



# INDO-US BUSINESS

THE NEWS MAGAZINE OF INDO-AMERICAN CHAMBER OF COMMERCE

December 2007-January 2008

## Scaling New Peaks



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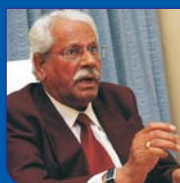
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Published by:

**New Media Communication Pvt. Ltd.**  
in association with  
**Indo-American Chamber of Commerce**

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reliable. Readers are however requested to verify the facts  
before making business decisions using the same.



## **Dear Reader,**

Greetings. Economic relations between India and the United States have been scaling a new high and finding a new meaning with the annual Indo-US Economic Summit, held in New Delhi in September every year. In fact, the Summit, organized by Indo-American Chamber of Commerce (IACC), has been setting an agenda as well as follow-up action for the business communities and governments of both countries year after year. The theme of the 4th Summit this year was "Building Strong Partnerships," which called for further strengthening of bilateral relations and trade in a vast range of fields. Rightly, the emphasis at this year's event was laid on collaboration in agriculture and food processing industry, involving the setting up of mega food parks and retail food malls across the country. Other areas identified included medical and healthcare, civil aviation and aerospace and manufacturing. The current issue of Indo-US Business gives a detailed picture of the Summit in its cover story. The month of September also saw the launch of a unique index by IACC to measure and judge the business confidence that exists between India and the United States. The Index, designed and developed by ICRA Management Consulting Services (IMaCS) reflects the growth of Indo-US economic and business relations and captures the sentiments and perceptions of the business communities of the two countries. The index is based on an extensive analysis of Indo-US economic, financial and business data spanning 10 years, and on a business perception survey amongst all stakeholders. The index has been named as the IACC-IMaCS Indo-US Business Confidence Index or IIBCI in short. We carry a detailed report. West Bengal has been on a fast growth track and its progress has been remarkable in recent years. Sabyasachi Sen, the state's Principal Secretary, Industry and Commerce, talks about the economic resurgence of West Bengal in an interview. The undeniable truth is that West Bengal has been passing through an amazing phase of transformation, despite criticism from some quarters about the Left Front government's pro-active economic initiatives, especially its stand on industrialization. Emergency Services Minister Pratim Chatterjee, who is also a veteran party man, gives a clear picture of the Bengal scenario in a face-to-face talk. We also carry a write-up on real estate boom in West Bengal, spurred by the IT and ITES sector and overall industrialization of the state. Then there is plenty of chamber news from across the country plus other regular features. We take this opportunity to wish the readers a happy and prosperous New Year.

**Wish you happy reading**

**Satya Swaroop**

Managing Editor  
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The 4th Indo-US Economic Summit held in New Delhi from 18 to 20 September 2007, has addressed a wide-range of issues regarding bilateral trade in areas as diverse as retailing in food sector to real estate, road and port development to aviation and aerospace. The Summit felt that retail business, especially in the food sector, can help India emerge as a sourcing hub besides generating employment in rural India. Health is another area in which India's capabilities can be converted into immense benefits. In this context the Summit has strongly recommended exploration of healthcare collaborations with foreign entities. It has also called for infrastructure improvement to boost medical tourism, through public-private participation. Infrastructure is one area that the Summit hammered time and again as a path to progress. Road, port and airport infrastructure prominently figured in the Summit deliberations. Then, there is the issue of India strongly pitching in for a position as a relocation centre for manufacturing activity for multinational companies, especially in the areas of knowledge-based sectors, engineering, and R&D.

During the last three years, the Indian economy has consistently registered over 8 percent GDP growth. In 2006-07, the economy grew by 9.4 percent, the highest ever in 19 years confirming that the Indian economy has shifted to a higher growth trajectory. India is now a \$ 1 trillion economy.

