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**Special Section:**  
**Madhya Pradesh**

## A Gateway to Dream Return



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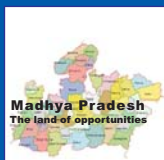
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before making business decisions using the same.



**Dear Readers,**

Greetings. Bilateral relations between India and the United States have touched greater heights with Prime Minister Manmohan Singh's latest visit to that country in September. The agenda this time was different. Dr. Singh addressed the 60<sup>th</sup> session of the United Nations General Assembly, besides holding talks with President George Bush and other world leaders attending the deliberations of the world body. Naturally, the current issue of Indo-US business covers in detail Dr. Singh's address to the UN, where he reiterated India's resolve to fight against terrorism. Dr. Singh also spoke in the occasion of the launch of the UN Democratic Fund, which, he said should be utilized to fight against poverty. We carry a report. Before reaching the US, Dr. Singh stopped in France to hold talks with President Jaques Chirac on defence and nuclear energy. Dr. Singh summed up his visit to both countries at a Press Conference in New York. We carry the report. Indian Finance Minister P. Chidambaram also visited the US to deliver the 2005 Trumbull Lecture at Yale University. He argued eloquently that India and the US should work together towards empowering world bodies with a new mandate in order to achieve the Millennium Development Goals (MDGs). Then we have another thought-provoking address by US Ambassador to India David Mulford, who said that right policies triggered greater inflows of foreign investment, especially from America. One Indian state which has set its priorities right is Madhya Pradesh. The Chief Minister of the state, Babulal Gaur is keen on putting Madhya Pradesh on the Global map in terms of its potential to attract foreign investment. Indo-US Business carries a special section on the industrial development of the state. There are separate articles on the state's new industrial policy, the Special Economic Zone that has come up at Indore and a number of other articles. Gaur will be touring the United States and the United Kingdom to hard-shell Madhya Pradesh as a state that offers a variety of natural resources and well-developed infrastructure, besides being India's most centrally located region with excellent connectivity. Joining Gaur in the US is Union Minister for Industry and Commerce Kamal Nath, who hails from Madhya Pradesh and who believes that the state's vast potential has remained untapped. We cover all these aspects in the current issue. The US has unfortunately become a target for the furious hurricanes Katrina and Rita. We present a media write-up on how corporate companies have been making efforts at providing relief to the victims. The article sends out the message Goodwill is also good business. Plus we have news from Indo-American Chamber of Commerce and other regular features.

Wish you happy reading



**Satya Swaroop**

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## My Dear Fellow Members,

This is my last message to our bi-monthly Newsletter as the National President of the Indo-American Chamber of Commerce (IACC). I am laying down the office of the President with a sense of fulfillment and satisfaction.

That state of mind I could achieve, undoubtedly, due to the unstinted support and guidance I have received from every member, office bearer and the secretariat.

Friends, our organization has completed 37 years of its existence. It is the right time to introspect on what we have done during the past in order to evolve our strategies for the future. That is important because the Indo-US economic relations are now poised for a dramatic transformation. From a country pitching for continuation and enhancing the grants-in -aid for financing our development activities, India has now emerged as a grant giving Nation. By 2020, we can legitimately aspire to be part of the developed bloc. Our continental market size and the expanding number of middle class, who have the purchasing power comparable to their counterparts in the developed countries will script a new paradigm in development activities.

The future dimensions of the Indo-US relations have to be seen from this perspective. The inter-dependence between our two largest democracies is set to grow in multifarious directions. We have to break new ground in a host of areas such as civilian use of nuclear energy, nano technology, space exploration, tapping alternative sources of energy and a host of other items where there are capabilities and synergies to co-operate. While India can provide a steady market for US products, technologies and know-how in a range of fields, the US has to engage in capacity building in India to take some of our sectors into the international standard. Financial market including insurance, retailing, energy, petrochemicals, Information Technology and importantly infrastructure are some of the areas that are open to the US to partake in the development process of India, as a partner in progress.

As the only bi-national chamber in the country exclusively dedicated to building Indo-US economic relations, we

have to emerge as the strong nodal point for facilitating growth and synergy between the two economies. That requires a re-orientation in our working, strengthening our proactive activities, addressing to newer issues and challenges that crop up in our bilateral relations, creating structures that can bring together business men from two countries to discuss, debate and finalize deals particularly for the small and medium segments, promoting people to people contacts etc. I can list out a host of other wish lists, which I am refraining from doing due to paucity of space.

Undeniably, that requires strengthening of our secretariat and importantly, infrastructure. We have to focus on membership service not only broad-basing it but also retaining them with the tacit feeling that they are getting value added services. There has to be occasional audit on membership's satisfaction level and periodic cataloguing of what they require from us. Then only, can we respond to their needs and requirements in time. We have to create more position papers and perceptive studies on Indo-US economic relations. Such studies will be a trigger point for intellectual debates not only among the policy makers and businessmen but also academia and Parliamentarians of both the countries. These studies should not remain as a mere academic or intellectual exercises. They have to be realistic and strongly grounded on practical wisdom.

Yes, my successors have a lot of challenges to address to make our great organization fulfill the objectives set out by our illustrious founders. They had a vision and mission- to make IACC the most powerful proactive body that bridges the gap between what is potential and what is achieved on the ground in whole lot of spheres including economic, political, and cultural and people to people contacts. At a time when the Indo-US relationship is at crossroads, let us work together for taking it to a higher orbit of growth and enrichment.

I envisage a great scope and relevance for our organization in the coming years. I sincerely attempted to give a new direction to the organization's activities and to lay down a roadmap for grappling with its expected role as a proactive organization with a strong membership base and a sound grounding contemporary bi - national problems and perspectives. That at best could be a pious beginning. We have to march ahead to fulfill higher and loftier goals. I wish the organization all the best.

**Ranjit Sen**

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# Democracy A Gateway to Development

The humble and soft-spoken Indian Prime Minister seems to be growing taller in stature with each passing day. In July 2005, Dr. Manmohan Singh turned his visit to the United States into a spectacular success. Returning to the US via France to address the 60<sup>th</sup> Session of the United Nations General Assembly, Dr. Singh chose to glorify democracy. He may be paying tribute to a system that had brought his party to power. But the truth is democracy, as practiced in India is a tried and tested system, which no doubt has empowered even the poorest of the poor to assert their will. Democracy is India's pride and its neighbour's envy. Dr. Singh put a lot of punch into his UN address when he said that, "democratic governance both within nations and in our global institutions would also constitute a powerful weapon in meeting the global scourge of terrorism. We must not yield any space to terrorism." Dr. Singh was only reiterating what the father of the Nation had said scores of years back that "the spirit of democracy cannot be established in the midst of terrorism, whether governmental or popular." Dr. Singh got another opportunity to extol the virtues of democracy the launch of the UN Democracy Fund. "We welcome the launch of the UN Democracy Fund, because it gives us an instrument to build the institutional and human capabilities that are necessary to underpin the successful exercise of democracy," he said. The spin-off from Dr. Singh's both visits is the boost that India's image has received as an emerging economic power. The Prime minister's both visits have infused confidence in the global investor community in their approach to India. "I can tell you quite candidly that in my recent interactions with American CEOs, there appears to be a very promising assessment of India's prospects," Dr. Singh told members of the American Indian community. The Prime Minister's two visits have boosted India's image as an emerging economic power and land of immense opportunities. According to US merchant bankers, India will see \$10 billion in FDI inflows in 2005 and \$20 billion next year going by the "enthusiasm" shown by major private equity firms like Blackstone, Carlyle, Warburg Pincus and NRIs. Sensing that the time is both right and ripe, the Chief Minister of Madhya Pradesh, Babulal Gaur, has planned to hard-sell the state in both the US and Britain in order to tap much-needed foreign direct investment (FDI). He will be holding talks with American businessmen in Chicago and New York as well as London to impress them with what they can receive in return if they invest in Madhya Pradesh. The state has everything that an investor looks for agricultural and mineral resources, cheap land and power, adequate workforce, fast-developing infrastructure and connectivity by air, rail and road. Boosting Gaur in his efforts is the Union Minister for Industry and Commerce, Kamal Nath, Who hails from Madhya Pradesh, though politically both men belong to rival parties. But that is exactly what democracy is all about.

- Dev

# Eradication of Poverty

## World is Awaiting a New Deal

- Dr. Manmohan Singh

Prime Minister Manmohan Singh, who addressed the 60th session of the United Nations General Assembly at New York on September 15, 2005, expressed the resolve not to yield any space to terrorism. He underlined the need for a comprehensive reform of United Nations to include the expansion in permanent and non-permanent categories of membership of the world body. He also called for greater efforts to mobilise the needed resources to meet the Millennium Development Goals and a New Deal to help eradicate poverty. Following is the text of Dr. Singh's address.

"I bring the best wishes and felicitations of the people of India to this august Assembly meeting in its historic 60th Session. India has a special regard for the United Nations. The ideals of the UN run parallel to our own civilizational ethos. This is the ancient Indian concept of "Vasudhaiva Kutumbakam" or "the whole world is one family". It is this idea of a shared destiny, which encouraged this august Assembly, five years ago, to adopt the Millennium Development Goals.

May I take this opportunity to convey our deep condolences and sympathies to the Government and the people of United States on the widespread destruction caused by hurricane Katrina.

At the turn of the century, there was growing recognition that the contemporary challenges of pandemic diseases, environmental depredation and terrorism demand a global response. At the same time there was hope and optimism. The world community welcomed advances in science and technology, which made it possible as never before in human history to confront these challenges. We had confidence in mobilizing the collective will and wisdom of nations to herald a new era of peace and prosperity.

Five years later, we find that the international community is

generous in setting goals, but parsimonious in pursuing them. We must therefore, make greater efforts to mobilize the needed resources to meet the Millennium Development Goals. This would be a wise investment for the future. Failure will only make our task in the future more difficult and more costly.

We in the developing world face a dual challenge. The domestic one of managing political, economic and social change in an environment of rising expectations and growing disparities as well as the global challenge of securing an international environment conducive to meeting our developmental aspirations. These challenges are interlinked and success or failure will affect us all.

### Need for Reforms

We welcome the agreement reached on the Draft Outcome Document to be adopted tomorrow. It is a roadmap for the work ahead to re-orient the organization to meet the challenges of the present. India will be a willing participant in this process.

All of us assembled here recognize that the United Nations is in need of urgent and comprehensive reforms. The management of global interdependence requires strong international institutions and a rule-based multilateral system. The reform of the United Nations must be based on this principle. It must include the expansion of the United Nations Security Council in both permanent and non-permanent categories of membership. Unfortunately, the United Nations suffers from a democracy deficit. Its structure and decision-making processes reflect the world of 1945, not the world of year 2005. Unless the UN becomes more representative of the contemporary world and more relevant to our concerns and aspirations, its ability to deliver on the Millennium Development Goals, indeed on its charter obligations, will remain limited.

### New Deal

In a democracy, it is the rule of law and transparency, which safeguard the interests of the ordinary citizen. At the global



The Prime Minister Dr. Manmohan Singh meeting with the U. S. Secretary of State Dr. Condoleezza Rice in New York on September 15, 2005.



The Prime Minister Dr. Manmohan Singh addressing the High Level Plenary Meeting of 60th United Nations General Assembly, in New York on September 15, 2005.



The Prime Minister Dr. Manmohan Singh addressing the High Level Plenary Meeting of 60th United Nations General Assembly, in New York on September 15, 2005.

level too, we need to ensure that multilateral rules governing the flow of goods, services and capital take adequate account of the needs and aspirations of developing countries. The world awaits a "New Deal" that can spur development and create jobs on a global scale. It must address the challenge of eradicating mass poverty and pandemic like HIV/AIDS and other deadly communicable diseases. We need collective thinking and coordinated action to deal with the challenge of ensuring energy security, even while we address the consequences of climate change. We must turn the global outpouring of sympathy and mobilization of resources in response to national disasters into a more sustained effort to deal with apparently less dramatic, but in the long run, more damaging crises. We must renew our efforts to secure the world against nuclear proliferation and to promote global non-discriminatory nuclear disarmament. Failure to address the global challenges that I have mentioned in a timely fashion can only turn them into unmitigated disasters eventually.

## One World

Democratic governance both within nations and in our global institutions would also constitute a powerful weapon in meeting the global scourge of terrorism. We must not yield any space to terrorism. We must firmly reject any notion that there is any cause that justifies it. No cause could ever justify the indiscriminate killing of innocent men, women and children. For several years, India has faced cross-border terrorism directed against its unity and territorial integrity. We shall never succumb to or compromise with terror, in Jammu and Kashmir or elsewhere.

In 1947, India's first Prime Minister Jawaharlal Nehru said, "Peace has been said to be indivisible; so is freedom, so is prosperity, and so also is disaster in this One World that can no longer be split into isolated fragments". Today, these words assume a compelling logic. In this One World there is only One United Nations. If we fail the United Nations, we will fail succeeding generations, who will expect a more enlightened legacy than is currently in sight. Globalization offers exciting opportunities to improve living standards world-wide provided the weak and the powerless are empowered to become genuine partners in progress. The world community must therefore, muster the courage to harness the potential of globalization for the benefit of entire humankind." ■

## UN Democracy Fund

# Use it to empower the Poor, says Dr. Singh

Prime Minister Manmohan Singh, in his address at the launch of the UN Democratic Fund on September 14, 2005 in New York said that democracy alone gave the assurance that the developmental aspirations of the poorest citizens of our society would be taken into consideration. As the world's largest democracy, it was natural that India should have been among the first to welcome and support the concept of a UN Democracy Fund, he said. Following is the text of Dr. Singh's speech.

"I am honoured to be present here with President Bush and Secretary General Kofi Annan and other leaders at the launch of the UN Democracy Fund. This was proposed by President Bush at the UN General Assembly last year and has received widespread acclaim. Its relevance is underscored by its becoming a concrete reality in just a year's time.

May I take this opportunity to express our solidarity with the people of New Orleans and other regions, devastated by the destructive fury of Hurricane Katrina? Mr. President, you have our sympathies and support in your efforts to bring relief and succour to the people affected by this disaster.

Excellencies, India is proud of its democratic heritage which is rooted in the country's cultural ethos of tolerance, respect for different view points and a ready embrace of diversity. Mahatma Gandhi led us into a non-violent struggle not only to free India from colonial rule but to also ensure to our people the exercise of their democratic rights. To him it was clear that the end to colonial rule would mean very little unless the broad masses of the people of India were empowered with democracy. We were also inspired by the ideals of freedom, equality and justice that were the hallmarks of the great French and American revolutions. India's awakening to freedom, in turn, inspired freedom movements in Asia and Africa. A whole family of independent and proud nations took their place on the world stage. India sympathized with and supported their struggle to become masters of their own destiny. For us, the democratic ideal is a common heritage of mankind. Those fortunate to enjoy its fruits have a responsibility to share its benefits with others.

