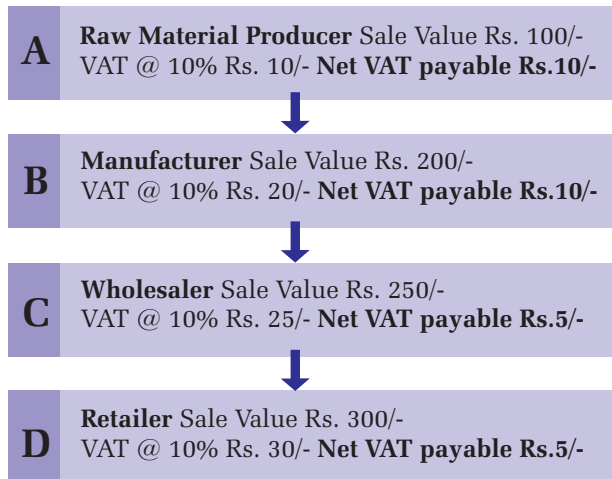
- Gaurav Bhandari



Gaurav Bhandari

Value Added Tax or VAT. As the term indicates, VAT is a tax on value added to the price of a commodity at each stage. It is collected in instalments at each transaction in the production-distribution system. It does not have the cascading effect due to the system of deduction or credit mechanism. The final and total burden of the tax is fully and exclusively borne by the domestic consumer of goods. In other words, the total amount of tax, which is to be collected at the final stage or retail point, is collected in instalments.

The following is a graphical illustration on the operation of VAT:



BRIEF HISTORY

VAT was first introduced in France in 1885. It was known as *Taxe Sur la Valuer Adjoutee*. Thereafter, it spread to other countries, and by the end of 1980s as many as 60 countries had adopted VAT. The number then rose to more than 100. Today, except for the US, almost all the developed countries and many of the developing countries have adopted VAT in some form or the other. In the EU, adoption of VAT is compulsory for all its members. The trend of adoption of VAT has thus been the most remarkable and important even in the evolution of commodity taxation in the present times.

As far as Asia is concerned, South Korea was the first country to adopt VAT in 1997. At present, VAT is operational in almost all the major countries of Asia.

SALES TAX AND VAT DIFFERENTIATED

The difference between sales tax and VAT is that under VAT there is normally a single rate as opposed to a number of rates of sales tax. With the offsetting of tax on inputs against that on output, VAT does away with tax on tax. Claiming input tax credit under VAT ensures proper invoicing. Overall, these features of VAT encourage disclosure of complete information on business turnover. One of the key distinctions between sales tax and VAT is that under the former, second and subsequent sales of most goods are not liable to sales tax, whereas under VAT all points of sale would be liable to VAT, though credit of taxes paid at the time of purchase would be available to pay the tax on sale.

METHODS OF COMPUTATION

VAT can be computed by adopting three different methods namely

addition method, subtraction method and tax credit method. The addition method is based on the identification of value added, which can be estimated by the summation of all elements of value added, i.e., wages, profits, rent and interest. The subtraction method estimates value added by means of the difference between output and input. The tax credit method entails deduction of tax on inputs from tax on sales for each tax period.

BENEFITS OF VAT

A vital benefit of VAT is that it introduces a self-policing mechanism that provides internal checks and balances to ensure that the tax is actually paid, as there is an industry interest in ensuring that payments are made at each levy point to ensure that the chain of availing credit remains unbroken. Thus, internally there is policing which ensures that the amount of tax paid at one level is fully credited at the next level. Thus, VAT, often referred to as the purest form of taxation, has all-round benefits to trade, industry, consumer and the government.

VAT benefits trade since the uniformity in the rates of VAT boosts fair trade. Hundred percent self-assessment saves considerable time since it reduces the taxpayers' need to visit the tax department offices.

Industry would benefit in terms of investments, since the system of input tax credit promotes production efficiency of investments. Investment decisions will not, therefore, be based on tax differentials, tax holidays, etc.

The consumer is benefited since VAT does not lead to an increase in prices, as there is no cascading effect of taxes.

The biggest advantage to the government is that VAT helps it to expand of the tax base. In the Indian context, Haryana, which was the only state to implement VAT on April 1, 2003, reported an increase in tax collections by approximately 25% due to widening of the tax base. Besides, due to its self-policing mechanism, VAT is relatively simple and easy to administer.

Though the benefits of VAT are well known, it may not necessarily be successful as automatic input credit is as good as giving dealers and manufacturers a blank cheque. False input credit will eat up the revenue and checking false invoices will be difficult because they will run into millions. Also, there is a distinct possibility that traders will show low value addition since they can partly be paid in cash.

To sum up, when VAT is designed for the trading community in place of sales tax, expectations should not be pitched too high.

(Gaurav Bhandari is a qualified Chartered Accountant and is part of the Indirect Tax Team at Economic Laws Practice and practices in the areas of Service Tax, Sales Tax and VAT).

DIXIT - Brilliant diplomat & Strategist



India's former Foreign Secretary and J. N. Dixit, who passed away recently in harness as National Security Advisor, was a brilliant diplomat. He played a pivotal role in shaping the strategy of India towards three major powers - the United States, Russia and the United Kingdom besides other

nations where he served in the course of his long and distinguished career. Throughout Dixit's career, pragmatism remained the hallmark of his approach to issues.

Dixit served as India's ambassador in Afghanistan, Sri Lanka and Pakistan. Dixit had been Indira Gandhi's first envoy to Dhaka after Bangladesh was created in 1971. Before being appointed as the National Security Advisor in May 2004, Dixit was Vice-Chairman of the Congress' foreign affairs cell.

A strong advocate of a balanced approach based on a broad political and strategic understanding of every critical foreign policy issue, Dixit received the Padma Vibhushan award in recognition of his significant contribution in shaping India's foreign policy.

It was during his tenure as the Foreign Secretary P.V. Narasimha Rao's government that India's "Look East" policy was initiated and missions between India and Israel were opened.

The untimely passing away of a man of Dixit's eminence indeed shocked the government. Prime Minister Manmohan Singh said that finding a replacement to the late diplomat was not going to be easy. Singh referred to Dixit as one of the brilliant diplomats and a virtual pillar of strength at the PMO.

Conveying her condolences to Dixit's bereaved family, Bangladesh Prime Minister Begum Khaleda Zia said that Dixit's contribution in strengthening Indo-Bangladesh relations was very significant.

Popularly known as 'Mani' among his friends and family, Dixit will always be remembered for contribution to diplomacy.