During 2006-2007, India received Foreign Direct Investment (FDI) inflows of \$ 15.7 billion, the highest ever. FDI exceeded portfolio flows for the first time in the

recent history. Outward direct investment from India also exhibited a significant rise to \$ 8.7 billion during April December 2006 from US \$ 1.9 billion a year ago due to few large cross border acquisitions by Indian Corporate companies. Forex reserves have crossed \$200 billion. The Indo-US relationship is poised for great transformation. There is a considerable degree of expectation not only between the two countries but in different parts of the world regarding the developing relationship between the two largest democracies. A



strong Indo-US partnership has the potential to change the power equations in the world. Both countries are engaged in discussing cooperation in a wide range of activities trade, energy, environment, science & technology, agriculture and defence.

In the first half of 2007, FDI has almost trebled from \$3.6 billion during the same period last year to \$11.4 billion this year. This is an endorsement of the intent of the Government to attract FDI to sustain an 8.0 percent growth for the Indian economy.

The US is one of the largest foreign direct investors in India. The stock of actual FDI increased from US \$ 11.3 million in 1991 to US \$ 5708 million as on January 2007. FDI inflows from the US constitute about 11 percent of total actual FDI inflows into India.

The US is the leading portfolio investor in India, as in December 2006 US based Foreign Institutional Investors have made a net investment of US \$ 17.8 billion of a total of US \$ 51.021 billion in Indian capital markets accounting for 33 percent of the total.

The US is also the most important destination of Indian investment abroad. Between 1996 and July 2006, Indian companies invested US \$ 2619.1 million in the US largely in manufacturing and non-financial services.

Montek Sigh Ahluwalia, Deputy Chairman, Planning Commission, inaugurated the Summit. Dr David C Mulford, US Ambassador to India, delivered a Special Address. William Nobrega, President and CEO, Conrad Group, US made a presentation on "Why India will Outperform China; Democracy, Demographics & Determination".

Ms Kathryn Taylor, Mayor of Tulsa, accompanied by a 20-member delegation was the Guest of Honour during the session on Civil Aviation & Aerospace.

Deepak Pahwa, Summit Chairman & President, IACC, delivered the Welcome Address. Prem Behl, Summit Co-Chairman delivered the Theme Presentation and Vinod Madhok, Regional President proposed the vote of thanks.



## Summit Committee

The Summit was led by Pahwa, Summit Chairman and Prem Behl, Summit Co-Chairman, assisted by a Steering Committee comprising Vinod Chandiok, Partner, Walker Chandiok & Co, S. Chandrasekar, Chairman, IACC Infrastructure Committee, Dr Vivek Lall, Vice President, Integrated Defence Systems, Boeing India, S Madhavan, Executive Director, PricewaterhouseCoopers, Vinod Madhok, Sr. Director (Finance), Dalmia (Bros) (P) Ltd, Kamal Meattle, Chief Executive Officer, Paharpur Business Centre, K N Memani, Chairman, KNM Advisory (P) Ltd, Dr M K Modi, Managing Director, Modipon Ltd and Ron Somers, President, US-India Business Council.

## Co-organizer

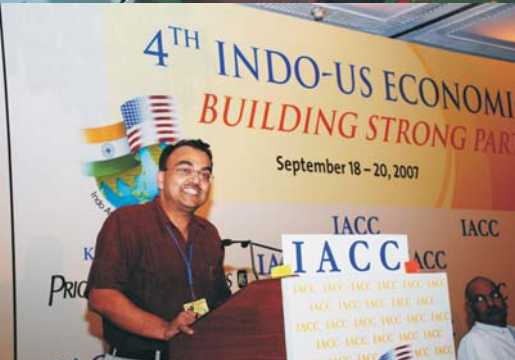
The US-India Business Council (USIBC), was the co-organizer of the Summit. The USIBC comprises of 250 of the largest US companies investing in India, joined by two dozen global Indian companies, whose common aim is to strengthen US-India commercial ties and deepen two-way trade. The USIBC has offices in Washington, New York, San Francisco and New Delhi.

## Knowledge Partner

PricewaterhouseCoopers Pvt Ltd ([www.pwc.com/india](http://www.pwc.com/india)) was the Knowledge Partner for the Summit.







## Partner Chambers in the USA

The Alliance of Indo-American Chambers of Commerce represented by Indo-American Chamber of Commerce of Greater Houston and Indo-American Chamber of Commerce of Oklahoma, Tulsa, Oklahoma, were the Partner Chambers in the US.