As the world's largest democracy, it is natural that India should have been among the first to welcome and support the concept of a UN Democracy Fund. We believe that democracy based on universal adult suffrage empowers the most humble citizen of our country and give him a sense of dignity. Poverty, illiteracy or socio-economic backwardness do not hinder the exercise of democracy. Quite the contrary, our experience of more than 50 years of democratic rule

demonstrates how democracy is a most powerful tool to successfully overcome the challenge of development. But most of all, democracy alone gives the assurance that the developmental aspirations of the poorest citizens of our society will be taken into consideration. This above all, is the unique strength of a democratic system.

Democracy is a powerful ideal, but its successful exercise requires strong and enduring institutions, laws and procedures and the development of a parliamentary culture, whose essence is the accountability of those in authority to the ordinary citizens of the country. A strong and independent judiciary, a free press, professional civil and military establishments, constitutionally empowered institutions to safeguard the rights of minorities, of women and children and an independent electoral mechanism; these constitute the veritable nuts and bolts of democracy. There is also the critical aspect of education. The culture of democracy or the democratic temperament must be imbibed by citizens from a very early age. They must become aware of both their rights as individuals, but also their responsibilities and obligations as citizens.

Excellencies, we welcome the launch of the UN Democracy Fund, because it gives us an instrument to build the institutional and human capabilities that are necessary to underpin the successful exercise of democracy. India has been sharing its rich experience, institutional capabilities and training infrastructure with nations that share our values and beliefs and request our assistance. We are prepared to do much more, both as active participants in the Democracy Fund and in the Community of Democracies.

In this connection, I wish to announce that we will soon be establishing a virtual centre on the internet for providing information on democracy and a forum for the exchange of experience. We intend to harness new and innovative technologies, including distance learning and satellite networks, in the endeavour. We welcome partners in this initiative.

Excellencies, we live in an age of globalization which is bringing new opportunities each day in our quest to overcome the age-old challenges of poverty, ignorance and disease. If we wish to ensure that the relentless advance of globalization does not leave, in its wake, large pools of the dispossessed, then we must empower the voiceless. Only democracy can ensure that they, too, become stakeholders in a millennium of peace and prosperity that we, in the United Nations, seek to accomplish."

# India, France to conclude early pacts on defence, N-energy

Prime Minister Manmohan Singh had a five-day hectic schedule in Paris and New York in September 2005. In Paris, he met President Chirac and Prime Minister de Villepin and had wide ranging talks on global issues as well as bilateral issues concerning defence and energy. In New York, Dr. Singh had talks with President Bush and UN Secretary General Kofi Annan. He addressed the 60<sup>th</sup> Session of the UN General Assembly, and hosted a dinner to Pakistan President General Pervez Musharraf. Dr. Singh addressed a Press Conference in New York on September 16. Following is Dr. Singh's statement.

India in February 2006. We also agreed that we would work together on issues of global concern such as the urgent need to raise resources for development, on which India and France have traditionally taken a leading position. I assured the President that we would support a French initiative in this regard. I also reviewed the agenda of bilateral cooperation with Prime Minister de Villepin and was impressed by his enthusiastic commitment to the promotion of Indo-French ties. I thanked President Chirac and PM Villepin for French support for India on a variety of issues including our participation in Galileo in ITER, for India's candidature for permanent membership of the Security Council. We have agreed to conclude at an early date agreements for cooperation both in defence and in civil nuclear energy.

In Paris I also met an impressive group of French businessmen and CEOs and was struck by the interest they displayed in India, and by their enthusiasm for investment prospects in the Indian economy. I had a very stimulating exchange with French scholars who work on India in a variety of disciplines. I underlined to them the importance we attach to deepening educational and academic exchanges.

## IBSA Forum to Identify key sectors for development

Here in New York, my time has been balanced between activities relating to and on the margins of the UN and some important bilateral meetings. Apart from participating in the High

Level Plenary Meeting of this 60th session of the UN General Assembly, I joined President Bush and UN Secretary-General Annan in the launching of the UN Democracy Fund to which we have made a significant contribution. I also met the Presidents of South Africa and Brazil in the context of the IBSA Forum. This brings together our three major developing countries across three continents and as it develops, this forum can have a beneficial influence on subjects of topical importance. I suggested to the group that we should identify the specific sectors in which our combined strengths can have the maximum impact for the common good of developing countries such as in health, science and technology and energy. The Presidents of South Africa and Brazil accepted the suggestion and our Foreign Ministers will take this forward over coming months.



Prime Minister Dr. Manmohan Singh interacting with the media persons in New York.

"These have been five very busy and productive days. I have met many leaders, interacted with several groups and carried forward discussions on a wide range of issues which are important to us. In France, I was touched by President Chirac going out of his way to receive me so soon after his recovery. I was even more moved by the warmth with which President Chirac received me and the meeting of minds that was apparent. Our discussions ranged over bilateral matters and global issues and I was convinced that the strategic relationship India enjoys with France is a source of stability and creativity in the multi-polar world order that both countries value. We agreed that we would work together intensively over the next several months to finalize framework agreements in defence cooperation and in cooperation in the field of nuclear energy, in time for the President's visit to



The United States and India are, in their own ways, unique countries. The two countries share many common characteristics but also face many different challenges. The U.S. has a short history but is an old nation; India is a relatively young nation although it can trace its history to nearly 4000 years. The U.S. is the world's most powerful economy; India has just joined the frontline of emerging economies. The U.S. invests its financial resources in India; India invests its human resources in the U.S. Both are democracies, and the average American, I believe, is as argumentative as the average Indian. Both countries have sworn allegiance to the rule of law, and have complex procedures for the selection of judges. Both countries are victims of terror and both have pledged to fight terrorism. What is important is that both have declared their belief in an open society and an open economy. And for my purpose today, I am gratified that both countries are committed to work towards the achievement of the Millennium Development Goals (MDGs).

What is the economic backdrop to the challenges facing the world in general and the U.S. and India in particular? Global economic activity continues to remain robust. Between 1997 and 2003, World GDP grew at an annual average growth rate of 3.5 percent. The US economy was a major engine of growth for the world economy by contributing 40 percent of world growth. China contributed 6.7 percent. India's contribution was marginal in this period. However, India is now coming to a point where its contribution to world output growth will be significant. With a GDP of nearly \$800 billion,

each 10 per cent rise in India's GDP will contribute \$80 billion to world output.

Developing economies are growing faster than advanced economies, and this is to be expected in the process of convergence in a globalizing world. The US share in world GDP increased from 20.7 percent in 1996 to 21.4 percent in 2001 but declined to 20.9 percent in 2004. The

share of China has gone up from 11.1 percent in 1996 to 12.1 per cent in 2001 and further to 13.2 percent in 2004. India's share has increased from 4.1 percent in 1996 to 4.7 percent in 2001 and further to 5.9 percent in 2004. While the relative contributions are likely to change, there is no doubt that these three economies will remain three major players in the world in the near to medium term. How these economies will perform and how they will interact have become even more important because of the 'soft patch' that appears imminent due to high oil prices, slackening growth



## Achievement of Millennium Development Goals Empower world Bodies with New Mandate - P. Chidambaram



Indian Finance Minister P. Chidambaram spoke on "US India Economic Relations and the Evolving World Economy" in his 2005 Trumbull Lecture at Yale University in the United States on September 22. He argued that India and the US should work together towards empowering world bodies with a new mandate in order to achieve the Millennium Development Goals (MDGs). Excerpts.



of international trade, and weakening economic indicators in the US.

## Review of Indian Developments

I would like to start by summarizing where India stands in the process of economic development.

### Growth

India now has a roughly 25-year track record of an average annual growth of 5.8 per cent. This has brought millions of people out of the depths of poverty to a better situation. The nominal GDP is now about US \$800 billion. With a little more than a billion people, this translates to a per capita income of approximately US \$750 a year. Measured in terms of purchasing power parity, the five biggest economies of the world are the US, China, Japan, India and Germany. There



is, of course, a long way to go before every Indian is pulled out of poverty and deprivation.

How far has India come? Just a few weeks ago, the Fraser Institute, in Canada, released the Economic Freedom of the World 2005 report, which has data as of 2003. This report measures economic freedom in 127 countries and ranks them. The measurement for India was done by the Centre for Civil Society, a think tank in New Delhi.

The US is at third rank. India is at 66th rank. India is closer to a country like Italy, at 54th rank, or Israel at rank 50, than to China or Brazil which are at the 86th and 88th ranks respectively. This may give you an intuitive flavour about the kind of economy that we now have -- freer than China or Brazil, but less so when compared with Israel or Italy, though closer to the latter pair.

This measurement of economic freedom also shows that India has improved steadily, from a score of 4.9 in 1990 to a score of 6.4 in 2002 and 2003. If we take this measure seriously, then it suggests that China or Brazil today (with a score of 5.9 or 6.0) is roughly where India was in 1997.

## Multi-cultural, Multi-ethnic, Multi-religious Society

India's greatest achievement, of course, lies in the political arena. Every tenet of political science argues that poor countries succumb to violence, fanaticism, civil wars and dictatorship. India is the exception.

I may hence say with some pride that India is the best functioning multi-cultural, multi-ethnic, multi-religious country in the world. You will agree that having mastered the complexities of such a society is a great asset for India. Looking forward, individuals and firms, both domestic and foreign, can feel confident about India, including its political and social stability, over the next 50 years.

As Prime Minister Manmohan Singh has said, India stands for the values of an open society and an open economy. There is an obvious fit between India's values and those of the mature industrial economies. The question that all of us need to apply our mind to is: how can the stable, mature societies of the world work together, to best achieve shared goals in the complex and daunting global situation? Today, I would like to ask, can the United States and India set an example in this behalf?

## The Interdependence between India and the US

Economic interdependence between India and the US is growing at an astonishing rate. Bilateral merchandise trade has grown from US\$ 12.3 billion in 2000-01 to US\$ 19.6 billion in 2004-05. The US ranks second in terms of foreign direct investment in India, and there has been a heightened interest in portfolio investment in Indian equities from US institutional investors.

Producing goods and services in India makes goods and services cheaper in the US. A county or state which is able to produce public goods in the US by outsourcing to India is a county or state which is able to cut taxes. When US corporations are able to produce goods or services in India, it makes them more competitive in the global marketplace, and be able to offer a better deal to their consumers. Outsourcing, however, has been wrongly interpreted as exporting jobs making it controversial, which is unfortunate for all sides. In a highly competitive world, with intense competition among companies to cut costs, any hesitation to outsource spares, intermediate inputs and some processing requirements or services from the most cost-competitive corners of the world may result in a total loss of business for the company and an even greater loss of jobs. Furthermore, if you look ahead in time, the ageing demographic profile of many developed economies means they will have the choice of either importing people or outsourcing work.

The last, though little-noticed, kind of inter-dependence is



based on financial markets. Net capital flows into India have been at a level of \$12 billion per quarter for the last two quarters of data. US institutional investors are increasingly invested in India. All kinds of investors are participating in this, ranging from pension funds to university endowment funds to mutual funds to insurance companies. They are entering into every aspect of India's economy, through venture capital, listed equity, corporate bonds and government bonds. Foreign investors are trading on India-related instruments, both spot and derivatives, in India and on offshore markets. Conversely, Indian multinational corporations are increasingly buying companies in the US and setting up operations in the US. Two-way financial flow is thus an important aspect of our interdependence.



There has been considerable interest on the part of US corporations in the Indian financial sector, and rightly so. The financial sector is where the United States' comparative advantage seems to lie in the present day. India's response is to open the financial sector gradually, after putting in place appropriate laws and appointing regulators. We have taken measured steps in banking, insurance, capital markets, securities markets and the debt markets. It is our intention to move forward, but at every step the watchword will be caution and placing suitable instruments to prevent financial shocks. U.S. banks, insurance companies and other financial intermediaries seem to have realized the opportunities that lie ahead and accepted the wisdom of India's policy to 'hasten slowly'.

The debate on whether the world is flat (Thomas Freidman) or round (Robert Samuelson) need not detain us for too long. The fact is that the world is there. It is an unequal world. It is a world divided into nation-states. It is a world that carries the scars of two world wars and the baggage of the cold war. Language, race, culture and religion are still the dominant factors that determine nationhood, although multi-cultural societies have learned to accommodate differences. The U.S., for example, has gained tremendously -- in economic terms alone, even if we ignore others -- from its multi-cultural and multi-ethnic society. The developed countries with a share of 14 percent of the world's population account for 78

per cent of the world's GDP. Recognizing these inequalities, the time has come to ask if the mature nation-states, like the U.S., do not owe an obligation to the less fortunate countries that are invariably victims of a cruel history forced upon them including wars, colonization and economic exploitation. If the poor of the world remain poor, neglected and deprived, a flat world or a round world would have to pay a heavy price. It is, I believe, in our common interest that the world is in good -- than in a particular -- shape. Thankfully, it is the sense of collective responsibility that brought the world together to agree upon the Millennium Development Goals, and it is in the mutual interest of the U.S. and India to recognize the opportunities and threats that lie ahead.

## Problems faced by the global community today

I would like to end by focusing upon four major problems faced by the global community: delays in completing the Doha round, terrorism, international financial architecture and global warming. In my view, the three large countries -- the U.S., China and India -- would do well to collaborate in solving these problems.

I believe the persistence of these problems points to failures of global public goods and to the deficiencies of international institutional arrangements created in 1945 including the United Nations, the IMF and the World Bank and, more recently, the WTO. The world has changed enormously since 1945. There is a need to commence a far-reaching examination of the mandate, governance, management and behaviour of these organizations, in order to make them relevant in 2005.

The mandate of these organizations is outdated in the context of the present problems. As an example, the United Nations was conceived at a time when no State actively pursued a policy of support to cross-border terrorism. The governance of these organizations is not aligned with present realities. The five biggest economies of the world are US, China, Japan, India and Germany. However, the present organization of the UN, the IMF and the World Bank disempowers China, Japan, India and Germany in various ways. The management of these organizations is dominated by the US and, to a lesser extent, by Europe. This contaminates the behaviour of the organizations, and the extent to which other countries see the UN, the IMF and the World Bank as neutral bodies which seek to solve the problems of global public goods.

All of us need to apply our minds to reinventing the UN, the IMF and the World Bank, and endowing them with a new mandate, new governance, new management and thus new kinds of behaviour, which will help solve the problems that challenge, and that will continue to challenge, the global economy during 2005 to 2050. ■



Free Market holds Key, Great Scope for Agri-business

# Get policies right, investments will flow

- U.S. Ambassador David C. Mulford

**In a very thoughtful, in-depth speech delivered at a luncheon meeting organized jointly by Indo-American Chamber of Commerce (IACC) and Indian Chamber of Commerce (ICC) on August 18 in Kolkata, U.S. Ambassador David C. Mulford says that US-India relations are at an all-time high and the two countries are now positioned for a partnership that will be crucial in shaping the international landscape of the 21st century. Mulford further says that if we get our policies right, investment will flow and our both economies will flourish. Excerpt.**

Ladies and gentlemen, thank you for coming today and hosting me in your wonderful city. I am especially grateful to have the opportunity to speak to your two distinguished Chambers, and I would like to thank President Umang Kanoria of the Indian Chamber of Commerce (ICC) and Ashok Aikat of the Indo-American Chamber of Commerce (IACC) for organizing this joint meeting.