Social Security Systems in US & India A study in Contrast

The future of the Social Security system in the United States and the ultimate fate of benefits have sparked a debate among politicians and the public in an effort to save what many believe is a doomed process. According to the Social Security Administration, more than 47 million Americans will have received approximately \$492 billion in benefits in 2004. Roughly, 70 per cent of these benefits are received by retired workers and their dependents, with the balance going to disabled workers and their dependents and the survivors of deceased workers. The number is staggering, especially with the longer life expectancy in 1940 an average 65 years was expected to live an additional 12.5 years and today that expectation is extended by five additional years. Part of the reason that the Social Security system has been the target of proponents of reform is that the current structure is very much a pay-as-you-go. Younger workers are covering the benefits received by the current recipient pool. There are roughly 3.3 workers for each Social Security beneficiary and by 2031 that number will shrink to 2.2 workers.

The Social Security Administration has determined that today in the United States, the Social Security benefit is a major source of income for many of the nation's elderly. With the maximum benefit for today's retiree at age 62 (with reduced benefits) at roughly \$1500/month and full benefits at age 67 of \$1700, it is easy to see that additional sources of retirement income are necessary to ensure a retirement that achieves most people's dreams. With employer pensions on the demise, reduced purchasing power of Social Security benefits, and possible impairment of the entire system, it becomes critical for future retirees to save for their retirement with a combination of tax-deferred and taxable accounts.

In 2005, workers will see their contribution to Social Security increase to a maximum of \$5,580 on earnings up to \$90,000 while benefit recipients will see an increase in 2005 of 2.7 per cent to help offset increases in the cost-of-living. While all of this discussion seems rather straightforward, things become more complex for the employee who works outside the United States, for the retiree who resides outside of the United States, and for non-citizens who work in the United States. There is a growing number of Americans working outside the United States and non-citizens working in the U.S. or for U.S. companies, where they are paying into the Social Security system, it is important to understand how their contributions will affect their future benefits. Most



Barbara L. Steinmetz



Devang Shah

answers can be found at www.socialsecurity.gov/international/index.html.

In contrast, the vehicle of saving for retirement for those in the organized sector in India has been the Employees Provident Fund (EPF) governed by the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. This Act provides for compulsory contributory fund for the future of an employee (his retirement) or for his dependents in case of his early death.

The EPF is in some ways like a mix of social security system and qualified plans in the United States. It is compulsory for businesses having 20 or more employees to offer the EPF facility to their employees. Employees having a monthly salary of up to Rs.6,500 have to invest 12% of their salary compulsorily and the employers have to match the same. Employees and Employers may contribute more than 12% each, voluntarily. The amount contributed by an employee has certain tax benefits if his annual income is below Rs. 8 lakhs.

The returns on EPF are government regulated, but at present they are an attractive interest of 9.5% per annum. What makes this very attractive is that the returns are tax-free. In other words, when an employee retires and withdraws the amount accumulated in his EPF, he pays no tax. Employer's contribution is also exempt from tax up to 12% of the salary, beyond which it is taxable in the hands of the employee.

Key weaknesses are that EPF funds are invested only in government securities. Additionally, return is not market-related, which is leaving a gap in what is earned and what is promised to be distributed. This money is largely prohibited from being invested in equity markets, which allows for very little risk management and, therefore, whether you are 25 years old or 50 years old, the risk and return on your investment remains the same.

The pensions sector is going to see tremendous reforms in the coming years with privatisation of pension funds. The Indian financial markets are also likely to see structural changes with long-term money being channelled into them.

(The article has been jointly authored by Barbara L. Steinmetz, CFP™, EA, Steinmetz Financial Planning, California and Devang Shah, CFP™, MBA, Right Returns Financial Planning, Mumbai. The authors may be contacted at barbara@steinplan.com and devang@rightreturns.com respectively)



ROCHESTER - the Xerox City in Eastman Colour

The third largest urban area in the New York State, and twice rated as the Most Helpful City in America, Rochester attracts thousands of tourists every year. The city offers everything - from cultural festivals to sporting events, from museum hopping to antique shopping. Rochester is closer to the city of New York and the Finger Lakes Region of the New York State and shares the border with Canada at the Niagara Falls. Shopping in Rochester can be an experience by itself with so much to buy - antiques, special gifts, jewelry, choicest wines and liquor and even a magician's props.

Rochester offers spellbinding sights for international visitors. Winter is a wonderful time for a sports-filled road trip or romantic rendezvous in New York's Finger Lakes Region. The Finger Lakes Region is fascinating. The ice age glaciers probably entice the tourists into this land of drumlins and eskers, wineries and farms, villages and hamlets. Offering a wealth of ways to enjoy this beautiful season, there is a special charm in snow-covered days and the dancing light of icicle nights. Today, as in the past 100 years, this area provides a year-round tourist experience and is the heart of the second leading wine producing region in the US. The Finger Lakes Region also offers visitors a choice of many outstanding wineries, outdoor recreation and fantastic scenery.

Rochester, the mid-point on the seaway trail is also America's longest designated national scenic byway. To add to its glory, there is a new Fast Ferry service between Rochester and Toronto across the great lake which gives easy access to visitors on a two-nation vacation. One more attraction in Rochester is its museums that offer various collections, photographic and motion picture films, historic collections, science exhibits and many other items that children love to collect.

Historical Significance

The greater Rochester is a historical place and boasts of two national landmarks.

According to the geographical and historical importance, Rochester is located on Lake Ontario's southern shore between Buffalo and Syracuse, and just across from Toronto. Rochester had become America's first boomtown in the mid-1800s with the building of the Erie Canal. Today, tour boats and historic sites still tell the story of "Clinton's Ditch" and Rochester-area canal towns celebrate the waterway's history with summer festivals. Susan B. Anthony, Frederick Douglass and George Eastman all called Rochester their home. The National Historic Landmark homes of Anthony and Eastman are open to visitors all round the year.

As an educational institution focused on American cultural history, Strong Museum explores play in order to encourage learning, creativity, and discovery. By successfully blending the best features of traditional collection-based history museums with the best features of childrens' museums, and a one-of-a-kind guest relations program, Strong Museum has become known as a unique history-based museum for families and children, an essential educational resource for schools and teachers, and a "do not miss" destination for tourists. MSNBC's 'travel detective,' Peter Greenberg, has cited Strong Museum among the nation's best 'interactive museums for kids.'