## Supporting Ministry

The Department of Industrial Policy & Promotion, Ministry of Commerce & Industry was the supporting Ministry.

The Summit brought together Indian and US corporate leaders, eminent personalities, financial experts and policy makers to exchange ideas on some of the important sectors.

During the working sessions held on 19 and 20 September, 2007, presentations were made by eminent speakers covering the following themes:

### FARM TO RETAIL

Chairman: Mr Prem Behl, Co-Chairman, Indo-US Economic Summit

Keynote Address

Mr P 1 Suvarathan, Secretary, Ministry of Food Processing Industries

Speakers

Mr Gokul Patnaik, Chairman, Global AgriSystems (P) Ltd

"The New Revolution in Indian Agriculture"

Mr Atul Singh, President & CEO, Coca Cola India

"Food Processing Sector & Coca-Cola India"

Mr S K Jain, Managing Director, LMJ International Ltd

"The link in between the Farm and the Retail"

Dr Jochen Zoller, President, Intertek Food Services, Intertek Group Pic

"Innovation in Food Quality & Safety Services"

Mr Amit Takkar, General Manager-Agro, Adani Enterprises Ltd

"Aggregation and Logistics"

Mr Pankaj Dharkar, National President (HQ), ISHRAE

"Cold Chain Management"

Mr Vinod Sawhny, President & CEO, Bharti Retail (P) Ltd

"Farm to Retail: Role of Modern Retail"

Brig J S Oberoi, Advisor, Wal-Mart

"Building Strong Partnerships - From Farm to Retail"

Mr James F McDonnell, Partner, PricewaterhouseCoopers,

"Farm to Fridge: Challenges and Opportunities in the Retail Supply Chain"

### MEDICAL & HEALTHCARE SERVICES

Chairperson: Dr Shubnum Singh, Chief Physician Services, Max Healthcare

Speakers

Mr Shivinder Singh, CEO & Managing Director, Fortis Healthcare Limited

"Emerging Trends in Healthcare-The Indian Opportunity"

Dr Rana Mehta, Vice President, Healthcare, Technopak Advisors Ltd

"The New Healthcare Consumer"

Dr Nandakumar Jairam, Chairman, Columbia Asia Hospital Pvt Ltd



"Medical Tourism-A Reality Check"

Mr Lalit Bhasin, Advocate, Bhasin & Co

"Legal Issues in Medical & Healthcare" Keynote Address

Mr Amarjeet Sinha, Joint Secretary, Ministry of Health & Family Welfare

Dr S Ahmed, Vice Chancellor, Hamdard University

"Moderator for Q&A Session"

## EDUCATION MANAGEMENT

Chairman: Mr Vivek Mehra, Executive Director, PricewaterhouseCoopers

Keynote Address

Mr Sam Pitroda, Chairman, National Knowledge Commission (through Video Conferencing)

Guest of Honour

Dr Balchandra Mungekar, Member Education, Planning Commission

Speakers

Dr Prasad Medury, Partner, Amrop International

"Talent Management in an Era of High GDP Growth"

Ms Charu Modi Bhartiya, Vice Chairperson & CEO, Modi Apollo International Group (P)Ltd

"Challenges and Opportunities for Foreign Education Providers in Indian Market"

Dr Gurinder Singh, DG, Amity Intl' Business School & Pro-Vice Chancellor, Amity University

"Liberalization of Higher Education in India: A Case for promoting Strategic Alliances for Quality Educations" Mr D P Sabharwal, Joint Director, Ministry of Labour

"Sk;7/ Development Programme of Directorate General of Employment & Training"

Mr Anand Sudarshan, MD & CEO, Manipal Education

"Private Sector in Higher Education"

Dr Pramath Raj Sinha Founding Dean, Indian School of Business

"Education Management"

## CIVIL AVIATION & AEROSPACE

Chairman: Dr Vivek Lall, Vice President, Integrated Desense System, Boeing India

Speakers

Mr Lalit Bhasin, Advocate, Bhasin & Co

"Legal Issues - Need for an Independent Regulatory Mechanism"

Mr Atul Sharma, Partner, Link Legal

"Airports - Capacity Augmentation"