Also before I begin, I would like to congratulate the ICC for being selected as one of the best chambers in the world by the World Chambers Federation of the International Chamber of Commerce. The ICC's outstanding initiatives in improving the environment have certainly garnered them worldwide recognition.

This is second time that I am addressing an Indian business audience since returning to India a few days ago. The first was this morning at a forum where I spoke of HIV/AIDS, an issue of the greatest importance to our two nations, and the role of the corporate sector in workplace interventions.

Now, I would like to address US-India relations more broadly, and in particular the economic dimensions of our growing strategic partnership. I want to use this opportunity to say resolutely that US-India relations are at an all-time high after the visit of Prime Minister Manmohan Singh to the U.S in July. Our two great pluralistic democracies are now positioned for

a partnership that will be crucial in shaping the international landscape of the 21st century.

## Concluding the "Unfinished Voyage"

During your Prime Minister's visit to Washington, he invited the people of America to complete the "unfinished" voyage of Christopher Columbus, who, setting sail to India, discovered America. We in the U.S. have enthusiastically accepted this invitation. President Bush is serious about his vision for a U.S.-India relationship and he clearly welcomes India's ambition to become a world power.

As the President said when he greeted the Prime Minister at the White House on July 18, "The United States and India have built a relationship of great potential as we face this century's challenges. We look forward to building on our strong bilateral relationship to expand our economic ties and to lay the foundation of peace and prosperity for our children and our grandchildren."

The wheels are now in motion for us to expand the U.S.-India strategic partnership in four important areas:

- Putting in place economic policies that will unleash private investment and create new jobs all across India - including here in West Bengal;
- Assuring that India's energy requirements are met through the use of new and renewable technologies, including civil nuclear; and
- Building regional stability through strategic and military cooperation.

As two great democracies, working together to advance the cause of freedom and democracy in the world, our respective private sectors will play a key role in all these areas.

It is my firm belief that India can be a development model for the world by demonstrating the ability of a multi-ethnic democracy to deliver sustained growth and prosperity to its people. Our governments have agreed at the highest levels that, as the world's oldest and largest democracies, we must work together to create a world in which all democracies can flourish and a world in which terrorists find no fertile ground to plant their seed.

The U.S. commitment to develop deep economic and commercial ties with India has never been stronger. U.S. exports to India are up by 50 percent, and India's exports to the U.S. are up by 15 percent for the first quarter of 2005. We have put behind us a number of troublesome commercial disputes and are working cooperatively to boost trade and investment. The recent Open Skies Agreement with India is already increasing air traffic and creating new jobs, and India is finalizing a large order for Boeing aircraft. Our revitalized Economic Dialogue focuses on finance, trade, commerce, energy and the environment.

This renewed commitment on both sides to building the economic relationship has been noticed in the U.S. business community. Our engagement has strengthened business confidence. We are welcoming more U.S. business delegations in India than, including many sponsored by individual U.S. states. To make sure that they come not just with their notebook open, but also their checkbooks, we have helped facilitate a new business grouping called the CEO Forum. For those of you who may not have heard of this, the Forum consists of twenty of the most prominent CEO business leaders in the U.S. and India, ten on each side. They have been asked by President Bush and Prime Minister Singh to identify ways for our two governments to further build business confidence and remove barriers to trade and investment to propel growth, job creation, and delivery of social benefits to our people. I want to point out that this Forum is entirely independent of our two governments and collectively represents trillions of dollars of investment capital.

### Private Enterprises & Free Markets

Private enterprise and free markets are key to long-term progress. If we get our policies right, investment will flow and our economies will flourish. Effective public-private cooperation will address economic growth and development challenges far more effectively than micromanagement by governments. Governments are not the creators of wealth, the makers of markets, the wellspring of human energy and ingenuity. These are the productive forces of individuals, which governments must make special efforts to promote. Business activity and people-to-people engagement will be critical to the transformation of U.S.-India relations. In fact, at this very moment the Indian Chamber is leading a delegation of senior legal professionals from Calcutta to the US, invited by the U.S. Council of State Governments and under the sponsorship of our Department of State.

Nevertheless, governments play an important role in setting the ground rules for much business activity. Prime Minister Singh and your leadership in West Bengal have put economic reform at the top of their agenda. They have displayed a remarkable sensitivity to the changing times and aspirations. The leadership in West Bengal especially has been able to

introduce a new dynamism in the business and economic environment that has been drawing great attention from the business community in the US.

As I am sure this audience is well aware, there are already several U.S. companies present in West Bengal. In addition to the West Bengal government's welcome of foreign investment, we have seen its recent efforts to promote growth, and its willingness to adapt labor laws to the special circumstances of the IT industry, and to close loss-making public enterprises.

I recognize that these reforms must be politically viable to survive; yet there are a number of mutually beneficial strategic reforms that could contribute significantly to India's progress and encourage American business to invest in India's future.

The most prominent challenge is world-class infrastructure, which India must provide as a platform for sustained higher growth and rural development, especially in agriculture. Bringing together federal and state authorities and public and private players is essential.

### Opportunities in Food Processing





Opening up sectors of the economy where private investment is now restricted, such as retailing, real estate, food processing, small-scale industry, and telecommunications will improve rural connectivity and help generate the growth and revenue streams necessary to provide positive returns to infrastructure investment. We need to find ways to extend the success of information technology and innovative technologies to the broader economy.

With proper roads, water delivery systems, and cold storage chains, the recently liberalized food-processing industry, as well as other forms of agribusiness, could become important sources of consumer benefit and rural employment. This is one area we wish to pursue under the newly inaugurated U.S.-India Agribusiness Initiative aimed at building partnerships among U.S. and Indian agricultural institutions. My impression is that agricultural processing, storage, refrigeration, and marketing have received too little private investment in large part because of government disincentives and inefficient infrastructure and marketing networks that reduces returns to such investment.

These areas have the potential to generate a virtuous economic circle, where rising productivity and certainty raise farm incomes and give rise to demand for manufactured products and services -- thereby benefitting all segments of the society. The experience of India and its Asian neighbors shows that continuing rural poverty stems not from too much economic reform but from too little.

Prime Minister Singh has identified energy security as a priority that must be addressed if India is to achieve its ambitious growth agenda over the coming decades. Adequate and reliable supplies of energy at reasonable cost are essential to fuel India's rapidly growing economy. With this in mind, our two nations launched the U.S.-India Energy Dialogue last May. The Energy Dialogue's goal is to increase energy security for both our countries by diversifying how we get our energy by expanding cooperation in areas such as clean coal, civil nuclear energy, and new technologies that open opportunities in renewable energy. This is an ambitious agenda to which the President has given his personal support.

The membership of the U.S. and India in The Asia-Pacific Partnership on Clean Development, Energy Security and Climate Change manifests our desire for a balanced and sustainable energy economy that helps preserve a clean environment. This new results-oriented partnership will allow our nations to develop and accelerate deployment of cleaner, more efficient energy technologies to meet national pollution reduction, energy security, and climate change concerns in ways that reduce poverty and promote economic development. Building upon the broad range of existing cooperation, it is hoped that this effort will help mobilize secure, clean reliable and affordable sources of energy.

Two other areas that will require concerted action if India is to attract the huge investment it requires are the creation of true national markets and full protection of intellectual property rights. India's ability to implement a national VAT and remove fiscal and regulatory barriers to interstate trade -- a sort of free trade agreement among the states -- will create true national markets or a size and scale necessary to clinch business commitments. Continued progress in intellectual property rights, or IPR, is also necessary for India to attract more U.S. investment in biotechnology, pharmaceuticals, and clinical research. We share a major interest in science and technology, and India is proving to be a world-class player in these fields. As IPR protection improves, US companies will become major investors, contributing capital, top quality science and technology, global management expertise, and new jobs.

It is increasingly understood that India has much to gain from bold initiatives that liberalize its economy and, in turn, generate broader political support through greater economic prosperity. Such reforms improve living standards in ways the average citizen can feel and understand. Political credit will accrue to those in government with the vision to effect such change. Impressive results in the IT and telecom sectors already demonstrate the dynamic of less regulation, free foreign direct investment, freer trade in services, and consumer benefit. Broadening our investment in both directions is firmly in the interests of both our countries.

The United States and India are also strengthening an increasingly dynamic strategic relationship. Cooperation on political issues - from promotion of democracy abroad to global peacekeeping operations, to combating terrorism and WMD threats - are at the core of the bilateral relationship. Defense cooperation has reached new levels and military cooperation in the tsunami disaster was unprecedented. Defense Minister Pranab Mukherjee and Secretary of Defense Donald Rumsfeld signed a New Defense Framework for the US-India Defense Relationship on June 28th. This agreement will guide our defense relations for the next decade in a wide variety of areas, including the enlargement of defense trade, improved cooperation between our armed forces, co-production of military hardware, and greater technology transfer. The successful cooperation of our two militaries during the response to the tsunami disaster last December was a remarkable testament to how far we have come, and the great potential we have for the future.

And may I also add - in a personal sense - that these developments in no way compromise India's sovereignty or independence, as sometimes one reads in the media. These are agreements between two equal, important partners, who look to the future and understand what some of their shared values and objectives must be. ■

# When **GOOD** Will Is Also **Business**

In the recent past, the world has experienced more disasters than it could cope with. In December 2004, an unprecedented Tsunami had devastated the coastal regions of seven Asian countries, killing nearly 300,000 people and rendering millions destitute. On July 26 this year, the century's heaviest rainfall to lash Mumbai in a single day had caused heavy flooding of the city in which more than 1000 people had died. Memories of Hurricane Katrina ripping through New Orleans towards the end of August, leaving thousands of people dead, are still fresh in mind. During and in the aftermath of every disaster, the responsibility of providing relief to the victims and rehabilitating them is left largely to concerned government and other international agencies. However, of late, corporate sector companies have begun to get more and more involved in relief work, realizing that the goodwill thus earned is also good business for them in future. We present an article from the New York Times about how large corporate companies have gone about helping the people in the US after Hurricane Katrina devastated parts of that country. Corporate good will in the aftermath of Hurricane Katrina has been anything but run-of-the-mill. Amgen, the biotechnology company, is donating \$2.5 million to relief efforts, focusing on dialysis and cancer patients. On top of millions of dollars in cash and equipment, General Electric donated a mobile power plant to restore capacity to a fuel transfer station in Louisiana. Emigrant Savings Bank deposited \$1,000 into the account of each customer in the areas hardest hit. Employees of Papa John's spent the last week in Biloxi, Miss., in a pizza trailer handing out thousands of six-inch pies.



Employees at many companies are also collectively matching, sometimes surpassing, direct corporate contributions. Even many companies that are geographically removed from the disaster are responding with remarkable largess. Amid all this, it seems that cash donations, especially anything less than \$1 million from the largest companies, are considered tight-fisted.

As companies reach into their coffers in a time-honored gesture of corporate good will, they have grown increasingly creative, even strategic, about the way they approach their philanthropy. Many are tapping their particular realms of expertise, and in contrast to the government's initial response, they have applied hallmark speed and efficiency to the process of sending in goods and services.

Corporations are rising to the challenge out of a spirit of charity but also to burnish their image. The money spent not only redounds in good will but also serves to publicize a company's products or business.

"It seems like companies are being more responsive in these crises and perhaps using this as an opportunity for better branding and positioning relative to their day-to-day philanthropy," said Patrick Rooney, director of research at the Center on Philanthropy at Indiana University.

The sheer volume of donations has been overwhelming. In the last two weeks, Georgia Pacific sent 65 truckloads of consumer goods - toilet paper, paper towels, paper plates, cutlery - to relief organizations, more than three times the amount it sent all last year during hurricane season. In addition to its \$17 million in cash donations to relief agencies, Wal-Mart has shipped more than 100 truckloads of goods - diapers, wipes, toothbrushes, even beds - to the Gulf Coast.

If the pace of corporate donations continues - at \$312 million and counting, according to The Chronicle of Philanthropy in Washington - it is likely that the dollars given by businesses will surpass those given after disasters like the Sept. 11 attacks and the Asian tsunami.

"The response has been really quite stunning," said Peter Hero, president of the Community Foundation Silicon Valley in San Jose, Calif. "Even though many of those companies don't have plants or business operations in the South."

Even where the quantity remains the same as in previous disasters, the quality of the help seems to be changing, as companies tailor their giving in a way that strives for a particular public image.

"This is an interesting time, because it's the third wave, after 9/11 and the tsunami," said Brad Googins, director of the Center for Corporate Citizenship at Boston College. "And now companies can say, 'Let's step back and become more strategic and ask, What could we do that we could begin to leverage differently from what others can do?'"

Leading the pack is Wal-Mart. After an initial response that was widely considered miserly, the retail giant has donated the use of 18 vacant buildings to various relief agencies; others are being evaluated for possible use. This is in addition to the cash and the donated goods - the company valued the goods at \$3 million.

In Silicon Valley, Mr. Hero said, the great outpouring may derive from a recognition that, perched on seismic uncertainty, it, too, is a region vulnerable to disaster.

Intel, based in Santa Clara, Calif., whose gift of \$1 million has been matched by more than \$2 million from employees and the company's foundation, continues to pay the 200 employees who are volunteering at home or around the affected areas. And Intel's chief executive, Paul S. Otellini, has used his blog to discuss

company relief efforts.

"People weren't really realizing the magnitude of the trauma at first," said Shelly Esque, director of corporate public affairs at Intel. "But once CNN put it into the living room, I saw tremendous action. Our employees were e-mailing and phoning, saying, 'What are we going to do as a company?'"

With two disasters behind them, some companies are applying lessons they have learned to their hurricane-related philanthropy. G.E. is a case in point. During the tsunami, the company put together a team of 50 project engineers - experts in portable water purification, energy, health care and medical equipment.

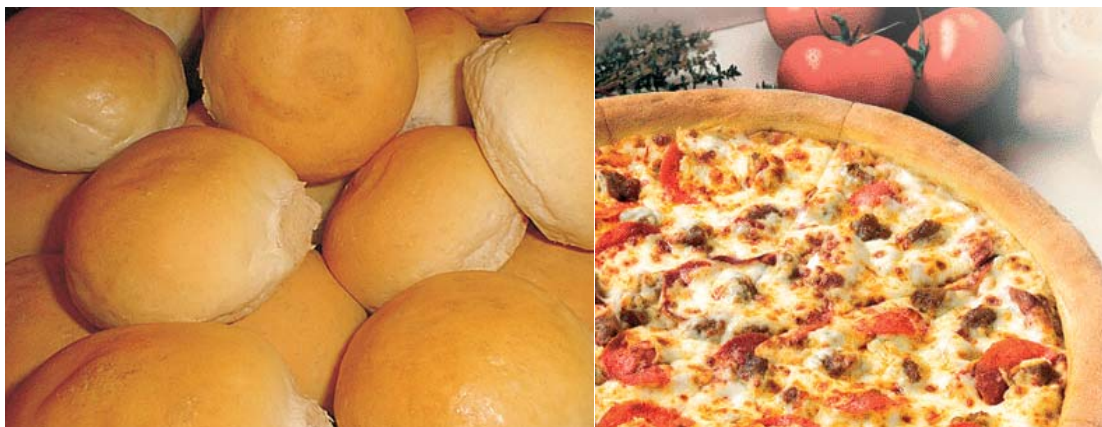
After Hurricane Katrina, G.E. executives took their cues from Jeffrey R. Immelt, G.E.'s chief executive, and reactivated the same tsunami team for New Orleans. "Jeff told us, 'Don't let anything stand in the way of getting aid where it's needed,'" said Robert Corcoran, vice president for corporate citizenship.