The Corning Museum of Glass has grown since it first opened in 1951 and each addition to the complex that houses it represents the finest in state-of-the-art architecture of its time. The Museum houses the world's most comprehensive collection of glass. At the Glass Collection, one can explore Near Eastern, Asian, European, and American glass and glass-making from antiquity through present day.

If you visit Ontario do stop by the Heritage Square Museum, a historic crossroads community of the mid-1800's. Here you can step into the past and relive a touch of mid 19th Century Americana. See the sights, hear the stories, experience being where families like yours lived

over a hundred years ago. Heritage Square Museum at the Brick Church Corners was proudly placed on the National Register of Historic Places in 1974.

Hot Business Center...

Rochester is also home to several Fortune 500 companies. Few among them are, Eastman Kodak Company, founded by George Eastman, and Bausch and Lomb, which have headquartered here, and others, such as Xerox, maintain a high manufacturing presence. Chester Carlson first started using the process of Xerography right here in Rochester. The community has one of the highest levels of skilled workers in the world and is one of the top 10 exporting areas in the nation.

There are also some other American mainstays who have their roots in Rochester: French's Mustard; the voting machine; Fanny Farmer Candy; and marshmallows. Jazz musicians Cab Calloway and Chuck Mangione are from Rochester, as is Olympic speed skater Cathy Turner.

While talking about beauty, business and fun, we must not miss music, which is intrinsic to the atmosphere of Rochester. The Rochester Philharmonic Orchestra performs at the historic Eastman Theatre. Apart from this, there are wide ranging performances going on throughout the city with world-class music at jazz hot spots,

alternative music venues, nightclubs, high-energy dance clubs, and coffee houses.

Leisure

Give your family all the fun and excitement of more than 70 great attractions at Seabreeze. You'll find thrilling adult rides and classic family rides plus some cool kiddie rides too. Then there's Raging Rivers, a whole water park full of liquid fun for everyone. Plus, check out great games to play, favorite summertime foods to eat and live shows to watch and enjoy. One could just take in the spectacular views and cool summer breeze off Lake Ontario. Enjoy a Sunday afternoon Chicken Dinner Cruise with the family aboard the Colonial Belle --- or just take a relaxing ride on the historic, tranquil waters of the Erie Canal (completed in 1825). The Colonial Belle is the largest tour boat that operates on the Erie Canal and has a capacity of 246 passengers. Her fully enclosed lower deck can provide dining and a full-service bar. The open-air top deck provides scenic viewing for additional passengers.

With picture perfect locales and all the added advantages that go with it, Rochester remains a prominent city in the map of America.

For further details contact Ms. Paula Savage at www.visitrochester.com



Ambassador Mulford aboard the Blue Ridge

Ambassador Mulford and his wife Jeannie were recently in Goa to welcome the U.S. Navy vessel. Dr. Mulford recounts his experiences on the occasion

Standing on this great ship in this harbor is a clear signal of the strong relationship that our two countries share in the maritime world. Jeannie and I have been here three times over the last 11 months to welcome U.S. Navy vessels to Goa. The USS Boxer came to Goa in March 2004, and then in October we had three ships here; the Cowpens, Gary and Alexandria. Five ships in 11 months. To me, that shows the U.S.-India relationship continues to get stronger, particularly between our navies. Military cooperations remain one of the most important, visible, and proactive forces powering the transformation of U.S.-India relations. Our cooperation is strengthened because of the Indian and U.S. military establishments' mutual desire to deepen this relationship. People-to-people ties are just as important, and perhaps more so here in India, than how governments work together. Over 2 million Non-resident Indians, or NRIs, are in the U.S. today and they retain strong ties back to their home country. Thus, the Blue Ridge's crew's participation in their community relations project is certainly noticed and appreciated here. As is typical for our men and women in uniform, this crew saw their visit to India as more than an opportunity to interact with another culture and different people, they made sure to give to the community. For the crew of the Blue Ridge, India will no longer just be a faraway land it is now a welcoming port of call full of excitement and new friends.

Courtesy: The American Embassy





DREAMS

That Never End...



Bombay Dreams, the hit London musical that was revised for New York audiences, ended its run at the Broadway Theatre in New York on January 1, 2005. The musical is all set to arrive in Mumbai, the city that provided the very theme of the production and its inspiration, some time in 2005 as part of its Asia tour.

The musical featuring a score by AR Rahman and Don Black and a book by Meera Syal and Thomas Meehan had played 31 previews and 284 regular performances since its April 2004 debut.

Based on an idea by noted Indian film director Shekhar Kapur and Andrew Lloyd Webber, who co-produced the London mounting, *Bombay Dreams* tells the story of Akaash, a brash young slum-dweller who dreams of becoming a Bollywood movie star and meeting his idol, the voluptuous screen siren Rani. And wouldn't you know it, his dreams come true but not without some personal costs and a good dousing in an on-stage dancing fountain.

The production mirrors many a Bollywood musical in its lavish and plentiful production numbers, which find a good portion of the grinning Bombay population joyously dancing in unison to a propulsive beat. The show's centerpiece is perhaps the disco-ish "Shakalaka Baby," in which Rani and Akaash dance in and around a growing fountain.

The musical was directed by Steven Pimlott and choreographed by Anthony Van Laast and Farah Khan. The show, which brought East Indian-flavored music and dance to the West End and later to Broadway, had its world premiere at London's Apollo Victoria Theatre on June 19, 2002.

Featuring a cast of 39, the c" Tamyra Gray as Priya, Manu Narayan as Akaash, Anjali Bhimani as Rani, Yolande Bavan as Shanti, Sriram Ganesan as Sweetie, Marvin L. Ishmael as Madan and Deep Katdare as Vikram.

Song titles include "Salaa'm Bombay," "Bollywood," "Love's





Never Easy," "Lovely, Lovely Ladies," "Bhangra," "Shakalaka Baby," "I Could Live Here," "Is This Love?," "Famous," "Chaiyya Chaiyya," "How Many Stars?," "Hero," "Ganesh Procession," "The Journey Home" and "Wedding Qawali."

"We are so proud of the production of *Bombay Dreams* that has played on Broadway and all those who have been involved with it," said Elizabeth Williams, a producer of the Broadway production. "We look forward to bringing the production to theatregoers around the country with a national tour that will begin during the 2005-2006 season."

Bombay Dreams featured scenic and costume design by Mark Thompson, lighting by Hugh Vanstone and sound design by Mick Potter, and was produced on Broadway by Waxman Williams and TGA, in association with Denise Rich/Ralph Williams, Scott Prisant/Danny Seraphine, Hal Thau/Max Cooper/ADProductions and The Independent Presenters Network. Tickets were scaled from \$40-\$100.