Mr Ashutosh Chaturvedi, Executive Director, PricewaterhouseCoopers

"Financial / Taxation Aspects of Aircraft Acquisitions"

Mr John Fennerty, Deputy Economic Counselor, US Embassy

Air Cdr Jasjit Singh, Director, Centre for Air Power Studies "Aerospace Defence Issues" Guest of Honour & Special Address Ms Kathryn Taylor, Mayor of Tulsa "Aerospace & Energy"

## ROADS, PORTS & REAL ESTATE

Chairman: Mr S Chandrasekar, Chairman, IACC Infrastructure Committee

Speakers

Dr A Ramakrishna, Former President (Operations) & Deputy MD, Larsen & Toubro Limited

"Roads and Highways - the Way Ahead"

Mr Rakesh Srivastava, Joint Secretary - Ports , Ministry of Shipping

"Emerging Opportunities in the Port Sector, especially with Private Sector Participation"

Mr Kok Huat Goh, CEO, TSI Ventures

"Opportunities, Challenges and Public Private Partnership in Indian Real Estate"

Mr Arun Chandran, Business Development Manager, Parsons Brinckerhoff India Pvt Ltd

"Private Sector Transit Options"

Mr S R Bansal, Vice President, India Infrastructure Finance Company Limited (IIFCL)

"Government's initiative through IIFCL"

Mr Sanjiv Aggarwal, Director, Head - Power, Energy, Transportation and Metals & Mining, Citibank

"Financing models for infrastructure projects"

## MANUFACTURING IN INDIA: LEADING OPPORTUNITIES

Chairman: Mr Deepak Pahwa, President, Indo-American Chamber of Commerce

Keynote Address

Mr Ajay Shankar

Secretary, Department of Industrial Policy and Promotion, Ministry of Commerce & Industry

Speakers

Mr Bharat Bhatia, Head, Regional Government Relations Office (GRO), Motorola

"India - A Manufacturing destination for Electronics Hardware"

Mr Ramesh Subramaniam, President, Sri City SEZ

The SEZ opportunity for manufacturing in India"

Mr Sunil Gulati, Group President, Yes Bank

"Globalization of Indian Manufacturing"

Mr Raman Roy, Chairman, Quattro





BPO Solutions (P) Ltd

"Manufacturing in India: Knowledge-based Manufacturing"

Mr Mohit Rana, Senior Principal, AT Kearney India

"Outsourcing of Engineering, Design and R&D Services" Mr Anil Varghese, Group Head - Emerging Geographies, Microsoft India

"Project Vikas-SME Manufacturing Initiative"

Dr B V R Mohan Reddy, CMD, Infotech Enterprises Limited

"Globalization of Engineering Services - The Next Frontier"

Mr Akil Hirani, Managing Partner, Majmudar & Co

"Pertinent Legal Issues while Outsourcing to Indian Companies"

Mr. Deepak Pahwa

Concluding Remarks

Mr Jagdip Ahluwalia, Executive Director, Indo-American Chamber of Commerce of Greater Houston

Vote of Thanks



## Highlights of the Proceedings

### Farm to Retail

- Modern retail will result in increased employment; reduction in wastage and will strengthen India's position as a sourcing hub.
- Farmer engagement by business houses can bring about great change.
- Interventions can be brought in with a sensitive and nuanced approach.
- While there are issues in farm-to-fork, solutions are emerging to link farmers to modern retail.
- Government initiatives in farm-to-fork retail will help boost the sector and encourage best practices in crop management, exchange of information and will encourage the use of technology etc.
- Mega food parks will help provide infrastructure for food processing.
- Food processing sector is a priority for the government and retailers. Investment in this sector needs to, and will, improve.
- With best practices in IT, technology, crop and yield management, India can feed all of her people and the rest of the world.
- Food safety and quality control are important issues that need to be addressed.
- There is an absence of a cold chain in India. The cold chain scenario needs to improve in order to facilitate modern trade. The distribution centre is a key element in the cold chain.
- Globalization is driving complexity and opportunity for retailers and their suppliers.