When one engineer reported that the pumping station that feeds oil to 40 percent of the refineries in the nation had no power, G.E. sent a generator that had been sitting idle in Pensacola, Fla., to Louisiana.

"I think there is even more learning going on in the corporate world and we're trying to bring our expertise to bear to help in a crisis," said Jean Lim, president of the Amgen Foundation, which is working with the National Kidney Foundation to give patients access to dialysis services. "We could make a very generalized gift, but if we happen to know who's on the ground to get to patients, why wouldn't we partner with them?"

Although few executives will publicly criticize the Federal Emergency Management Agency or other government





agencies for slow responses, many are trying to add corporate efficiency to government efforts.

Transportation companies like United Parcel Service and Yellow Roadway have assigned logistics specialists to serve as liaisons for FEMA and to the governors of Louisiana and Mississippi to help direct people and supplies. G.E. was so quick to set up temporary housing for the engineers it sent to help that the New Orleans Water and Sewer Board has asked the company to help it set up temporary housing for its own people.

As with G.E., at many companies the impetus to help is coming from the top.

"Our senior management said, 'This is a disaster of historical magnitude, do what you have to do,' " said Robert Mallett, senior vice president for corporate affairs at Pfizer.

Pfizer has not only sent a steady stream of drugs into the affected areas, but has also collaborated with retailers, government agencies and hospitals to set up systems for storing and distributing drugs to evacuees. The company has invited academic researchers whose labs were ruined to carry on their experiments in Pfizer labs.

As Howard P. Milstein, the chief executive of Emigrant Savings, saw it, there was no question but that an outsize gesture was called for. So last week, dismissing the concerns of his advisers, Mr. Milstein ordered that \$1,000 be deposited into the accounts of customers living in areas hit hardest by the hurricane. Mr. Milstein said he had thought there were only a few hundred customers in the area, but when he found out there were closer to a thousand, he stood by his decision.

The bank's total donation - \$1 million - cut straight into the company's bottom line. "This would have been profit that we get to keep," Mr. Milstein said.

But the outpouring of gratitude from Emigrant's customers, to say nothing of the public relations coup, went a long way

toward compensating for the expense.

Philanthropy specialists expressed concern over how long the generosity would continue. "It's a big problem for the victims and the families," said Mr. Rooney of Indiana University. "Will the donors and funders

still be there when the disaster relief phase ends and it's time to rebuild the community and culture of the region?"

A few companies are adopting a long-term strategy.

On top of a \$2 million contribution to the Centers for Disease Control and Prevention Foundation, Kaiser Permanente has pledged \$1 million for long-term recovery, though it has not yet decided specifically where the money will go.

And in addition to a \$350,000 cash contribution, and clothing valued at \$1.5 million wholesale, Levi Strauss & Company is setting \$150,000 aside for future use in the stricken areas.

The company did the same thing after the tsunami. "We just monitored and looked to see what was happening," said Theresa Fay-Bustillos, executive director of the Levi Strauss Foundation. "We looked at some of the structural inequities in place before the tsunami and how that played out in the relief and in the reconstruction, and we identified gaps that needed to be addressed."

The company recently used the money it had set aside to make grants to organizations focused on women's issues.

"We're going to monitor what's happening in very poor regions and we'll be looking for the gaps and the holes," Ms. Fay-Bustillos said. "But I can guarantee you that if I try to predict what those might be today, we'll be looking in the wrong places."

Mr. Googins applauded such an approach. "It's not just, 'Here's stop-gap financing because we want to help,' " he said. "The question is how can companies contribute toward creating a more sustainable New Orleans, and address some fundamental issues around infrastructure and education."

*The authors of the above article are Katie Hafner and Claudia H Deutsch*

## Problems & Prospects

# Will US-India FTA work?

The visit of the Indian Prime Minister, Dr. Manmohan Singh to the United States is looked upon as an important opportunity to test the vitality of the US-Indian relationship. It has already been marked as a significant event imperative to trade for both the countries. If the global applaud for its domestic industries and economy was anything to go by, now the open acknowledgment of the US for India as an emerging global power, has made the latter the most spotted country on the atlas today. It was in March 2005 when senior administration officials asserted that the United States had reached the decision "to help India become a major world power in the twenty-first century." The grand transformation in bilateral ties that has eluded both countries during the last fifty-odd years has never looked so pink before.

US Secretary of State Condoleezza Rice' made it crystal clear when she said, "we're fully willing and ready to assist in the growth of India's global power... which we see as largely positive," the Bush administration is engaged in systemically dealing with India and Pakistan in a strategic way. In other words, US relations with each state would be governed by an objective assessment of the intrinsic value of each country to US interests rather than by fears about the effect on relations with the other.

As Ms. Rice put it, "a reliable partner for India as it makes its move as a global power" will ultimately advance America's own global interests in defeating terrorism, arresting nuclear proliferation, promoting democracy, and preserving a stable

balance of power in Asia over the long term. This is something that India will have to judge and carefully analyze, as it has simply too much at stake.

The US is now ready (or so it seems to be) to discuss a range of difficult and highly contentious issues, and high level dialogues on security, energy, and the economy. In the past it had hesitated to bring them to the negotiating table.



The US is engaged in deepening relations with Japan, India, and key allies in Southeast Asia. This may discourage Beijing from abusing its growing regional power. Even as Washington attempts to preserve good relations with Beijing and encourages these

rimland states to do the same - Washington understands that cultivating ties with these nations may be the best way to prevent China from dominating Asia in the long-term, considering the violent history of regional powers.

In a world where trade talks result in more bullying and arm-twisting tactics from the richer, more powerful countries and regions, the third world countries are exposed to the danger of risking their surging but not-so-stable economies to the lure of promising incentives such as larger FDIs and strong political ties. And then there is a omnipresent concern of the World Trade Organisation (WTO) regarding the growing momentum of the emerging economies like India towards pursuing more regional trade agreements (RTAs) and free trade agreements (FTAs). The WTO undoubtedly favors multilateralism. Statistics prove this. The WTO Director

General Supachai Panitchpakdi maintains that FTAs and RTAs have brought tariffs down by 10 percent whereas the multi lateral process of trading has reduced tariffs by around 25 percent. Originally, both India and the US supported multilateralism to the boot. The US strayed towards bilateral agreements in 1980s, joining hands with Canada and Israel, but it was the North American Free Trade Agreement (NAFTA) in 1993 that put the final seal of this pattern under the Clinton



administration.

Comparatively the Indian romance with FTAs is more recent, with agreements signed with Sri Lanka and Thailand, and now with the US too. Many would like to believe that the new sun of “never before” friendship and mutual ties of India and the US is rising, and that a FTA is only a natural way to take the economic and diplomatic relations of both the countries to new heights. India is America's new nuclear buddy. Picture perfect. Let's take a closer look of the picture.

Reciprocation is the basic of any trade. Bilateral or multilateral, if commitments are honored and promises, not just made but performed too, would make the deal shine for both the countries.



## Reality Check on FTAs

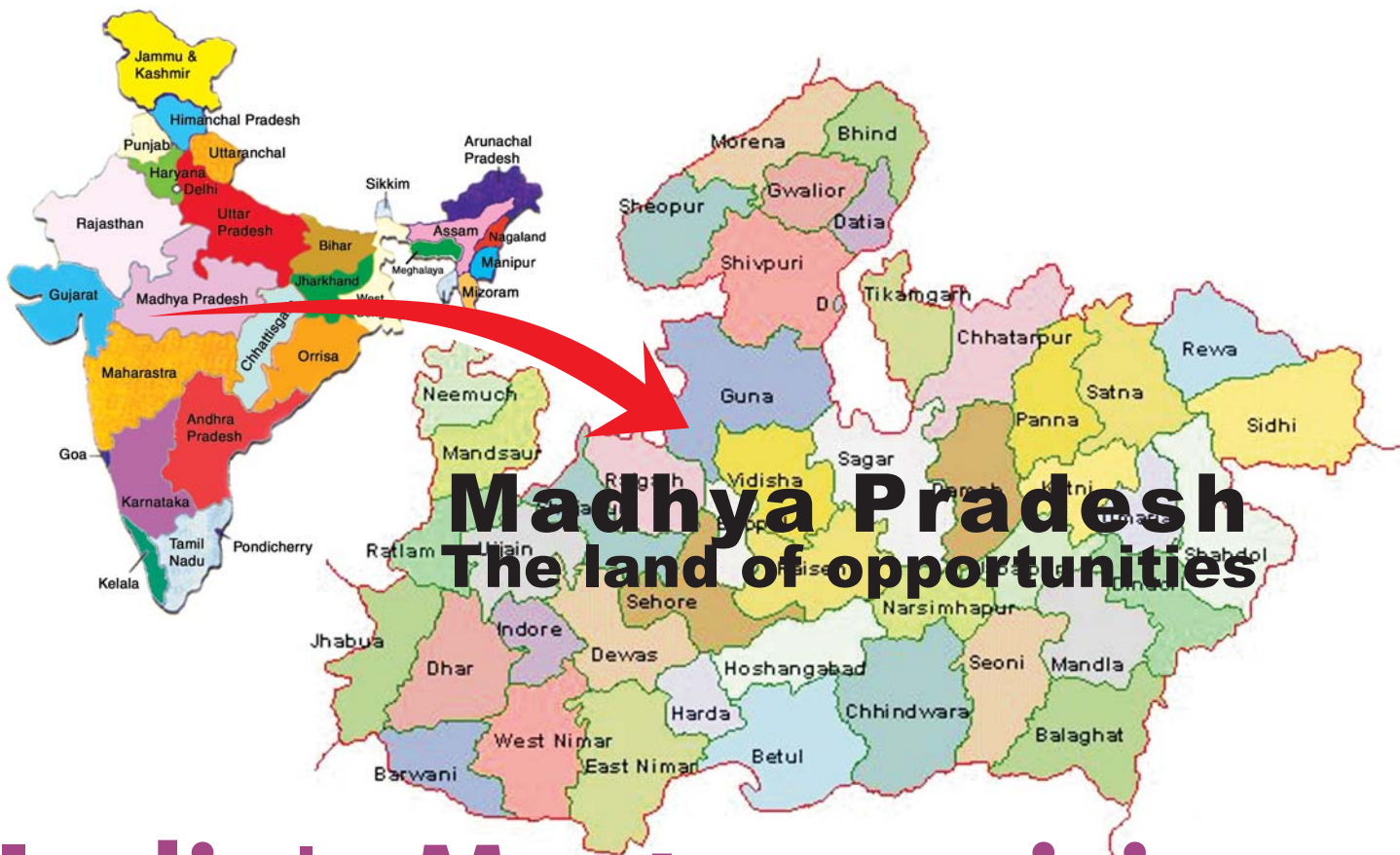
Rumors for a possible FTA with the US had already started making rounds in the autumn of the last year, when lobbies like the National Association of Software Companies (NASSCOM) were pushing for an FTA in the services sector in the positive belief that it could be the answer for their growing BPO concerns. There were the sunshine thinkers, too, who went on to say, that they would like to believe that the Indian companies should render services in the US without any hindrances and it would be easier for Indians desirous of working in the US without any concerns for H1B visas. Unfortunately, there's more to it. There is complex politics involved, with diplomacy taking the first preference and economics, a backseat. It is politics that initiates economics and not the other way round. There are legal loopholes too, that are pertinent to trade agreements. India could learn lessons from the US FTAs with other countries, the projection of the FTA, impacts on the political, legal and economic fronts. A reality check is the need of the hour.

According to an article in Asia Times, the US is India's biggest trading partner and its largest investor. Foreign Direct Investment (FDI) totaled over US\$4 billion in 2004, more than double the figure in 1998. Trade in merchandise stood at \$21.7 billion last year. But these figures are still puny compared to the trade and investment figures between China and the US. China's economic engagement with the US is 10 times that of India. The Congress in India is coming to terms with the fact that there is vast potential for increased trade and investment relations with the US. Outsourcing from the US remains a money-spinner for India, even without much government intervention. A McKinsey report on the information technology enabled sector (ITES) has revised the previous figure of India's outsourcing industry from \$17 billion to \$21-24 billion by 2008. US companies want the Indian government to allow freer investments in areas such as banking and insurance, and open up the retail sector. India's

retail market is valued at over \$180 billion, and several foreign players are urging the country to open the sector. Agriculture was another focus area. A second “Green Revolution” is around the corner.

With such lucrative figures, and a promising position beside the US as the UK enjoys, the law of land could be easily tuned to the “need of the hour”. While the FTA is expected to benefit the country's software and BPO segment, India may have to give in to pending US demand of opening up its retail, legal, accounting, and banking services sectors. The transition from ad valorem tariff to specific tariffs is desired by India. Then the legal issues vis-à-vis the free trade like Customs Tariff and Duty drawback rates and formulations, anti dumping duties will have to be analyzed and regulated. A good example is the North American Free Trade Agreement agreed to by the U.S.A., Canada, and Mexico. NAFTA eliminates certain tariffs, promotes market access, and facilitates customs administration. India will also have to develop laws and regulations that go hand in hand with the economic and political issues. The US is in a stronger and a much more stable position. It will look forward to enhance its own trade and business, and hopefully will honor the FDI commitments to India. India, on the other hand needs strategic planning and a comprehensive legal and institutional framework that would stimulate a conducive environment for her internal business system, and further boost the economy.

The implications of clinching bilateral pacts with the West must be analyzed. The bilateral domain cannot be entered and a positive outcome of agreements is not possible without assessing the pros and cons of the nature of laws and economics in the country. The law-makers will have to carefully analyze the strategies, formulate policies and regulations that would work out in favor to the trade commitments of both the countries, keeping in mind the strengths and the weaknesses of the Indian economy and the US interests. This will not be an easy job to do. ■



## Madhya Pradesh The land of opportunities

# India's Most promising Investment Destination

Madhya Pradesh is one of the largest states in the country with tremendous investment opportunities and potential. The state government is committed to boost economic development and industrialization. Madhya Pradesh is endowed with abundant natural resources. Based on the available resources the following areas are ideally suited for new investments:

### MINERAL BASED INDUSTRY

(Source: Indian Bureau of Mines & Mineral)

Madhya Pradesh is endowed with rich mineral resources. As per Indian Bureau of Mines & Minerals, details of important minerals found in Madhya Pradesh is given in the table.