After *Bombay Dreams* unfolded on Broadway, one Friday night, dancing to Chhaiya Chhaiya and Shakalaka Baby were... none other than the celebrities Richard Gere, Glenn Close, Bill Clinton and Ismail Merchant.

Even as 2,000 people clapped to a preview of the musical, it was evident Andrew Lloyd Webber had lived up to his promise of "remaking the show as something very different for New York". A colour ad in *The New York Times* screamed: Welcome to Broadway's most expensive \$14 million summer musical.

Soon after the initial success, Ayesha Dharker, who plays Rani said: "We've just had three fabulous shows, Broadway loves the revamped *Bombay Dreams*. We're working on a bigger canvas than in London. I'm happy I made 2,000 people laugh and react to our jokes,"

The desi demi-god of 53rd Street is A R Rahman, who had New York rocking to his music. Smiling all the way to the bank is Andrew Lloyd Webber for fulfilling a dream with Shekhar Kapur

And guess who's Broadway's new poster boy? Manu Narayan, cast as Akash. "This is an opportunity for Americans to have a feel of Bollywood's culture and magnitude. My family stays in Tamil Nadu, they're proud of me," says Manu, a graduate of Carnegie Mellon University.

The new lady love in the musical is Priya aka Anisha Nagarajan, plucked from her sophomore year at New York University, "She's a composer and has co-written the children's musical *Eleven*," said Ayesha.

Here's the big news: From Broadway, *Bombay Dreams* plans to come to Asia by 2005. Says Safina Uberoi, Associate Producer, who is going to be in charge of the Asia project: "We're working out details. But we're going to bring *Bombay Dreams* to India. Right now, it's great to be in New York and learn about the show." The show will go on.



India, US sign Open Skies Aviation Pact

U.S. Secretary of Transportation Norman Y. Mineta announced in January 2005 that the US and India have initialled a landmark "Open Skies Aviation Agreement" that will lead to more flights, lower fares and stronger economic ties between the two countries. The agreement comes after three days of negotiations, initiated by Mineta and India's Civil Aviation Minister Praful Patel.

"This agreement means that U.S. and India will be closer than ever before," said Secretary Mineta. "The agreement begins a new era where American and Indian consumers, airlines and economies can reap the rewards of cheaper flights, more choices and faster air service."

Under the new agreement, airlines from both countries will be allowed to select routes and destinations based on consumer demand. The deal provides for open routes, capacity, frequencies, designations, and pricing, as well as opportunities for cooperative marketing arrangements, including bilateral code-sharing with domestic Indian carriers. The agreement also allows all-cargo operators to operate in either country without directly connecting to their homeland.

India and the US are the world's two largest democracies and two of world's fastest growing economies, Secretary Mineta noted. Trade between the two nations totalled \$18 billion in 2003, a 13.5 percent increase over the previous year, and grew even faster in 2004.

"Such a relationship needs to be supported by the strong commercial aviation ties that this agreement will create, he said, including more direct flights to serve the approximately two million passengers a year travelling between the two countries", Mineta said.

The provisions expected to provide significant economic benefit, like those affecting routes and code-sharing, take effect immediately. The new pact replaces an antiquated agreement signed in 1956 that placed restrictions on the number of airlines that could fly between the two countries, cities that could be served, the frequency of service and pricing. With this Agreement, India will become the 67th bilateral U.S. Open Skies partner.



Visual Feast - A Festival Review

If film buffs had a whale of a time on the shores of Goa at the 35th International Film Festival in Nov-Dec 2005, they were in for a surfeit of movies in Mumbai in January 2005. The 7th International Film Festival (IFFI) organized by the Mumbai Academy of Moving Images (MAMI) put together a package of 125 films from over 34 countries. It included movies such as 'Daughters of the Wind' (Brazil) and Avi Nasher's acclaimed 'Turn Left at the End of the World'. **Tripti Chakravorty** takes you on a movie go-round.



The 7th International Film Festival (IFFI) opened on January 6, 2005 and continued till January 13. This time round, the festival had some new entrants. The countries participating for the first time were Peru, Bolivia, Chile, Colombia, Serbia and Montenegro and Lebanon.

Noted Indian filmmaker Shyam Benegal, Chairman of the Festival, in his opening remarks said: "We see it as a festival of Mumbai city, meant exclusively for cineastes here. This is really a forum for people who are interested in a world beyond their own."



The festival opened with the Australian filmmaker Paul Cox's *Human Touch*, which was premiered at the Melbourne International Film Festival last July and was in the competition section at the Montreal Film Festival 2004 as well. Described by critics as an "erotically charged drama" the film features Chris Haywood as Edward Cox's favourite actor and collaborator in 17 projects. The film features strong performances from a talented cast, including Jacqueline McKenzie, Aaron Blabey, Rebecca Frith and Aden Young.

Some of the prominent American films screened included *If Only*, *Lost in Translation*, *Beyond Honor*, *The Man Who Shot Liberty Valance*. The much-awaited film was *Banana Brothers* and *The Quiet American*. The former portrays the struggles and celebration which is at the heart of Indian-American experiences. It was a light-hearted attempt to look at the trials and tribulations of two simple men in the land of dreams and their efforts to make it big and how they go about it. The film has the potential to be another 'immigrant story,' albeit tongue in cheek for Indian-American community.

The Quiet American on the other hand is based on Joseph Mankiewicz's 1958 film on Graham Greene's novel of the same title. Michael Caine stars as a London Times reporter living in 1952 Vietnam, just as the French were losing their grip on the country and the CIA which was secretly laying groundwork for the disastrous U.S. involvement there. Brenden Fraser co-stars as an ostensibly guileless American aid worker, who befriends Caine. But they eventually become rivals over a Vietnamese bar hostess.

The venues for the screening were at Ravindra Natya Mandir, Y.B. Chavan Centre and Fun Republic. Free entries were made available for the general public to watch selective films at the Fun Republic theatre. From the Indian side, there were 15 films in regional languages. Some of them included Anurag Kashyap's latest movie '*Black Friday*', based on S. Hussain Zaidi's book on the Mumbai bomb blast of 2003. Shonali Bose's '*Amu*', based on the 1984 anti-Sikh riots, spearheading the Indian competition section. During the seven-day event, the festival felicitated veteran actor Shammi Kapoor with a Lifetime Achievement Award, followed by other awards like, Technical Excellence award to legendary cameraman Babubhai Mistry and noted playback singer Manna Dey for his contribution to music in films.