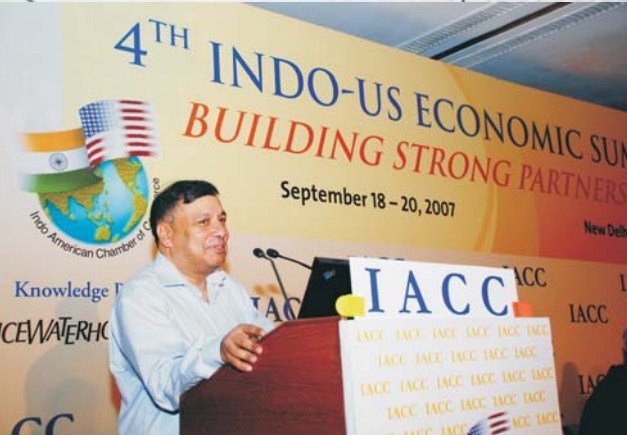


### Medical & Healthcare Services

- Immense benefits can be achieved by the Indian healthcare sector through collaboration with global healthcare entities, such as training & exchange programmes, joint research, continuing medical education, prevention, care, support and treatment for HIV/AIDS.







- Healthcare consumerism is changing globally. The consumer today seeks services at standards at par with other service sectors (such as hospitality).
- A reality check on Indian Medical Tourism: The western market is still elusive, the only visitors being regional SAARC and African countries. A poor infrastructure is the main barrier. Thus, there is need to accelerate infrastructure improvement.
- Best medical practices, transparent audit, elevation of nursing and paramedical care, reduction in hospital acquired infections and a more transparent pricing are the initiatives required to be taken to capture global market.
- Medical jurisprudence is still evolving in the country. Healthcare does not figure in the constitution and judiciary has also, more or less, been silent on it.
- There is need for public private participation in the healthcare sector.
- In view of the increasing medical tourism, there is also a need for a legal framework for treating foreign patients.

## Education Management

There is a huge skill shortage in India. At the entry level, below 20% of the students coming out annually are "employable". Hence, it is important to focus on professional and vocational training.

Amarjeet Singh, Joint Secretary, Ministry of Health & Family Welfare, delivering the Keynote Address during the Session on 'Medical and Healthcare Services'

At the top management level only 1 out of 3 posts are being filled which is starting to affect industrial growth. Hence, it is important to have a lot more executive development programmes and to attract back our non-resident Indian talent.

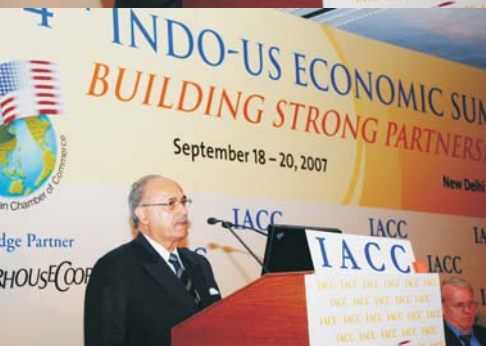
Some level of regulation is required in the education sector but the focus of the government should be on facilitation.

We have separated R&D and education; it is important to bring them back together. Scientists should also teach and teachers should also conduct research.

There is a huge dearth of teachers in Universities. There are 30-40 percent vacancies at universities purely on numbers and the shortage is a lot more on the capability benchmark. The reasons include low pay scales and lack of adequate opportunities in India for acquiring of PhDs.

People targeting educating Indian students are finding it easier to set up colleges abroad in locations like Dubai. The suggestion that government consider the possibility of an education SEZ, where government regulations do not apply or do not apply as stringently, was voiced.

Government is increasingly focusing on partnerships with the Industry for upgradation of ITIs into Centres of Excellence. Apart from providing financial assistance, the private sector will be



involved in every stage, right from forecasting of emerging training areas to development of curriculum to being guest faculty to placement of trainees.

## Civil Aviation & Aerospace

Generally, India has been witnessing revolutionary changes in the recent times. We must have some introspection and see what we can do more as we have some deficiencies in the aviation sector which need to be rectified. Clearly, there is an absence of trained manpower and the need to set up institutions with the collaboration of foreign institutes is imperative. Further, the need for regulating airport business is extremely critical the regulators should be appointed so that businesses know what benchmarks are to be followed to ensure clarity. India has made strides but still a long way to go in view of the existing and future demand in this sector.