Based on the above, there is a good

S. No.	Mineral	Unit	India	Reserve of M.P.	Percentage of Country's Reserves
1	Diamond	Thousand Carats	1334.35	1334.35	100
2	Pyrophyllite /Diaspore	Million Tonnes	22.59	13.35	59.09
3	Copper ore	Million Tonnes	712.52	294.70	41.36
4	Dolomite	Million Tonnes	7348.63	1867.53	25.41
5	Rock Phosphate	Million Tonnes	122.45	1.93	1.57
6	Manganese Ore	Million Tonnes	406.19	44.30	10.90
7	Coal	Million Tonnes	240748.00	18205.00	7.56
8	Limestone	Million Tonnes	169941.17	6267.01	4.79
9	Coal bed Methane*	Bcm	1434	144.00	10



potential for setting up of major Cement Plants in Katni & Satna area. Cutting & Polishing units based on Italian Gray Katni Marble can be setup. There is also a scope for granite cutting polishing units near Chhattarpur. Copper, Manganese and Coal excavation. Refectories, Ceramic Industries, Asbestos cement Sheet, Coal Washery (near Chhindwara) etc.

### AGRI FOOD PROCESSING

The agriculture sector forms the backbone of the economy as much as 49% of land area is cultivable. In terms of cropping pattern, 65% of the cropped area is under food crops,



including food grains and horticulture.

Malwa region of Madhya Pradesh has 26122 hectares of area under contract farming of potatoes. Malwa potatoes have a quality of high dry matter and low sugar, which command premium for processing. The state also has large wheat growing areas having annual production of more than 8.6 million tonnes premium wheat varieties such as Durum and Sharbati which have sizable export potential. Durum wheat is suited for Semolina (Suiji) (Khus-Khus in North Africa and Pasta).

Major seeds species are being traditionally grown in M.P. state and farmers are familiar with basic agronomic practices, Organic Farming is also being encouraged and adopted. Fenugreek seed (27785 MT per annum), Coriander (61350 MT per annum) and Garlic are the major crops under this category. Spice processing also have good export market.

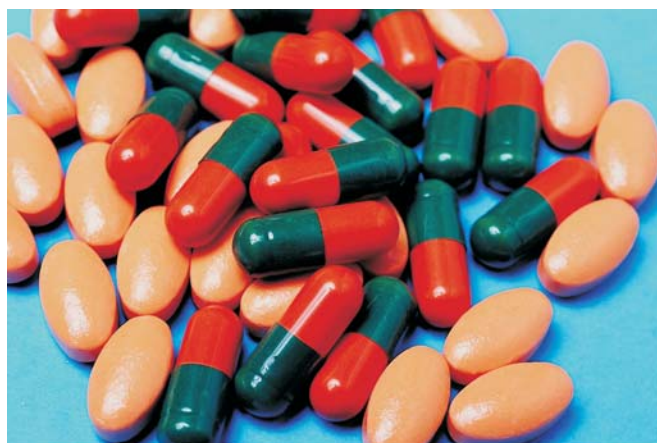
M.P. is the larger producer of oil seeds among the Indian states. More than 75% of the Soyabean production is grown in Madhya Pradesh. Edible oil industry therefore has good scope in M.P. state. Large soya feed mills can also be setup at SEZ Indore to capture the export market by reducing input costs.

Agricultural, Veterinary/Dairy, Bio-Technology/Life-Sciences, R & D Centres can also be setup for augmenting farm productivity.

### PHARMACEUTICAL/HERBAL/ BIO-TECHNOLOGY

Madhya Pradesh is endowed with a rich and varied expanse of Natural Resources. It has 11 Agro-climatic zones out of 16 in the country.

The state government has adopted a five-year strategy for the development of Medicinal & Aromatic Plants. The proposed business models are:



- a) Contract farming initiatives with farmers as well as contract collection areas with forest committees.
- b) Setting up big processing units in the state
- c) Collaborative manufacturing under an agreed "Brand"

Around 20,000 MTs raw herbs are available in the State of Madhya Pradesh and availability of huge raw herbs cultivation/collection is going to be increased in near future. On the basis of above, following industries can be set up in Madhya Pradesh.

#### Herbal extraction units

Production of food & vegetable colours and dyes

Bulk drugs/formulation units

Development of Pharma/Herbal Park at Indore

R & D Laboratories

Large scale production of Honey. India exports only 1000 MT of honey as against 75,000 MT by China

### GEMS & JEWELLERY

A Gems and Jewellery park as part of Crystal IT park will be



ready soon at Indore. 2 lakhs sq.ft. built area is available with all support infrastructure facilities. Due to tremendous export potential of Indian studded Gem& Jewellery, and availability of skilled and cheap manpower, there is a good potential for setting up of Gemstone/Diamond cutting and polishing, Jewellery designing, Jewellery setting centres in M.P.

## TEXTILE/GARMENTS

**Handloom:** Importance of Handloom Industry lies in perpetuating ancient weaving skills. Famous centres such as Chandari/Meheshwar/Sarangpur and Sausar offer good investment opportunities in the sector.

**Powerloom:** Burhanpur/Indore/Ujjain are major centres of Powerlooms in Madhya Pradesh. Powerloom cluster at Burhanpur alone consist of around 40,000 looms. Major part of the Burhanpur textile sector consist of low prized fabric like gauze and lining materials. There is tremendous scope for investment in modernization/ automation/ process house facilities in this sector of textile industry.

## Composite Textile Units:

Western Madhya Pradesh known as Malwa region, with its a long history of textile Industry, large raw cotton base, cheap labour and managerial resources, presents itself as a natural hub for establishment/growth of internationally competitive large scale textile production units combining all production processes: spinning, weaving, chemical finishing, apparel

manufacturing. Malwa region due to its comparative advantages offers a great opportunity to textile units of all types from the ginning of cotton, spinning of multi-fibre yarns, weaving of fabrics of all types, finishing of yarns and fabrics, fabrication of garments as well as common facilities for the treatment of effluent, printing and dyeing. There is also good potential for manufacture of technical textiles.

## TOURISM

Madhya Pradesh is home to the cultural heritage of



Hinduism, Buddhism, Jainism and Islam. Innumerable monuments, exquisite, Temples, Stupas, Forts and Palaces are dotted all over the state. Madhya Pradesh also has wild life parks and world heritage sites such as Sanchi, Bhimbethika, Khajuraho. There is potential for investment in Hotels, Heritage Hotels, Resorts, Spas, Amusement Parks, Charter Flights, Golf Courses and Transport.

## AUTO/ AUTO COMPONENTS

Madhya Pradesh has a large base of automobile and auto component manufacturing units. Big players like Eicher, Bajaj Tempo, Kinetic, Hindustan Motors, Bridgestone, J.K. Tyres, etc. have large manufacturing bases in M.P. The Pithampur area has large concentration of automobile as well as auto component manufacturing units. There is a good potential of HCV/LCV/MCV/PC/2-3 wheeler manufacturing units as well as auto components, tyres, engines, gears etc. Investment is also sought for International Tool Room, Centre for Entrepreneurship Development, Auto Testing Track etc.

## EDUCATION

Madhya Pradesh is a rapidly developing economy. Considering rapid industrialization growth of automobile, textile, pharmaceutical, engineering, Information



Technology as well as other economic factors, there is a need for professional training institutes in Industrial Design, Management, Engineering, Bio-Technology, Life Sciences, Fashion Designing etc.

### INFORMATION TECHNOLOGY

Madhya Pradesh has a large pool of qualified and trained IT manpower. It also offers excellent social infrastructure. An IT park is coming up at Indore. Other such parks are also proposed at Bhopal and Gwalior. There is ample scope for investment in these ventures computer software development, hardware manufacturing and Business Process Outsourcing (BPO) units have good potential in M.P.

### POWER GENERATION

**Thermal:** The power sector in the state has been accorded top priority in view of the supply demand gap of over 2000



MW. Availability of coal and natural gas (GAIL pipe line HBJ network passes through M.P) make this sector attractive for investment in thermal power plants in the state.

**Hydel:** The Narmada is the major perennial river flowing through Madhya Pradesh. Narmada Hydroelectric Development Corporation (NHDC) has recently commissioned a major Hydel Power Project on this river. There is a potential for seven more Hydel Projects (20-40 MW each) on the Narmada river. Water Resources Department has also identified 60 appropriate sites Micro-Hydel Projects (2-5 MW each).

### DOWNSTREAM PETROCHEMICAL PROJECTS

Bharat Omen Refinery Limited is setting up a six million tones per annum (initially) oil refinery at Bina. The state government has recently approved a package of concession for the project. Implementation of petroleum refinery project is in motion now. There is good scope for setting up of

downstream petrochemicals complex based on the Bina Oil Refinery.

### INFRASTRUCTURE PROJECTS

Madhya Pradesh state is encouraging Public-Private



Partnership (PPP) in infrastructure projects. Various road projects are under implementation under BOT with private sector participation. Industrial Infrastructure Projects such as Special Economic Zones, Dewas Industrial Water Supply Scheme, Solid Waste Management Facility, common effluent treatment plant at Pithampur are also being developed under PPP. There is good potential for developing roads, industrial parks, flyovers, air cargo hub, rail lines and other core infrastructure eg:

- Indore International Airport
- Bhopal Airport
- Bandhvgarh Game Sanctuary Airstrip
- Indore Pithampur Rail Line
- Indore Dahod Rail Line
- Solid Waste Management in City

### SPORT INFRASTRUCTURE

Formula 1 racing track

**Sports Academic:** Training & Residential Complex & Facilities eg: Football, Cricket, Golf etc. Ice Hockey Rinks Fitness Center/ Gyms Canoeing/ Kayaking/ Rafting Infrastructure Adventure Sports Infrastructure Water Sports Facilities





# With projects worth \$ 13 billion in pipeline...

## Advantage Madhya Pradesh

### INVESTMENT SCENARIO - HIGHLIGHTS

Madhya Pradesh ranks 5th among all states in the country in terms of 100 percent EOU with an investment of \$ 2.0 billion between 1991 and 2003.

MP ranks 3rd among all states in terms of project under execution. As per Tata Statistical Outline, projects worth \$ 13.0 billion are under execution at present. The project implementation ratio is 71.4 per cent in MP as against the national ratio of 38.1 percent.

This indicates the effectiveness and quality of governance in the state.

The gross out put to investment ratio in MP is the 2nd highest in the country.

After the execution and completion of the current projects the GDP of the state is likely to double by the year 2009-2010.

The major sector-wise project proposals under execution/consideration are:

Project Proposal Industry	\$ Billion
Textile	0.348
Pharmaceutical	0.116
Cement/Minerals	0.348
Petro Chemicals	2.09
Auto/ Auto Components	0.534
Auto cluster/Auto Track/Engineering	
Food Processing	0.222
SEZ	0.186
<b>Infrastructure</b>	
Roads	0.465
Power	6.00
Integrated pench river Project	0.80
<b>Service Sector</b>	0.232
<b>Total</b>	<b>11.34</b>
Say \$ 11.5 Billion	

### Future Investment Scenario:

Because of its natural resources, logistics (centrally located), adequate industrial power, knowledge based cheap manpower, water resources and cheap land, Madhya Pradesh offers a distinct advantage to the prospective investors.

### Natural Resources Advantage

Mines & Minerals: The states mineral deposits ranks 4th

among all states in the country. The State Mining Corporation has entered into joint ventures with private corporations for harnessing mining potential of the state.

**Water:** Adequate surface and ground water exists for industrialization. About 30 percent of Agriculture Land is under irrigation.

**Cheap Land for Industrial use:** Land is available in industrial growth Centres and the Special Export Zone (SEZ) at rates ranging from 30 cents/sqft to \$10/sqft, which is a fraction of the cost as compared to developed states and metros.

### Other Advantages:

**Power:** There are no power cuts on the industrial feeders. The state shall be power surplus state by the year 2008-2009.

The present total available capacity is 6195 MW some of the facts are as under:

Installed capacity thermal	2147 MW
Installed Hydel Capacity	843 MW
Joint venture Hydel Capacity (Narmada Hydel Plants)	1370 MW
Central share of power	1836 MW
<b>Total</b>	<b>6195 MW</b>

During next five years additional capacity amounting to 5326 MW shall be installed with an approximate expenditure of \$6 billion.

The cess for captive power generation has recently been reduced from 20 paise per unit to 10 paise per unit.

**Labour:** Many of the labour laws under the purview of state

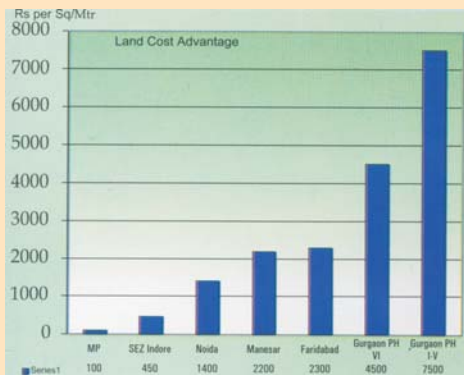
Industrial Harmony No. of Workers Involved in Lockouts		
State	Year 2000-2001	Year 2001-2002
Andhra Pradesh	217888	63644
Assam	0	912
Delhi	730	176
Gujrat	3952	1231
Harayana	1400	0
Himachal Pradesh	190	0
Karnataka	2687	4552
Kerla	6944	2600
Madhya Pradesh	0	0
Maharashtra	3638	1725
Orissa	3687	187
Punjab	1053	3125
Rajasthan	8295	5590
Tamil Nadu	13432	14565
Uttar Pradesh	9096	2397
West Bengal	99594	98028
<b>India</b>	<b>374062</b>	<b>199182</b>

government have been amended as per the New Industrial Promotion Policy - 2004 & have been made industry friendly. Peace and harmony exists in Labour Relations and some of the leading multinationals like Procter & Gamble, VA TECH HYDRO & Bridgestone are not unionized. No lockouts have been reported between the year 2000-2003.



Adequate knowledge based skilled manpower is available.

**Logistics:** Since MP is centrally located it is fast becoming a logistic hub for FMCG companies like P&G and Hindustan Levers resulting in considerable saving on transport. Three



internal container depots (ICD's) have been established namely at Indore (Pithampur), Bhopal (Mandideep) & Gwalior (Malanpur). Nearly 425

trains per day pass through Madhya Pradesh. 1800 Kms of state high way are being upgraded through Build, operate & transfer (BOT). Bhopal has ISRO'S Master Control facility & most of the country's cyber Connectivity linking Metros & cities like Ahamdabad, Banglore & Hyderabad pass through Madhya Pradesh. Bhopal and Indore are well connected with Delhi and Mumbai by Air.

## Advantage of Industrial Promotion Policy 2004:

- Special Package for Mega Projects basis by Apex Level Investment Promotion Empowered committee headed by Chief Minister.
- Industrial Investment Promotion Assistance-50% to 75% of commercial tax for 3 to 10 years.
- Concessional Registration Charges & Stamp Duty Exemption for Term Loans documentation.
- Interest Subsidy on Term Loan 3 to 5 percent for 5 to 7 years.
- For Thrust Sector Industries 25 per cent Capital Subsidy. Maximum Rs. 25 Lakh
- Land on 75 percent concessive rate for Mega projects. Max 20 acres.
- Entry Tax exemption for 5 years.
- 5 Years Electricity Duty Exemption on Captive Power generation.
- 15 percent Capital subsidy to SSI up to Rs 15 Lakh in backward areas.
- Special Packages for textile, food processing, medicinal & herbal and automobile component industries.
- Infrastructure grant up to Rs. 1.0 crore for developing private sector industrial parks.
- Partial reimbursement of project report, ISO certification, Patent and Technology Purchase Cost
- Life Style Advantage: Leading a metro life style at 50-60 percent of the metro cost and hassle-free traffic reducing

daily travel time to only about 30-40 minutes.