Also honored was well-known actor Nasseruddin Shah as the most versatile actor in Bollywood in the last 25 years. Shah received the award from Shyam Benegal and said it award amounted to recognition of his talent and provided a strong motivation to go on his career. Shah said that the acclaimed Director Benegal was his foster father, mentor and a serious critic throughout his acting career. Also, screening of '*Mon Idoli*' by Director Guillaume Calet

The ceremony concluded on a solemn note as a mark of respect to mourn noted Bollywood actor Amrish Puri who passed away recently.



Communications, Communities & Cultures

US moots Formula - 3C to fight disasters

The United States delegation urged that such a warning system incorporate not just the scientific and technological capabilities to detect imminent hazards, but also a “culture of preparedness” that allows for proper response to danger.

Talking about the priorities of the United States at the conference Deputy head of US delegation at the Kobe Conference Mark Lagon said:

“We think that there is an opportunity, in which the terrible human suffering of those in the Indian Ocean area from the tsunami, can

help galvanize an effort in the world to not only engage in early warning for natural disasters, but a culture of preparedness.

Here are excerpts:

There are two things that we're quite focused on. One is to try and use an existing multilateral framework for global earth observations to build up the capacity for an early-warning system - not just for the Indian Ocean, but frankly, globally - in which compatible data sharing can occur, for watching out for natural disasters - not just tsunamis, but other hazards as well because we believe in an 'all hazards' approach.

The other thing that we really want to emphasize is that, in a way, the hard science of detecting a natural disaster is easier and perhaps even less expensive or less difficult than an even more substantial part - the social part. I like to say that what we're trying to emphasize here at the conference is three 'C's: Communications, Communities - reaching communities in various countries so their awareness is raised about natural disasters and hazards, so that their sensitivity to being prepared is heightened; and the third 'C' is Cultures, to be cognizant of particular cultures and cultural circumstances, so that they are prepared to deal with situations in particular areas in a fitting way, and if you're trying to communicate with them, that you do so in a way that is appropriate to a particular cultural context. That's something we're trying to emphasize here in our work.

On single agency that oversees an entire global system:

We'd like it to be as integrated as possible. I think that the most practical way for a global reach system to occur is for there to be sets of regional ones that communicate with each other with compatible data. The U.N. has a vital role to play, and I must say, in emphasizing this global earth observation approach, it is UNESCO and the work of the Inter-Governmental Oceanic Commission, that we want to build on. The existing warning system for the Pacific is UNESCO-based, and we'd like to build on that.

On the role the US could play in the future:

The US has actually a pretty substantial record in working on humanitarian issues, and this is about the emphasis one places on





preventive action - not only on the relief that follows a terrible disaster. However, the tsunami has heightened attention on this. We are all the more determined to work on risk-reduction in general, and hopefully to move beyond only tsunamis, beyond only the Indian Ocean, beyond only early warning, to the whole broad array of global concerns outreach to people that are involved in a culture of risk-reduction.

The US military forces are involved in lots of different operations and lots of different roles around the world. We are pleased that we can contribute something and that U.S. military forces have been welcomed in a number of states to play a role. Look, every country beyond its own share of world GDP has special things it can offer. As it happens, the United States has a pretty substantial military capacity - one of lift, and so on. And the United States is very willing to apply that, when welcome, to humanitarian efforts. The United States pledged 350 million dollars for tsunami relief. But on top of that, every day, the United States - its been calculated - spends about 6 million dollars on the application of its military assets for the tsunami relief. It's something we're glad to do. It seems it's been welcomed. But if a capacity can really help, the United States is willing to apply it.

On climate changes & natural disasters

Variability of climate is quite relevant to natural disasters. There are other venues and other organizations in the U.N. that grapple with this. But matters of climate and environment are certainly pertinent to the kinds of hazards that exist today.

On future problems

The US is going to be all the more determined to work on the earth observation system for a broad array of early warning needs. It will not only contribute resources but technology and know-how to that effort. And it has to do with coordination of different U.N. entities. The U.S. policy is really to try and get the U.N. to live up to its original intentions, to live up to its potential. After the



tsunami, there is need for different parts of the U.N. - whether they be the ISDR, UNESCO, UNDP, the World Meteorological Organization - to work together in a more effective coordinated fashion.

On communicating to people & good governance

This matter of communicating to people about the need to prepare for risk-reduction and to reach people has a lot to do with governance - good governance. The President of the United States has emphasized, as the central theme of his foreign policy, the promotion of democracy and openness. The Millennium Challenge Account is based in large part upon the idea that nations that have ruled justly, that have good governance, should be eligible for a special new category of development assistance. Good governance and democracy and transparency are relevant here, to risk-reduction. Transparency is the need for governments to share information with each other, transparently and quickly. This is important.

We have no data from Indian stations. They're not a part of the Global Seismic Network and we would certainly welcome joining with them. The Global Seismic Network is a partnership of many different countries, not only just the U.S., which has about 137 stations, but there' are French stations, there are Japanese stations and others involved in that.



Karnataka Branch

• Targeting a Strategic Alliance

The Indo-American Chamber of Commerce, Karnataka organised a Speaker Seminar on Strategic Alliances.

Striking the right alliance is fundamental to a successful business venture. Over and above matching the basic parameters, the seminar also dealt with questions like how does one ensure one has found the right partner? Mr. Craig Chatterton, Country Manager, SupportSoft India Pvt. Ltd., having worked in India and U.S., (heading Hewlett Packard India Software Operations, and HP in the U.S.), shared his perspective on how American companies evaluate, process and select an Indian partner.



Mr. Craig Chatterton, Country Manager, SupportSOFT India Pvt Ltd being presented a posie of flowers during his seminar on strategic alliances

• Sourcing from the USA

Mr. Bruce Quinn, Commercial Consul, U.S. Consulate Chennai gave the U.S. Trade perspective and a presentation on 'Sourcing from the USA'.

Speaking at the IACC's South India Council Meet organized by the Indo-American Chamber of Commerce, Karnataka, Mr. Bruce Quinn made a presentation to the members of IAAC from various states in the South, elaborating the ease with which his department can help / assist with partnering with an American SME.



Mr. Bruce Quinn, Commercial Consul, U.S. Consulate Chennai addressing IACC, (K) members and SIC participants during his speak on "Sourcing From The USA".