## Taxation

With regard to aircraft leasing, on the taxation side, one has to keep in mind that now there is no withholding tax exemption in operating lease transactions.

Therefore, it becomes imperative for businesses to opt for a tax optimization model. With the recent Supreme Court Ruling in the Morgan Stanley case, the viability of a wet lease also needs to be examined. One cannot ignore the VAT/Service tax implications on lease of aircraft while looking into a favourable tax structure.

## US view

The U.S. Government is ready to cooperate with India in the aviation sector. US technical expertise should be brought to India to work with India so that the huge demand in the aviation sector can be fulfilled. There is a lack of financing from the private sector and US is trying to play a role in this area. US government believes that India can also grow in double digits and match China. Today, the US businesses are coming to India for long term profitability. Typically US were not involved in the defence side. However, now US have started getting involved in this side as well Aerospace area NASA and ISRO are collaborating. In the view of US, in the next 15 years the top three economies would be the US, India and China. There is a great opportunity in collaboration between India & US.

## Aerospace Defence Issues

- Top end of technology is required for the Indian defence.
- Roads, Ports & Real Estate
- A world class infrastructure is imperative for a globally competitive economy. This will result in improved quality of life, increased employment opportunities and poverty elimination. Infrastructure is critical to improve productivity across all sectors.
- Road infrastructure development is accorded high priority by the Government. There are enormous opportunities and challenges in the road sector. A proposed investment of around US \$ 50 billion (Rs 2, 00,000 crores) over the next 6 years is envisaged in the road sector.
- As far as the ports sector is concerned, development of 54 new berths in major ports including road and rail connectivity is on the anvil with an investment of around US \$ 11 billion (Rs 44,000 crores) during the next five years. Also, development of 187 minor/intermediate ports, primarily through the PPP route is envisaged. Active participation of private sector is the theme for the future.





- In the real estate sector, the potential growth is estimated at 25-30 percent per annum.

- Infrastructure finance is a key in the growth of this sector. There is a need for the government to increase allocation for infrastructure financing. Incorporation of India Infrastructure Finance Company Limited (IIFCL) for providing long-term debt to project companies setting up commercially viable infrastructure projects in roads, ports, urban infrastructure etc. is a major step in this regard.

- Rs. 5,000 crores have already been allocated by IIFCL to various projects.

- Private Public Partnership (PPP) is gaining importance due to inadequate budgetary resources and aims at providing adequate infrastructure, improvement in the quality of services and reduction in costs.

- Real Estate sector also has many opportunities and challenges. India is way short of the demand of the residential units.

## Manufacturing in India: Leading Opportunities

Relocation of manufacturing from overseas to India is the theme. India is the manufacturing destination for electronics hardware. There is a huge opportunity to grow. Today electronics hardware manufacturing accounts for less than 1.0 percent of India's GDP, as against many countries where it is around 15-20 percent. Telecom and electronics manufacturing is truly global. No one country is self sufficient.

Imports are a key to promote manufacturing in any country. India is on the way to be a manufacturing hub for electronics hardware just two things to be kept in mind infrastructure and taxation.

## Knowledge-based manufacturing

Customer needs are changing. Hence, the needs of the corporate world are undergoing change. Customers are forcing the companies to take a re-look at their strategies. Businesses are facing some realities like focus on core operations need to reduce costs, staff shortages and technology changes. Today, opportunities are created on a global platform. "Best Shoring" is the mantra. 'Geography is history' as distances become irrelevant. Potential Future Scenario - Shared/support services will be relocated to India and China.

## Engineering & Design and R&D

India has potential to emerge as a leader in R&D and

Engineering huge talent pool, cost savings, good quality levels and capacity enhancement.