## Specialised Infrastructure at select location

- Industrial Infrastructure Development Fund
- Specialized infrastructure
- Industrial Clusters
- Auto Track
- Crystal IT Park - Indore
- Apparel Parks - SEZ, Indore, Jabalpur
- Food Parks & Agri Export Zones
- Stone Park - Katni

## Agro

Incredible Biodiversity - As much as 75 percent of country's SOYABEAN production (4.7mt)...40 percent of GRAMS grown in MP.

Spices: GARLIC, CORIANDER, CHILLI. Commercial grade POTATO & WHEAT. Rare MEDICINAL plants.

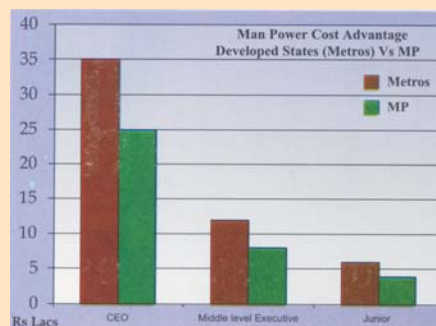
## Social forestry

Madhya Pradesh has an ambitious plan of utilizing at-least 1 million hectares of wasteland for plantation of paper pulp & energy trees with clonal varieties in next 5-7 years.

This will open an opportunity for producing \$1.5 billion to \$2 billion worth of commercial paper in the state.

## Knowledge Pool

18,000 technical 230,000 graduates entering workforce annually



India's 6th Indian Institute of Management (IIM) at Indore

Indian Institute of Information Technology (IIIT) at Gwalior

National Institute of Technology at Bhopal

## Tourism

Development, Conservation, Restoration, Infrastructure Development of Buddhist Sites & Buddhist Circuit in Madhya Pradesh: • Sanchi • Sathdhara • Sonari • Murulkhurd • Andher

Construction of Helipads/ Airports for connecting Buddhist Tourists Sites to other important tourism locations such as Khajuraho, Mandu, Pachmari, National Parks such as Kanha, Bandhavgarh and Pench.



## Five-year Action Plan for double-digit GDP growth

# A Policy For Prosperity

The Madhya Pradesh government has revamped the Industry Promotion Policy, with a view to achieving a double-digit economic growth and for making the state prosperous. The five-year policy became effective from April 1, 2004.

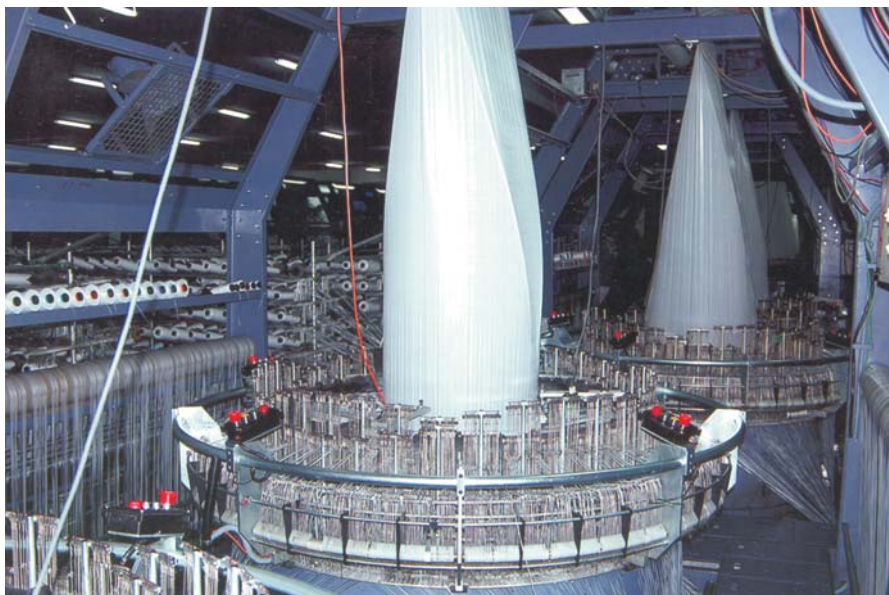
### The principle objectives of the new policy are:

- Creation of industry-friendly administration,
- Maximization of employment opportunities,
- Removal of industrial sickness,
- Rationalization of commercial taxes
- Encouragement to participation of private sector in the efforts of industrialization.

### The strategy envisaged under the new policy focuses on:

- Establishment of Madhya Pradesh Trade and Investment Facilitation Corporation.
- Enacting an Industrial Facilitation Act and to change rules of business with a view to making single window system effective, strong and result oriented.
- Developing infrastructure for identified clusters.
- Reviving closed down sick industrial units by granting special packages.

### Action Plan



Under the action plan prepared for implementation of the Industry Promotion Policy following institutional arrangements would be made.

1. Constitution of Industry Advisory Council : - Under the Chief Minister an Industry Advisory Council would be constituted for giving suggestions and advice for expeditious industrialization of the state. The Minister for Commerce and Industry would be the vice-chairperson of the Council, which would include Ministers for Energy, Finance, Commercial Taxes and Housing and Environment. Representatives of leading industrial houses of the state and Chief Secretary would also be its members. Renowned economists, industrialists and other experts of the country would be special invitees in the advisory council. The Principal Secretary, Commerce and Industry, would be the member-secretary and Principal Secretary to Chief Minister would be a member of the Council.

2. Creation of Madhya Pradesh Trade and Investment Facilitation Corporation: - In order to properly implement an effective single window system and to encourage investments, the Madhya Pradesh Trade and Investment Facilitation Corporation would be constituted. This corporation would be carved out from Madhya Pradesh Export Corporation. The Corporation would function independently as a Secretariat for implementation of the single window system.

3. Formation of empowered committees for single window clearances :- By bringing about amendments in the rules of business and through enactment of Industrial Facilitation Act, empowered committees would be created for granting single window clearances to industrial and other investment projects. These committees would also be empowered to encourage time-bound investments in their respective areas of jurisdiction by taking appropriate decisions.

### The empowered committees would be at three levels :

District level investment promotion



empowered committee- This committee under the District Collector would grant clearances for projects of up to Rs. 3 crores.

State level investment promotion empowered committee- This committee would be formed under the Minister for Commerce and Industry and would grant clearances and give directions for investment projects involving investments in the range of Rs 3 crores to Rs 25 crores.

### Industrial Infrastructure Development Fund

Apex investment promotion empowered committee- This Committee would be headed by the Chief Minister and would grant clearances to investment projects of over Rs 25 crores. The committee would also lay down strategy for attracting investments and give other appropriate directions.

4. For addressing the problem of financial constraints in the development of industrial infrastructure, an Industrial Infrastructure Development Fund would be created, for which Rs 10 crores would be provided every year for the next five years. This amount would be used as revolving money for infrastructure development.

### Taxation Reforms

5. The double system of taxation would be abolished in the industrial areas and the industrial development centers. Public participation and autonomous committees would be responsible for maintenance and upkeep of industrial areas and industrial development centers. Relevant amendments would be made in Madhya Pradesh Municipal Act 1961, Madhya Pradesh Municipal Act 1956 and Panchayat Act 1993 for transferring powers and responsibilities pertaining to property tax, duty on transfer of properties, sewage, building control public services etc. to these committees.

### Ancillary Industries

6. For competitive advantages, industries and ancillaries would be developed in clusters keeping in view the availability of raw materials, skilled labour and market potential. Following hubs of the clusters have been identified:-

**Indore:** Pharmaceutical, textile, food processing, information technology, auto-components

**Bhopal:** Engineering, Fabrication, Biotechnology, Herbal Products, Information Technology, Food Processing.

**Jabalpur:** Garment, Mineral, Forest and Herbal based industries, Food Processing.

**Gwalior:** Electronics, Information Technology, Fast Moving Consumer Goods and Commodities, Light Engineering, Food Processing

**Rewa:** Refractories, Lime Stone and Forest based industries.

7. The State Government would give priority for completion of initial development works at following industrial parks

**Indore-Pithampur:** Apparel Park, Gem and Jewelry Park, Software Technology Park and Herbal Park

**Bhopal:** Life Sciences Institute

**Jabalpur-Katni:** Apparel Park and Stone Park

**Rewa-Satna:** Herbal Park

**Tikamgarh-Sagar-Chhatarpur:** Granite Park

### Revival of Sick Units

8. Special packages would be prepared for sick industrial units. Packages for revival through acquisition and purchase of sick units would also be available. Revival scheme for sick small industry would also be offered.

### Employment Scheme

9. Pradhan Mantri Rojgar Yojana and other employment oriented schemes are being implemented for educated unemployed youth of lower income families. For the families with annual income of up to Rs 1.50 lakhs, Deendayal Rojgar Yojana would be launched for providing assistance to unemployed youths for starting self-employment ventures. This scheme would be implemented in the place of existing scheme of providing unemployment allowance to the unemployed person. The State Government has already created Madhya Pradesh Employment Board for supervision of all employment and self-employment oriented schemes and suggesting policy interventions for increasing employment.

**The new policy would provide following concessions and grants to industries commencing production after April 1, 2004:-**

#### 1. Industrial Investment Promotion Subsidy :-

For industries with permanent capital investment in the range of Rs one crore to Rs 10 crores, 50 percent amount of the commercial tax and central sales tax deposited by the unit (excluding commercial tax on the purchase of raw material)





would be given as industry investment promotion subsidy. This subsidy would be adjusted in the tax payable for the next year. Provision for this purpose would be made in the departmental budget. This would be available for three years in advanced districts and for five years in backward districts. The subsidy amount will not be more than the permanent capital investment.

For units making permanent capital investment of over Rs 10 crores, 75 percent amount of the deposited commercial tax and central sales tax would be given as industry investment promotion subsidy (excluding the commercial tax on purchase of raw material). This amount would be adjusted in the tax payable for the next year. Separate provision in the departmental budget would be made for this purpose.



Category of District Permanent Capital Investment Duration of subsidy

1. Advanced District Rs 25 Crore 3 Years
2. Backward District A Rs 20 Crore 5 Years
3. Backward District B Rs 15 Crore 7 Years
4. Backward District C Rs 10 Crore 10 Years

Subsidy amount will not be more than permanent capital investment

For Information Technology industries the above subsidy would be available only in IT Parks.

2. Exemption in Stamp Duty and Registration Charges :-

a) Industries that obtain loan for new units, expansion, diversification or modernization would eligible for exemptions in stamp duty and registration charges in the legal documents.

3. Interest Grant: - In the backward districts of A category industrial unit would be entitled to interest grant of 3 per cent subject to a ceiling of Rs 10 lakh, in backward districts of B category the interest grant would be at the rate of 4 percent with an upper limit of Rs 15 lakh and in backward districts of C category 5 percent grant with upper limit of Rs 20 lakh would be provided as interest grant for 5 to 7 years.

4. Grant on Investment: - Investment grant at following rate would be given to small scale industries

District Category	Percentage of Grant	Maximum Amount
Backward A	15	Rs 5.0 lakh
Backward B	15	Rs 10.0 lakh
Backward C	15	Rs 15.0 lakh

5. Special provisions for entrepreneurs belonging to scheduled caste and scheduled tribes and women entrepreneurs

For woman entrepreneurs and those belonging to scheduled caste and scheduled tribes, interest grant would be available without any upper limit or category of districts for five years at 5 percent rate.

Investment grant at the rate of 15 percent of the capital investment with ceiling of Rs 5 lakh would be given in advanced districts.

Upper limit for investment grant in the backward districts of A, B, C category would be Rs 6 lakh, Rs 12 lakh and Rs 17.5 lakh respectively.

6. Concessions to mega projects in allotment of land:- Industrial units involving permanent capital investment of over Rs 25 crore excluding working capital would be treated as mega projects. Five to 20 acres land at concessional rate of 25 per cent of the stipulated premium rate would be made available to such projects.

7. Concessional package for mega projects and projects of special importance: - Mega Projects or projects of special importance with infusion of modern technology and management could be given special financial or other concessions by the apex investment promotion empowered committee headed by the Chief Minister on a case by case basis, keeping in view the requirements of such projects and resources of the state government. Industrial units in food and agro processing, milk products, herbal and forest based products would be treated as Mega Projects for this purpose if permanent capital investment is over Rs 10 crores.

8. With a view to encouraging food-processing industry, reimbursement of up to Rs one lakh or 10 percent of actual expenditure made for obtaining quality certification and research work would be allowed. Food processing industry, which is in the small-scale category, would also be eligible for marketing grant. Efforts for brand building of food processing industry in the small-scale sector would also be encouraged. For this purpose reimbursement for establishing stall in national level / state level, exhibition/ seminars or giving advertisement would be made, on the basis of actual expenditure. In the first year Rs 75,000 in the second Rs 50,000 and in the third year Rs 25,000 could be reimbursed.



# Put Bhopal on Global Map to Attract FDI

- Kamal Nath

Union Minister of Commerce & Industry Kamal Nath has said that Bhopal should be put on the

international map as a major destination of foreign direct investment (FDI) in view of its many plus points and heritage value.

"This is important as investment, industrial development and exports create jobs," he said while speaking at the Madhya Pradesh Investment Meeting, organised recently in Bhopal by the Federation of Indian Chamber of Commerce & Industry (FICCI), which he jointly chaired with MP Chief Minister Babulal Gaur.

"Unfortunately, so far MP has not been able to attract investments matching its potential. During the last five years FDI inflow of Rs. 140 crore has been reported to the RBI office at Bhopal against a total inflow of Rs.75,000 crore in the country, which is less than 0.2 percent of the national pie. It is necessary that the positive features and competitive advantages of the state are shared with investors in general and foreign investors in particular", he said.

## Convention Centre at Bhopal

Kamal Nath said that in order to make Bhopal a hub of investment, a Convention Centre would be set up there on the lake shore and that a project report would be received shortly from the Infrastructure Leasing and Finance Services (ILFS) in this regard. This would have a multiplier effect on the state's economy, he added.

"I am happy to interact with leaders of Indian industry and foreign entrepreneurs on the investment opportunities in my home state Madhya Pradesh, where I belong, and where my heart is," Kamal Nath said.

He also announced that Indore would be developed as an international airport

In order to speed up infrastructure development in the state, Kamal Nath announced that a sum of Rs.14.35 crore had been sanctioned under the ASIDE (Assistance to States Infrastructure Development) Scheme and of this, Rs.7.17 crore had already been released during the current year.

## Crystal IT Park at Indore SEZ

Stating that the Indore Special Economic Zone India's first greenfield SEZ -- would receive all support from his side, Kamal Nath announced that a decision on the proposal to declare a Crystal IT Park at Indore as a product-specific SEZ would be taken soon.