• Promoting Democratic Processes in Public Affairs

This seminar was jointly held with the Indian Institute of Management, Bangalore and Janaagraha. The Speaker Dr. Robert Kolodny is a Senior Associate of America Speaks, an international organization and a management development researcher ad consultant based in New York City. America Speaks engages citizens in the decisions that impact their lives. The group develops innovative deliberation tools that work for both citizens and decision makers. The seminar described the highly successful efforts of America Speaks in recent years to combine the best of methodology fro the behavioural sciences and information technology to take "democracy to scale".



Mr. P.R. Ananda Murthy, Chairman, IACC (K) giving the vote of thanks

Award to Sahajanand Laser Technologies - A Member of IACC

Sahajanand Laser Technologies, an Ahmedabad based company was recently selected for the National Award 2004. The award is for the successful commercialization of Laser Planning & Mapping System for rough diamonds developed through in-house technology. The award was conferred to Mr. Arvind Patel of Sahajanand Laser Technologies by the President of India Mr. APJ Abudal Kalam.



Mr. Arvind Patel, Sahajanand Laser Technologies receiving the award from the President of India APJ Kalam.

East India Council



An interactive Meeting comprising of the Committee of East India Council and Past Presidents was held at the Bengal Club, Kolkata.

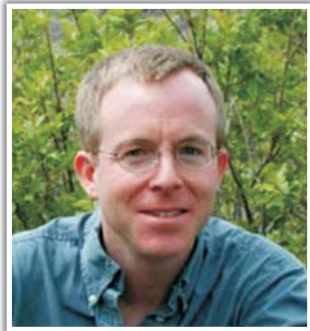


G.N. Sibley, US Consul General, Kolkata, addressing the audience at a seminar on 'Arsenic Contamination - A Challenge' jointly organised by the US Consulate General, and pollution control board, Govt. of West Bengal.



G.N. Sibley, US Consul General, Kolkata addressing the seminar on 'Business and the Society'. The other panelists from L to R Ranjit Sen, President, IACC, Prof. Sanjay Mukherjee, IIM, Kolkata, R.S. Jhavar, Chairman, Environment Technology Committee, IACC, S.N. Haque, IAS, Secretary, Women & Child Development and Social Welfare, Govt. of West Bengal, Ashok Aikat, Regional President, IACC, Shishir K. Bajoria, Industrialist.

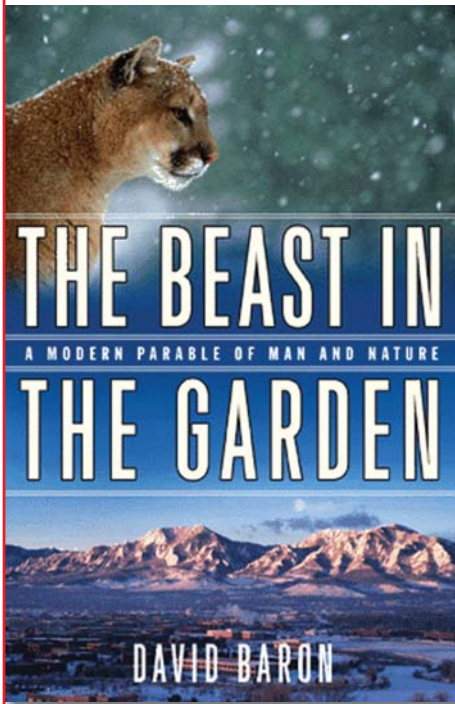
This Scribe Pleads for Big Cats



Award-winning American environmental journalist **David Baron** was recently in Mumbai on a US State Department sponsored programme to study the struggles of co-existence of man and beast. Of particular interest to Baron were the recent encounters that people living around the Sanjay Gandhi National Park had with the leopards. In his writings, Baron has brought to the fore the importance of respecting the animal's habitat. In an interview with **Tripti Chakravorty**, he spoke about his experience in educating the people on environmental issues.

Please tell us more about yourself. How has your trip in India been so far?

This is my first visit to India. I have been here now for three weeks. I have had an amazing trip across the country. I am a science and environmental journalist and have worked for almost 20 years for the radio in the United States. This trip is sponsored by the State Department, as it was thought that the themes that I was writing about were in some ways similar to the struggles that have been going on here in India. I've worked for National Public Radio, which is a network of over 700 radio stations in the US, and about 10 years ago, I started specialising in wildlife issues in the US. I have written a book called *The Beast in the Garden*, which is about the growing conflict between the people and wild animals, as our cities continue to sprawl out into wildlife habitat. The wild life population also is growing, because they are protected and the animals are moving into areas of human habitation. So that is what my book is about.



So I have been travelling around, speaking to various forest department officials in different states of India, the NGOs and the general public about what is happening in the United States, with our human wildlife conflicts and also to learn about what is happening here in India. I have been all over the country from Himachal Pradesh to Kerala, from Delhi to Calcutta and Chennai, from Assam to Gujarat, and finally here in Mumbai. It has been an absolutely amazing trip, amazing because of the diversity and beauty of your country. The places I visited are exciting with their different smells, sights and sounds. It has been a great trip and I have learned a lot. And there is a lot that the US can learn from India and probably India can learn a lot from the US, sharing our experiences with

each other on what is happening with wildlife.

Now tell us about the book and its relevance to environmental issues in general

Yes, I would like to say something about my book and how it relates to what is happening in India. For a long time in America, we thought that problems with the big cats only existed in India or in Africa, but increasingly we are now having trouble with our big cats or the mountain lions. It's because we have moved into their habitat, we have taken over lands they used to have and we are also inviting them into where we are. In America we have the deer living in our suburbs, because we plant lush gardens and the deer have moved among the homes and people love

having them around. Now, the mountain lions hunt them down so the deer are protected. They are discovering the deer living among our homes. And so the lions are moving into our suburbs and are getting too comfortable with us and occasionally attacking and eating the people. This is very similar to what is happening with the leopards in the Sanjay Gandhi National Park in Mumbai. It is right the same phenomenon where the city is moving right up to the edge of the park and in some cases people are moving into the park when they are not supposed to be doing that. The leopards now know how easy it is to hunt down stray dogs and they would rather eat the dogs than the deer. So the leopards are being enticed out into the city right where the dogs are and that's increasing the odds that the leopards are going to come across a person and actually attack him. It is a very tricky



situation and unfortunately such issues do not have any easy answers. But I think here in Mumbai and other places in the country that are having wildlife, the most important thing is educating the people how to protect themselves from being attacked by the leopards.