### Challenges to be addressed:

- Augment quality and quantity of workforce
- Enhance manufacturing scale & capabilities
- Develop industry focused clusters
- Improve interface between R&D providers, manufacturing and academia

Globalization of Engineering Services The next Frontier

### Why is globalization happening?

- Trade & investment barriers are disappearing
- Distances disappearing
- Material culture is beginning to look similar
- National economies merging into an interdependent global economic system

### Collaborative Engineering usually follows the following process:

- Concept developed in the western world
- Design & analyses China and India
- Production design China, India, Europe
- Production - South America, etc
- After market where consumers are present

### Drivers for outsourcing

80% of the product cost comprises design process and testing/evaluation hence, both of the above can be outsourced

Domain Expertise in India present in the following sectors

- Aerospace
- Automotive
- Rail
- Semiconductors
- Consumer Electronics

### Why companies offshore?

- Lower cost
- Market access
- Quality of supply
- Government incentives
- Time to market
- Support customer footprint etc

Concurrent Engineering. Because of time zone difference, workday being 24 hours, designing is done faster. India has a geographical advantage here. ■



# IACC Launches Indo-US Business Confidence Index

For the first time a live, sensitive Business Confidence Index, which reflects, in numeric terms, the macro and micro economic activities, between India and US has been launched by Indo American Chamber Of Commerce (IACC). The index is called IACC-IMaCS Indo - US Business Confidence Index (IIBCI).

The IIBCI is a barometer of the prevailing economic activities (trade, investments, business, industry, services etc) measured in terms of by Indo-US bilateral trade, FDI, FII investment in each others country. The business sentiment is governed by the overall economic indicators, investment climate, forward-looking expectations and perceptions of the stakeholders in the two countries.

The IIBCI is a composite of six sub-indices/ Macro economic assesment index, thrust sectors group confidence index, Firm Competetive Index, Consumer Confidence Index, Firm Specific Financial Performance Confidence Index And Business Perception Index.

"The IIBCI will provide an insight into various entities in both countries US and India namely investors, corporate, governments and business leaders, who seek an analysis of the business climate that govern the Indo-US bilateral economic relations," said Mr. Deepak Pahwa, National President, IACC.

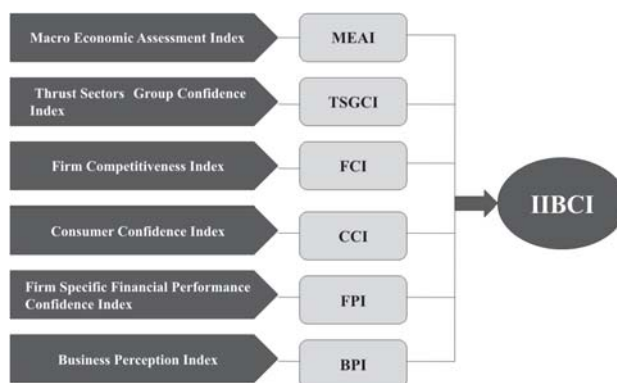
## The Index will be updated twice every year.

Indo-American Chamber of Commerce (IACC) has felt the need for an Index that reflects the level of economic activity between India and the United States and captures the confidence of stakeholders in Indo-US business relationships. This is in the context of the enhanced economic partnership in recent years between the two countries in areas such as business, trade, investments, industry, services, and Government. Accordingly, IACC commissioned ICRA Management Consulting Services Limited (IMaCS) to develop such an index.

"IACC-IMaCS Indo-US Business Confidence Index (IIBCI) is intended to be a barometer of the prevailing economic activity (symbolised by Indo-US bilateral trade and FDI/FII investment flows into India) and the business sentiment governed by the overall economic indicators, investment climate parameters, forward-looking expectations and perceptions of the stakeholders in the two countries. The IIBCI will provide an insight into various entities in both countries investors, corporates, governments and business leaders, who seek an analysis

of the business climate that governs the Indo-US bilateral economic relations," says Deepak Pahwa, National President, IACC.