The Minister said that auto clusters had also been sanctioned for Pithampur under the Industrial Infrastructure Upgradation Scheme, at a total cost of Rs.75 crore, of which the Central grant would be Rs.50 crore. Further, an Auto Testing Park facility would be set up near Indore and this facility had the potential of being upgraded to a full-fledged racing track, he said.

## Dewas - Pharma Town of Excellence

Kamal Nath also announced that the Dewas Industrial Cluster had been declared as a Town of Excellence for pharmaceutical and four Growth Centres at Chainpura (in Guna District), Ghirongi (in Bhind District), Kheda (in Dhar District) and Satlapur (in Raisen District) had been sanctioned in Madhya Pradesh. "Last year we released Rs.3 crore for the Chainpura Growth Centre. So far, central assistance of Rs35 crore has been released", he added. ■

## Crystal IT Park





## Close to India's Detroit comes up Indore's Special Economic Zone

Raghav Chandra, MD, MPSIDC

The Special Economic Zone at Indore, the industrial and commercial capital of Madhya Pradesh, is a huge sprawling complex measuring 2,500 acres of well-developed land. It has been laid out with most modern infrastructure facilities very next to the Pithampur/Kheda Industrial Growth Centre Complex, which is often referred to as the Detroit of India. Thus the SEZ enjoys the best of both worlds.

The SEZ has been promoted by Madhya Pradesh State Industrial Development Corporation (MPSIDC), is a specialized State Government Corporation dedicated for the development of Industrial Areas and Infrastructure facilities in M.P. The SEZ has been developed through MPSIDC's subsidiary company, MPAKVN.

Indore provides the entire social infrastructure, civic facilities and other benefits to the growing industry. Central connectivity of Indore to all major parts of the country is also a boon to the industries. Indore SEZ has emerged as the first Greenfield SEZ to become fully operational.



A fully operational Inland Container Depot managed by Container Corporation of India (CONCOR) is spread over 6.57 ha. within the SEZ. It is a well-developed dry port and is connected by rail and road transport through Indore to major destinations in India. A SPV in the name of SEZ Indore Limited has been incorporated. Govt. of M.P., MPAKVN and MPSIDC are presently the promoters of this Company.

The State Government has also passed the Indore Special Economic Zone (Special Provisions) Act, 2003 to provide various concessions to the units & developer at SEZ as per the commitment under the SEZ Policy of Government of India. Salient features of the Act include special M.P. Government facilitation and relaxation in labour laws.

A full time Joint Development Commissioner and other subordinate staff have already been posted at SEZ, Indore and the Development Commissioner's office is fully functional. Similarly, regular Custom Staff has also been posted to provide benefits under the Exim Policy to the units.

To ensure quality and cheap power, the Union Ministry of Power has allocated 25 MW of power for the SEZ. This will be directly provided by NTPC to SEZ and will be wheeled through the MPSEB/PUCIL network. Necessary provisions have been made in this regard in the State SEZ Act. The sub-station is already constructed and the Power Purchase Agreement has been signed with NTPC. Because of this arrangement, SEZ expects to provide





power at a cheaper rate.

Three banks - State Bank of India, Bank of India and Punjab National Bank - have applied for setting up offshore banking units at SEZ. Bank of India has also created a SEZ cell for providing finance to the prospective units of SEZ in the form of foreign currency loans. Efforts are being made to expedite the development of external infrastructure to boost the SEZ. Four Laning of National Highway between Indore and Mumbai (Indore-Khalghat section has been approved and taken on high priority by the Central government). Indore Airport is planned to be expanded and a cargo hub to be set up; Railway link for SEZ to be developed; availability of Natural Gas (The Minister Petroleum, GOI has declared that availability of Natural Gas for Pithampur SEZ will be ensured. Preliminary action has already been started by GAIL). To provide a hassle-free atmosphere, the Labour Laws have been substantially made industry friendly and given legal backing. Some of the key activities likely at SEZ are soya and agro processing, textile and apparels, technical textiles, metallurgical processing, automobile and ancillary (specially component manufacturing), pharmaceuticals, Information Technology & electronic hardware, bio-tech, gems and jewellery, trading and logistics & power generation.

The central government has recently sanctioned an Apparel Park at the SEZ. This park will be spread over 140 acres of land already in possession. This will be developed at a project cost of Rs. 30.00 crores. Planned efforts are being taken for the induction of a strategic partner to develop the SEZ in the private sector. Tata Economic Consultancy Services (TECS) have completed preliminary action and seven interested parties have been shortlisted. The finalization process is in an advanced stage.

The first phase of the SEZ Indore is already operational. MOU has been executed with 31 units and specific areas have been allotted to 17 units. Out of these, five units have started construction. Four units, namely SRF Ltd, Flexituff International Ltd, Emerald Tobacco Ltd and Amulya Exports Ltd have begun commercial production. Further, new investments are expected to be mobilized worth about Rs. 1400 crores.

Several pharmaceutical companies namely Ipca Laboratories Ltd, Cipla Ltd, Wockhardt and Nicholas Laboratories have shown their keen interest to set up their units in SEZ. As much as 52 acres land to Ipca Labs and 20 acres to Nicholas Labs have been allotted for their drug formulation and life saving drugs projects with investment of Rs. 200 crores and Rs. 120 crores respectively. Similarly several textile companies like Pratibha Syntex are taking space in the SEZ. It is expected that the SEZ would finally

## Tapping FDI from the West On A Mission to sell Madhya Pradesh

Union Commerce and Industry Minister Kamal Nath and Madhya Pradesh Chief Minister Babulal Gaur and business leaders from the Federation of Indian Chambers of Commerce and Industry (FICCI) have teamed up to attract investment for the state from the West.

Kamal Nath and Gaur, accompanied by a delegation of prominent industrialists and senior officials, will participate in Focus India Show to be organized by FICCI in partnership with the Central Ministry of Commerce and Industry from September 27 to 29 in Chicago. Kamal Nath will inaugurate the show.

Gaur, however, will embark on a whirlwind week-long tour to the United Kingdom and the United States to hardsell Madhya Pradesh. The visit bears significance since Madhya Pradesh and the Union Government have joined hands for investment promotion.

Gaur will hold forth before a gathering of industrialists at each destination in London, New York and Chicago to spell out the finer points of Industrial Promotion Policy of the state and highlight the concessions and sops available for potential investors.

More precisely, Gaur will elucidate on political stability, tranquil atmosphere, better law and order conditions, and natural resources available in the state while discussing with industrialists like Lord Swraj Paul in London and some prominent investors in New York. The Lord Swraj Paul's Caparo group has planned to set up a new auto ancillary unit in Indore.

Gaur had earlier this year had visited Sharjah, Singapore and Malaysia - the results were encouraging.

Back home, his recent discussions with a Japanese delegation in Bhopal and New Delhi within a week have shown that he is aggressive on his mission to ramp up the level of investment into the state.

*For further details contact:*

**Raghav Chandra**

Managing Director

Madhya Pradesh State Industrial Development Corporation

Email: raghavchandra@yahoo.com



# Centres for Speedy Industrial Growth

**M**adhya Pradesh Industrial Development Corporation Limited (MPSIDC), formally known as Madhya Pradesh Audyogik Vikas Limited (AVN) was set up by the Government of Madhya Pradesh in 1965 with the sole objective of promotion of industries and for providing financial assistance both to medium and large scale industries as term loans, etc.

MPSIDC is a government company with an authorized capital of Rs. 850 million and paid-up capital of Rs. 810.92 million as on 31-3-1999. As a measure to assist the entrepreneurs with viable industrial projects through equity participation, MPSIDC undertakes the responsibilities of promotion of industrial units in Joint Sectors. MPSIDC, through AKVN's also provide developed Growth Centres and assistance to entrepreneurs under single agency

clearance are given to industrialists with self certificate.

The MPSIDC has established six subsidiary corporations by the name of Audyogik Kendra Vikas Nigam solely to develop infrastructure to promote industrialisation by the various growth centres in the State. These six AKVN's have their headquarters respectively at Indore, Raipur (now in Chhatisgarh state), Jabalpur, Rewa, Bhopal and Gwalior.

These corporations are at present developing many growth centres in carefully selected areas congenial to industrial growth. The Infrastructure facilities being developed at these





centres include power supply, water supply, roads, tool rooms, weighbridges, railway siding, canteens, fire brigades, amenities and housing for Workers.

Industrial Growth Centre is a concept born out of the need to provide the corporate sector organised and well laid out facilities at one place. Areas are identified, carved out, the infrastructure is provided and the Industrial Growth Centre is maintained. AKVN - Gwalior is the subsidiary or M.P. State Industrial Development Corporation and has a dedicated team of professionals working to provide the corporates with the best of facilities and services. Special benefits, subsidies and concessions are provided to eligible industrial units besides giving them the convenience of Single Agency clearance for quick action.

Single clearance agency system has recently been introduced by the State Government of Madhya Pradesh. The Managing Director of M.P. Audyogik Kendra Vikas Nigam Ltd., Gwalior will work as a Nodal Officer and authorised to issue permission/clearance as regard to approval of construction plan of Industrial Building, sanction up to 2000 KVA Power connection, Site clearance for establishment of Factory under Factory Act. The General Manager, District Trade & Industries Centre is now empowered to issue Commercial tax certificate (State and Central),

Air and Water Pollution NOCs' up to certain products. Land diversion licences under Madhya Pradesh Schedule Commodity Dealers (Licencing and Restriction on Hoarding). ■

### INFORMATION ABOUT GROWTH CENTRES

Controlling Office	Growth Centres	District	Nearest Urban Centre & Distance
MPAKVN, Bhopal	Pillukhedi Satlapur Mandideep	Rajgarh Raisen Raisen	Bhopal (52 Kms) Bhopal (24 Kms) Bhopal (22 Kms)
MPAKVN, Indore	Pithampur Kheda Meghnagar Maksi Dewas	Dhar Dhar Jhabua Shajapur Dewas	Indore (31 Kms) Indore (38 Kms) Indore (160 Kms) Ujjain (38 Kms) Indore (30 Kms)
MPAKVN, Gwalior	Malanpur Ghirongi Pratappura Chainpura Banmore Sidgawan	Bhind Bhind Tikamgarh Guna Morena Sagar	Gwalior (18 Kms) Gwalior (20 Kms) Jhansi (9 Kms) Guna (30 Kms) Gwalior (18 Kms) Sagar (12 Kms)
MPAKVN, Jabalpur	Maneri Boregaon Purena	Mandla Chhindwara Panna	Jabalpur (34 Kms) Nagpur (55 Kms) Katni (18 Kms)
MPAKVN, Rewa	Waidhan Rewa	Sidhi Rewa	Renukoot (60 Kms) Rewa (3 Kms)

## TRIFAC - A Single Window clearance for Investment

The Madhya Pradesh Trade & Investment Facilitation Corporation Limited, a government undertaking was very recently created to provide a single window facilitation for investments in Madhya Pradesh.

TRIFAC is an empowered single window secretariat for Mega Projects with investment of over Rs.25 crores also for Thrust Sector Projects of over 10 crores. For your projects in these categories TRIFAC pilots your case in the Apex level committee headed by the Chief Minister where a customized economic assistance package is sanctioned besides in-principle clearances and registrations for Land, Pollution Control, Commercial Tax, Power, Water, Building Plans and Industrial Health and Safety.

TRIFAC is also the secretariat for the State Level Investment Promotion empowered Committee chaired by the Industry Minister for Projects with Investments in the range of Rs.3 to

25 crores. In principle clearances are given on the basis of your composite application for Land, Water, Power, Building Plans, Industrial Safety and Factories Act. Final clearances follow within prescribed time limits failing which the State Level Committee at the instance of TRIFAC issues the final sanctions.

Your advisor for: investment advice, data inputs, and procedure guidance.

Your honorary partner for obtaining customized economic assistance package from committees headed by the Chief Minister & Minister of Commerce & Industry.

Your Pilot for fast track clearance from sites & pollution clearance to any other sanctions.

Your grievance redressal help for problems with Government Departments, Banks & Financial Institutions. ■



## R.K. Chopra takes over as IACC Secretary-General

R.K. Chopra has been appointed as the Secretary General of the Indo-American Chamber of Commerce from September 15, 2005. Chopra brings with him 29 years of rich experience, having worked with the Oberoi Group of Hotels; American Consulate General & U.S. Commercial Service, Mumbai and Bombay Management Association.

As the Senior Marketing Advisor with the USCS, Chopra was actively involved in event management and trade promotion activities

and handled several inbound and outbound business delegations to/from the US, including those led by Secretary of Commerce Ron Brown and William Daley. He is recipient of many meritorious honor awards from the U.S. Government and recognized by the industry. email: [rk.chopra@indous.org](mailto:rk.chopra@indous.org)

All IACC members and Regional and Branch Secretaries may contact him any time for assistance. ■

## Infrastructure delegation to visit US

A business delegation from Indo-American Chamber of Commerce (IACC), with a specific focus on infrastructure will be visiting the United States from October 18 to 26, 2005.

This visit follows recommendation of the Indo-US Summit: Partnership in Building India's Infrastructure organized by IACC on February 9 and 10, 2005 in New Delhi. The cities to be visited are Los Angeles, Houston and Washington D C.

Prime Minister Manmohan Singh has said that India has the capability of absorbing foreign direct investment of up to \$150 billion in the infrastructure sector over the next 10 years. The US can be a strong partner for India in developing the infrastructure sector. IACC delegation will explore this potential

The delegation will focus on

- \* Indo-US joint ventures in infrastructure development
- \* Technology transfer from the US
- \* Discussions with investors and funding institutions
- \* Visit to important projects (ports, roads and

airports)

On October 25 and 26, the IACC delegation will join the FICCI delegation in Washington where USIBC will host a day-long Executive Roundtable on "Implementing a World-Class Transportation Infrastructure in India Opportunity, Financing, Political Will and Payment Security" followed by one-to-one meetings on October 26.

During the visit, the delegation will hold meetings with US Government officials; State Departments; American Corporates in the areas of infrastructure, financial institutions and will visit key infrastructure projects in roads, ports and airports.

Registration Fee Rs.30,000/-

For further details or registration please contact Madhvi Kataria, Resident Director, PHD House, 4<sup>th</sup> Floor, Siri Institutional Area, August Kranti Marg, New Delhi 110016. Tel no. 26963387, 26531965, 26518201; Fax no. 26531954;

Email : [Madhvi-kataria@dishnetdsl.net](mailto:Madhvi-kataria@dishnetdsl.net) / [indo-american@eth.net](mailto:indo-american@eth.net) / [iaccdelhi@vsnl.com](mailto:iaccdelhi@vsnl.com) ■

## Karnataka Branch

### Doing Business in the US: Legal Aspects

Indo American Chamber of Commerce, Karnataka Branch organized an interactive seminar on "Legal Aspects of Doing Business in the US" on July 21, 2005. Dr. Chandler B Sharma, Partner at Smith White Sharma and Halpern, located in Atlanta GA, shared his knowledge and experiences in many areas, including immigration, taxation, corporations, agency and partnership, contract preparation and negotiation, joint ventures, international business transactions, and trusts and estate laws. The seminar was sponsored by Smith White Shanna and Halpern.