One thing I have learnt is that in some parts of India, elsewhere in Maharashtra and in Gujarat, people with pet dogs are now putting special collars on the dogs' necks that have spikes on them so that they can protect the dogs from the leopards. I am going to suggest the same in the US, so that it protects the dogs and also warn the mountain lion against attacking dogs as it would be very painful.

Who are your favourite Indian writers and what books you have read?

I haven't read a lot of Indian writing. However, I have just read a wonderful book by Narayan called the *A Tiger for*

Malgudi. It was recommended to me when I was in Chennai. It was wonderful and it was very relevant to my visit here, because what I am talking to people about and learning about is the relationship between the people and wild animals, particularly the big cats, because my area of specialization is America's big cat, also known as the mountain lion, which is as large as the leopard. *A Tiger from Malgudi* tells a story from the tiger's point of view and it is a brilliantly written and is a very interesting book about the people who have a paradoxical relationship with the big cats. We are, on the one hand, fascinated by them and on the other, we are petrified by them. I do not think we understand them very well. If we understand cat behaviour a little better, we could avoid most of the dangers that have occurred.

What do you like reading in general?

In general, I read non-fiction, which is a change for me. I like to read books about nature and one of my favourite writers is an American writer, John McPhee, who is still alive and writing. He writes for the *New Yorker* magazine. He also writes books about geology, and has tried his hand at writing on fishing, but he is most interested about how people view nature. He has written a brilliant book called the *Control of Nature*, which is about the folly of mankind attempting to control the natural world, which is partly what my book also is about, and I have been influenced by John McPhee. We think that we understand the natural world...

Why do you say that people do not have the time to read?

I see that books (these days) are an indulgence that few people have the time for. We are so used to having information sent to us that it is much easier to watch television than to sit and read a book, except when people are on vacation at the beach and then what they want to read is fiction and romance stuff. Most of the serious books are sold to academic audiences.

I tried to write a book that deals with serious issues in a way that people would find it easier to read. What I do is tell a true story about a community dealing with potentially dangerous and potentially man-eating cats. I used that story to get across a much larger theme about the changing relationship between people and nature in America. I could have written about the deer in America, the geese or foxes, but I made a choice that people would be more likely to read about man-eating cats than about the deer. So I made a commercial choice that this was a subject that people would actually read.

Do you feel that this kind of learning should start much earlier in life? Should it be included in the curriculum right from school?

Environmental studies should be included from an earlier stage. A number of schools do that. I have been impressed

by the level of concern for environment here in India. I have met a select audience who are most interested in environmental issues. For instance, when I was in Kolkata, I spoke to some clients in the Nature Club, a number of high school kids in the area. The kids were very enthusiastic and I actually went over to one of the schools there called Don Bosco High School and also attended a science fair. The kids have come out with a new environmental newsletter, which comes out every two months produced by the kids. That is exactly what India needs; more children from an early age are taught how important it is to understand the environment so that when they grow up they will make decisions that will help protect the environment.

What was the response to environmental issues in the US?

Very good. People who listen to National Public Radio are very interested in environmental issues. In fact, when readers of newspapers or listeners to radio were asked about the types of stories they considered most important, they had mentioned the environmental stories usually as important rank around number three or four, the first two being economic or political stories. In America, for whatever reason, except for public broadcasting, few new organizations do much environmental journalism. In the electronic media very few outlets are doing environmental journalism.

Besides environmental issues, are there any other areas that you would like to write on?

My background has generally been science journalism. It has been my focus for the last ten years. So I have had everything from medicine to astronomy to geology. I have had the good fortune to report on environmental issues in the Iceland, and the Antarctica for radio.

Should there be a special curriculum for environmental issues?

Boston University is one of the few universities that has a program targeting science journalism. They have a master's degree program and they were teaching the students a course on writing skills for newspapers. It was a challenge for me as I had never taught before, it was a learning experience for me to be more thoughtful about how do I do what I do. When I sit down to write a story how do I know to lead one way or the other. How do I know when I am going to do an interview, what questions to ask and so it forced me to be more thoughtful about that. It was a great experience and these were all very smart kids. What

the United States requires is to translate science to the general public.

What do you think about the curriculum taught at school, college and university with special reference to environmental studies?

When I was young we as students did not have the subject taught at school. However, there has been a shift in the United States where environmental issues are now weaved into the curriculum in a much more holistic way. Students of science are really taught how to test water quality and so they are taken up to a creek to test whether the water is polluted or not. They carry out the recycling process and they would take material home about the subject matter to encourage their families to recycle water.

Likewise, children are taught how to be safe around mountain lions and to respect them. They are taught that they are not evil creatures and have a right to exist. The

children are taught the basics such as not to be all by oneself in an area where there are mountain lions. If case one is spotted, one needs to stay on the ground, make oneself look big, never to turn and run as that would trigger the cat to attack. So these sort of things are being taught even in elementary schools.

At college level, a lot of the American universities now have environmental studies departments and many of them are new. Some are departments that deal with environmental issues and society. Environment is not just about science, atmosphere, water and land but it is about politics and how we as a society decide to manage our relationship with the natural world. It also deals

with environmental law. The department of environment and society looks at happenings in the natural world and our society which is a growing and important trend in the United States and a very hopeful one.

On an average how many books are published on environment in the U.S.?

Many of the books have a fairly sizable section on environment, nature, wildlife etc. But most often the section is tucked at the back of the store. For people who are interested they have a lot to choose from but I think it is still a niche. There is a lot that I would like to write about. One of the frustrating things about this trip is that I was here specifically to deliver lectures, meet people and share ideas as a journalist. I was not able to do stories on this trip, but there are a lot of thing I would like to write about when I get back.



Cognizant & Pfizer in Life Sciences BPO Pact In India

Life sciences major Cognizant Technology Services and global pharmaceutical giant Pfizer have entered into a long-term agreement to provide clinical data management and biometrics services, a high-value BPO space.

According to a press release, issued by Cognizant in Mumbai recently, the company is expected to open its first facility in six months in Mumbai for providing high-end services to the Indian affiliate of Pfizer Global Research & Development (PGRD).

The bulk of those hired will be bachelors and masters in pharmacy, statistics and analytics. The services would be rendered from PGRD's facility in Mumbai initially and then moved to Cognizant's leased facility.

Pfizer is engaged in research, development and manufacture of market's leading prescription medicines for humans and animals and accounts for many of the world's best-known consumer brands in human and animal health care. The tie-up with Pfizer allows Cognizant to capture the cost-productivity advantage that the Indian operation offers.

The Pfizer India biometrics division has been providing data capture, data management, statistics and programming services for its parent's Phase I, II, III global trials for seven years.