### Business-Visa Update

Vice Consul C. Drew Hoster, US Consulate, Chennai, addressed a seminar on "US Business-Visa Update" on July 29, 2005. Hoster was specially assigned to take charge of the BEP Program and he updated the attendees on all aspects of the BEP as well as other visa related Issues.



Mr Rakesh Jhunjunjwala,  
Eminent Equity Investor  
addressing the members.



**IACC HAS SIGNED MEMORANDUM OF UNDERSTANDING (MOU)  
WITH THE MANHATTAN CHAMBER OF COMMERCE TO FACILITATE  
CLOSER ECONOMIC COOPERATION**



S.S. Rajput

## Kolkata's SEPL aims for all-India market

# Your Security Our Priority

The security scenario across the world has been changing with unprecedented rapidity. Yesterday's world of a relatively secure business environment is quite passé. Today, commercial and industrial enterprises accord equal priority to their security needs as they bestow upon their production and marketing strategies. A security

threat or breakdown may hamper production and business operations and if not addressed in time, may even spell doom for the enterprise. Security concerns of large residential complexes are equally important and gadgets and equipment used are constantly upgraded. Security equipment makers are realizing the need to take note of new realities in their business. Kolkata-based Security Engineers (Pvt) Ltd (SEPL) is bracing itself to expand its business by going all-out to tap untapped markets across the country. S.S. Rajput, Managing Director of the company, shares his vision in an interview

**How do you think the market for security gadgets is responding to the emerging challenges in the environment?**

In the changing environment, people are fast realizing the importance of security products. The victims of security breaches have realized the value of such systems and are looking for more advanced systems. This is having a cascading effect on the market resulting in its growth by leaps and bounds.

**How is the market for security gadgets organized nationally and within the state? Where does your company figure in the overall scenario?**

There are many multinational and local players available at the national and state levels. Still, the eastern India market has not yet been explored completely by any large company. Most of the vendors are traders and

the players in the market are those who are manufacturers. In eastern India, our

**The company is going to the capital market with an IPO in 2007**

company is enjoying the top position. An ISO 9001-2001 company having its factory in the Salt Lake Electronics Industrial Area with a very strong R&D base, the company designs, develops, manufactures and installs security networks as per customer specific needs. As the hardware and software is the company's own, we do not face any problem in relation to service. In the last 20 years, SEPL has won the confidence of clients and proved to be a reliable and dependable vendor.

**Your company has till now been focusing its energies on a particular segment of the market. It is learnt that you are earnestly trying to take on bigger national and international players. How do you propose to go about this?**

For many years, we have been focusing mainly on financial institutions, which were feeling more concerned about the needs of security gadgets. But due to globalization, the cost of these products have come down and at the same time, international terrorism and various local factors have compelled the people to opt for these items for their own safety and safety of their assets.

In an attempt at not only servicing the market but maintain our lead position, we have further concentrated on our in-house R & D. Apart from designing new products, we also change the existing models, change sizes and add more features. We also develop exclusive systems for unique applications. All over the country, we have established customer care and marketing centers to bridge the gap between the company and its customers.

The proposed expansion of the company will entail reorganization, relocation of offices, and setting up of new responsibility centres. Please tell us about these plans.

So far we have 10 centres all over the country and are planning to open more this year. Every centre is equipped with trained technical and techno-commercial people. The product range has also increased. The designs are constantly checked to make them user-friendly. The selection and use of technology has reduced the need for after-sales service.

**What growth target are you aiming at in the current fiscal (2005-06)?**

In the current fiscal, we aim to grow five fold.

**Which segments of the market is the company looking to tap?**

The growth in the real estate market has left the company with a lucrative segment to tap. Big housing and commercial complexes are the areas we are eyeing primarily all over the country.



Pawan Churiwal

# Globsyn Crystal promises to reduce attrition Where Work and Play mix in harmony

Attrition is a problem which is hounding the IT and ITES industries. Just a few days ago Kiran Karnik, President of NASSCOM, the apex body of IT and ITES companies, was in Kolkata to attend an IT related workshop. He voiced his concern over basically two issues. First is the selection ratio in this growing industry which is relatively lower than the requirement and the second is the problem of attrition rate.

Now, logically, if the attrition rate can be reduced, the problem of selection ratio does not pose as an acute one since the former supplement the latter. Research shows that a relaxed and pleasant environment is what makes an employee tick. Taking this concept way forward, one day as Bikram Dasgupta of Globsyn Technologies pondered over the issue of redefining life at work, he walked into Pradeep Sureka's office and shared his concept. Sureka developed his thoughts, shared them with Rahul Todi of Shrachi Group, who got fully engaged in the ideation process leading to the birth of Globsyn Crystal.

Globsyn Crystal, coming up in Sector-V Salt Lake, is a premier IT hub which has been conceived as an environment specifically designed and equipped to muzzle the bogey called attrition which is causing so much disruption in the knowledge industry. It is environment that blends efficiency with all the creature and soul comfort needed to keep people rooted and smiling.

The project has been undertaken by a collaborative partnership of Globsyn Technologies and Intelligent Infrastructure Limited. An intensive research by a specialist project team has preceded it. The team interacted with a gamut of IT and ITES people: company heads, seasoned pros, management trainees, young aspirants and zeroed in on the factors that could create a work environment equipped to meet needs for several years.

Speaking to Outsourcing exclusively on the upcoming project, Pawan Churiwal, Director of Intelligent Infrastructure Ltd, said, "Attrition is the biggest concern for the IT and ITES industries. It accounts for as high as 70 pc. Stress level is very high among workers. We were looking for a solution to do away with this attrition factor. We hope that we will be able to reduce the attrition rate to a considerable extent for those IT and ITES units which will operate from Globsyn Crystal." Churiwal informed that the project cost had been estimated

at Rs. 150 crore which would be disbursed from the company's own accrual. For the architectural back up Hong Kong based Amatrix and domestic architectural company Edifice have been engaged. " The work is in progress. We expect that we will be able to complete it by July, 2007, Churiwal added.

The net carpet area of the six-storied glittering tech-hub will be around 6.0 lakh sq.ft., of which 70,000 sq.ft. will be reserved for a BPO academy from which the companies operating from Globsyn Crystal would have an option to support their units with skilled professionals. Another 70,000 sq.ft area will be dedicated for life enriching services such as Food Court, Restaurant, Health Club, Gymnasium, ATM, Theatre and so on. The rest of the area which amounts up to 4.5 lakh sq.ft. will be available for business relating to IT, ITES and BPO.

According to Churiwal, already quite a few IT giants are negotiating with them for space booking in advance. TCS, Converges, GE capital are to name a few.

Churiwal further informed that they would like to undertake similar projects in cities like Bangalore and Delhi. As regards the brand name of the project picked up by the company, he explained, " For centuries, Crystals have captured the imagination of thinkers for their many physical and perceived intrinsic qualities. Who hasn't heard of the crystal ball or the healing power of crystals? What's more, crystals stand for the core of technology, symbolize clarity of mind, reflective calm and energies that recharge body and mind."

Some technical details about Globsyn Crystal

- Globsyn Crystal has been designed keeping in mind the internationally preferred 100 percent column free concept to ensure space optimization.
- Centrally air-conditioned office space. Indoor air quality as per ASHRAE standards.
- The minutest of details have been looked into and the latest technology has been used to combat and warn people in the unlikely case of a fire. Cameras in the building are connected to the central control and monitoring system.
- Sophisticated telecom features at a reduced cost since it is used by multiple users: High speed connectivity through leased lines and video conferencing.

# Bengal Peerless "Aahirini" at Rajarhat

## A shopping complex for all needs & goods

Bengal Peerless Housing Development Corporation Ltd, a joint venture promoted by the West Bengal Housing Board and The Peerless General Finance and Investment Companies Ltd recently came up with their maiden commercial complex called 'Aahirini' for Rajarhat New Town. The comprehensive shopping mall developed by the company is the first shopping centre to offer residents of New Town the facility of day-to-day provisions.

Apart from S. K. Ray, Chairman & Managing Director of

pargana and the other for South 24 pargana, who have lost their lands to make way for Rajarhat township. We are trying to provide them alternative source of income." He pledged that 17 shops would be reserved for those locals at 'Aahirini' shopping complex.

### Aahirini - shopping redefined

'Aahirini' is a one-stop venue for all the needs of the residents. Designed to deliver all the daily needs from succulent

tomato to fresh fish to garments, shoes and leather goods to chemist & druggist to confectionery to household goods, stationary, gift or toy shop, books or periodicals, beauty parlor you name it and you have it there. Add to its purpose 'Aahirini' has a bank with ATM and departmental store on ground floor. 'Aahirini' also has on one hand a kirana shop and on the other hand a one-stop mega-store for consumers. A large restaurant-cum-banquet available in



L-R:- K.S. Bagchi, S.K. Roy, Gautam Deb, and Kiranmoy Nanda

Peerless General Finance and K.S. Bagchi, Managing Director of Bengal Peerless, Goutam Deb, West Bengal Minister for Housing & PHE and Kiranmoy Nanda, Minister for Fisheries and Aqua Culture were present at the inauguration of the shopping complex.

Speaking on the occasion Deb said, "Rajarhat township is being developed in an area of 35,000 bighas which will be ultimately home for around 15 lakh people. We have formed two separate committees for the locals, one for North 24

'Aahirini' will take care of gastronomic and social needs of the people.

### Added attraction

Comfortable, spaciousness with wide passage and easy to locate clustering, 'Aahirini' is unique in its concept of having children's park attached to it. A secured playing arena where the parents can leave the children to play while they do their shopping is the highlight of the project. ■

# New Systems for US VISA Applicants

The U.S. Embassy and U.S. Consulates General in Mumbai, Chennai and Calcutta are pleased to announce a new agreement with VFS to provide visa applicants throughout India with information, appointments, and courier services. VFS, which is currently offering a similar service for the Mumbai consular district, will become the sole provider of visa services to all applicants for U.S. visas in India as of October 3.

The decision to expand our relationship with VFS was based on the cost savings they are offering to our visa customers. The new cost for U.S. visa related services in India will decrease to Rs 276 (including taxes) per applicant for appointments booked starting October 3, for on-line or phone-in information, assistance with making appointments, and for the return by courier of passports with new visas.

It is important for all visa applicants to note that the new visa service system will still require each applicant to pay the standard non-immigrant visa application fee of \$100 (Rs 4,400 at the current exchange rate) BEFORE booking an appointment. The visa application fee is non-refundable and may not be transferred to any other visa applicant, except with special permission from the Embassy.

To facilitate this program, the Embassy has expanded its existing relationship with Bank of America, which will collect the fee at a number of locations throughout India through its partner bank, HDFC Bank. The visa application fee, which must be paid before making an appointment, may only be paid at a designated branch of HDFC Bank. A list of the HDFC Bank branches authorized to accept the visa application fee is attached. Other branches of HDFC Bank will not be able to accept the payment. The designated HDFC Bank branches will begin accepting payments as of October 3, 2005.

Under the new system, applicants will be asked to complete their visa forms online using an interactive website that assists

applicants in avoiding errors in data entry. Applicants with confirmed appointment will also get a PIN number giving them access to 10 minutes of "free-talk time" by calling a national toll-free number. This talk time can be used to inquire about rules and regulations, and also to track return passport delivery. For the time being, the toll-free number is accessible from MTNL and BSNL lines only.

Applicants will also have greater access to over-the-counter information and assistance at more locations. U.S. Visa Application Centers are being opened at new locations in Punjab at Jalandhar and Chandigarh, in Andhra Pradesh at Vijaywada, and in Kerala at Cochin.

The new visa service system, which incorporates the pre-payment of the non-refundable, non-transferable visa application fee, is expected to decrease the time visa applicants must wait for an interview by encouraging only those applicants who will actually appear for an interview to make an appointment.

It is important to emphasize that applicants who already have appointments scheduled through T.T. Services (TTS) in New Delhi, Chennai, and Calcutta or VFS in Mumbai will not be impacted by these changes. Appointments can continue to be made through TTS through September 30. All appointments made through TTS and under the old VFS system through September 30 will be honored. The visa application fees for appointments made with TTS should still be paid through a bank draft, as is the current practice.

TTS customers will soon be asked to reconfirm their appointments. As this reconfirmation process progresses, we anticipate most TTS appointment holders will be able to move their appointment times forward, although it may be several weeks before earlier appointments become widely available. The Embassy wishes to commend TTS for the high standard of service provided to visa applicants during its long association with the Embassy and Consulates' General. ■

## India Relief to Katrina Victims

An Indian Air Force IL-76 aircraft delivered 25 tonnes of relief supplies for the Hurricane Katrina victims at the Little Rock Air Force Base, Arkansas on September 13, 2005. The relief supplies comprised 3000 blankets, bed sheets, tarpaulins and personal hygiene items.

On September 8, India's Ambassador to US Ronen Sen handed over a check of US Dollars 5.0 million to the American Red Cross as a token of the sympathy, support and solidarity of the Government and people of India for the people affected by this terrible natural calamity.



# Indian Fisheries Scientist Wins World Food Prize

An Indian scientist, Dr. Modadugu V. Gupta, has been named winner of the \$250,000 World Food Prize in the U.S. for his work to enhance nutrition for over one million people, mostly very poor women, through the expansion of aquaculture and fish farming in South and Southeast Asia and Africa. He will receive the prize on October 13, 2005 in Des Moines, Iowa, USA.

Dr. Gupta's name was announced by Ambassador Kenneth M. Quinn, President of the World Food Prize Foundation, recently at a ceremony at the U.S. State Department in Washington, D.C., presided over by the USAID Administrator Andrew Natsios and Acting Undersecretary of State E. Anthony Wayne.

Gupta had been selected for this honor based on his work over three decades at the World Fish Center, a member of the Consultative Group on International Agricultural Research (CGIAR) of the World Bank. Through his dedicated and sustained efforts in Bangladesh, Laos and other countries in Southeast Asia, Gupta made small scale aquaculture a viable means for over one million very poor farmers and women to improve their family's nutrition and wellbeing.

As a result of Gupta's efforts, freshwater fish production has risen dramatically in these countries by as much as three to five times, Quinn said.

According to the World Food Prize Foundation, Dr. Gupta, in his 31 years in aquaculture, and a total of 40 years in fisheries research, repeatedly and successfully found ways to help the poor, including landless farmers and women, become fish farmers. He developed unique methods of fish farming, requiring little cost while causing no environmental damage.

As a result, landless farmers and poor women have turned a million abandoned pools, roadside ditches, seasonally flooded fields and other bodies of water into mini-factories churning out fish for food and income. Keen to duplicate the success achieved in Asia, Gupta is working with a growing number of African countries to implement similar measures.

The World Food Prize was conceived by Dr. Norman Borlaug, recipient of the 1970 Nobel Prize. Gupta is the sixth Indian to receive the prize since it was established in 1986. Previous recipients include: Dr. M.S. Swaminathan, 1987; Dr. Verghese Kurien, 1989; Dr. Gurdev Khush, 1996; B.R. Barwale, 1998 and Dr. Surinder K. Vasal, 2000. ■