"Cognizant has extensive experience in life sciences including clinical trial study set-up and validation and data management that are compliant with international standards of good clinical practices as defined by the FDA," said Hocine Sidi Said, country manager, Pfizer India, in a company release.

"Cognizant's understanding of strategic

pharmaceutical business processes and leadership position in the IT services segment of health care and life-sciences industry were key factors in Pfizer's decision to select Cognizant as the Company's preferred provider for their Business Process Outsourcing initiative," said Lakshmi Narayanan, President and CEO of Cognizant in the release.

Cognizant is a provider of IT services focused on delivering strategic information technology solutions that address the complex business needs of its clients. Cognizant provides applications management, development, integration, and re-engineering, infrastructure management, business process outsourcing, and a number of related services such as enterprise consulting, technology architecture, program management and change management through its onsite/offshore outsourcing model.

Norwich Union, Britain's largest insurer, has built up a workforce of 3,700 people in India and plans to hike it to 7,000 by 2007, the report said.

Three years ago consultants Accenture reckoned 65,000 jobs in Britain's insurance industry alone, which would be moved overseas over the next decade but many experts now believe that figure to be conservative.

Trade union Amicus has predicted that 200,000 jobs could be outsourced by 2010.



The President was speaking -- through a live video conference from New Delhi -- to the IT bigwigs at the Nasscom's India Leadership Forum in Mumbai.

"The Nasscom estimates to capture about 3.5 per cent of global market share. This is a small target. It is a crime to have a small aim," he said.

India's GDP is at an eight per cent now, it should grow to 10 per cent continuously for a decade, only then can India emerge as a global leader, said Dr Kalam.

Turning the industry's attention to India's standing in the global competitiveness index, he lamented that the country is now ranked 56th. He urged the IT industry to strive towards getting India into the top 10 nations in the competitive index.

Lauding the efforts of the IT industry, the President said that the developments in the IT industry should help the 260 million people living below the poverty line. "Only then can India become a truly developed country," he said.

It's crime to think small, Kalam Chides Nasscom

The industry must not cater only to the elite but also help ameliorate the lives of 700 million people living in India's 600,000 villages. "Every village should ideally have a knowledge centre to cater to basic information requirements," he said.

"Research and innovation must be the drivers of growth in any industry. IT services should contribute to national development through e-governance projects," Dr Kalam added.

He said that more emphasis should be laid on nano-technology and biotechnology which are promising and upcoming fields.

"We must double agriculture productivity through science and technology," he said.

"India has a 1 billion strong market, so we should capitalise on the vast talent pool of 2 million graduates. We must grow the number of people employable in the industry by 5 million in three years," he added.

"With high quality services and innovative ideas and a brilliant talent pool, India can emerge as the ultimate destination for information and communication technology, he said.

"Our software services should aim for 10 per cent of the \$25 billion global exports market in the near future. Innovation is a key to success. In India it is a challenge to meet the requirement as Internet penetration is lesser than PC penetration, which is lesser than telephone penetration, which in turn is lesser than television reach," he added.

There is a huge market for smart devices which can combine all these utilities and serve the needs of the people in a very cost effective manner, the President said.

With more IT parks, better connectivity, call center boom, industry-friendly measures, the industry will get a big boost, he added.



Indian information technology and information technology-enabled services must capture 15 per cent of the world market by 2008, said President Dr A P J Abdul Kalam on Thursday, urging the Indian IT industry to work towards that end.

Maryland keen on joint ventures with Indian firms in biotech

Maryland, one of the key states of the US, has evinced keen interest in forging tie-ups in joint ventures with Indian firms in the knowledge-intensive sectors, especially biotechnology.

"Our research capability and India's knowledge can be a good combination to be globally competitive in the area of knowledge-intensive sectors," US Deputy Secretary (business and economic development to the State of Maryland), Chris Foster said in the southern Indian city of Chennai.

Maryland is the second largest state for federal R & D expenditures at about \$ 9.3 billion and home to 300 bioscience companies,

Foster said India's great success in the Information Technology (IT) was followed by the emerging sector of biotech in the country.

A lot of biotech and pharma companies are doing well and expanding their markets worldwide. People in pharma and biotech companies had the foresight to build world class organizations," he said, adding: "India's success in biotech is expected to be bigger than what it achieved in IT,".

Foster pointed out that India had been successful in IT outsourcing. But it should not be branded as only an outsourcing hub as it would not help in the future.

"As the country is transforming into a knowledge economy it should brand itself as the "source for proprietary knowledge," he added.

Foster has visited India to help create a government-to-government corridor in the area of knowledge economy. An MoU between IIT-Chennai and John Hopkins University of Maryland was signed for faculty exchange and joint research.



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Foster is on a visit to India to help create a government-to-government corridor in the area of knowledge economy. A forum, Maryland India Business Round Table (MIBRT) has been set up to explore and facilitate strategic alliances and collaboration opportunities between India and the American state. As part of this, an MoU between IIT-Chennai and John Hopkins University of Maryland was signed for faculty exchange and joint research.

Meet Francis Dorsemain and

Gul Kripalani (yes, the two men in the photograph!); the former is Trade Commissioner for Canada in Mumbai, and the latter, a well known city businessman and Convenor of the Terry Fox India Committee.

Over the past few months, the two of them, along with many others have been working to put together the 'Terry Fox - Marathon of Hope'. This is not a new event, in fact this annual marathon was started in 1998 and was initiated by Kripalani. A bit about Terry Fox. He was a young Canadian who was diagnosed with Osteogenic Sarcoma (bone cancer) in his right leg in 1877. So pained was he by the suffering of others that he was determined to raise funds for cancer research. Thus started his 'Marathon of Hope'. His last marathon was in 1980 and at the time of his passing away, he raised 23.4 million dollars. Said Kripalani, "The Foundation not only raises funds for research but it also does its best to tell the story of Terry Fox to young people so that their lives might be enriched by his example and that they may derive inspiration from his courage."

This year, the run will be held on February 13 at 8 a.m. It will start from the Air-India building at Nariman point to the Marine Drive flyover and back to Brabourne Stadium. "Last year, the run raised Rs. 11 lakh, which was handed over to the Tata Memorial Hospital for Cancer. This year, our target is Rs. 20 lakh. Like always, the money raised will

be handed over to the hospital for research," he added. Like every year, this year too will play host to a number of actors and celebrities. Not to forget the children from the Spastic Society, Schools for the disabled, cancer affected children and children from the Tata Memorial Hospital