**The IIBCI is conceptualised as a composite index built on six underlying sub-indices as depicted in the graphic below:**



Among others, the IIBCI is targeted towards the following sections of users:

- IACC members (both American and Indian)
- IACC Members and Potential Members
- Policy makers in India and the US Administrations
- Business Media
- Consultants, Analysts and investors in India & US.
- Similar Organizations like AMCHAM and USIBC
- Apex Business Organizations and other Chambers and Business Associations
- NGOs
- Tourism Promotion Organizations particularly business travellers
- US investors seeking to invest in India by way of FDI
- US Investors seeking to invest in India via the FII route
- Business organisations based in the US/India evaluating India for trade or investments
- Industry associations in the US and in India
- Governments of US and India
- Academia and Economist with an interest in Indo-US relations





## Study Upshot

The IIBCI, pre-calibrated at 100 in 2003 (the base year), has shown a steady rise over the past three years to reach 219 in 2006, reflecting the growing bilateral trade and business confidence between India and US over the period. Designed as a composite index, the IIBCI is an aggregation of six sub-indices that measure the level of economic, trade and investment activities between the two countries over the years. One of the sub-indices, namely the Business Perception Index, measures the sentiments and qualitative perceptions that the Indo-US business and financial community exhibit on issues pertaining to investment climate and business outlook. The BPI has been computed only for 2006 as it is not possible to do so retrospectively.

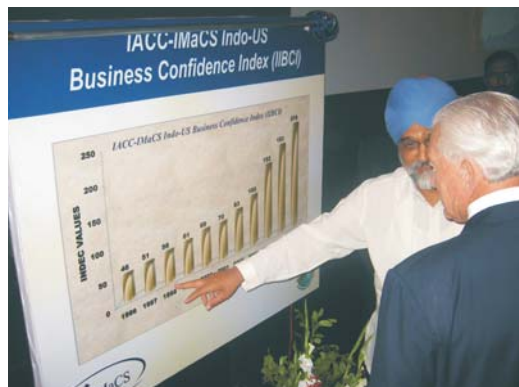
Table below indicates the movement of the IIBCI (last but one column) and the underlying sub-indices over the past 10 years. All the

variations in the associated sub-indices that pertain to the developments in bilateral merchandise and services trade (covering both imports & exports), confidence that the investors and

businesses exert upon Indian economy, financial performances of sampled US firms operating out of India, perception on firm level competitiveness and the general income and spending patterns as exhibited by the private and the Government sector. Each of the aforesaid aspects and their relative performances are embedded within the movement of the IIBCI and the associated sub indices.

## Key Observations:-

- The overall IIBCI has increased over the years, though the rate of increase has varied over the years
- For the most recent two years, the rate of increase in confidence has been about 20%
- The Macro-economic Assessment and the Financial Performance sub-indices fared better in 2006 (based upon YoY growth) vis a vis 2005 whereas the Consumer Confidence and Firm Competitiveness sub-indices increased at a lower rate.
- Merchandise and services exports to US increased in 2006 vis a vis 2005. The merchandise exports grew from USD 18.81 billion in 2005 to 21.83 billion in 2006 whereas the services exports is estimated to have grown from USD 41.75 to 49.67 billion for the corresponding period. The rate of growth has however shown a slight deceleration across major items in FY 2005- 06 when



compared to that in FY 2004-05 at the disaggregate level.

- Import of services from US did well in 2006 (growth of 22% vis a vis the previous year) whereas merchandise imports growth rate was about the same

- Overall business perception as exemplified from the

stakeholder survey inputs seemed positive in 2007. However, respondents stated their dissatisfaction towards the statutory and legislative impediments to investors and businesses operating in India.

- Recent sentiment pertaining to the INR USD exchange rate clearly showed up in the perception survey. Given the fact that India is a net exporter, 30% of the respondents expressed apprehension on the issue of the appreciation of the Rupee. ■

Year	Macro - economic Assessment Index	- IMPORTS - Thrust Sector Confidence Index (Merchandise)	- EXPORTS - Thrust Sector Confidence Index (Merchandise)	- IMPORTS - Thrust Sector Confidence Index (Services)	- EXPORTS - Thrust Sector Confidence Index (Services)	Financial Performance Index	Firm Competitiveness Index	Consumer Confidence Index	Business Perception Index	The IIBCI	YoY Change
1995	51	73	44	43	29	47	NA	51	NA	NA	NA
1996	64	73	47	48	35	51	46	56	NA	46	NA
1997	72	80	56	51	38	56	54	61	NA	51	11%
1998	72	82	63	60	41	60	59	65	NA	56	10%
1999	71	88	69	64	44	65	68	71	NA	61	8%
2000	85	76	82	79	50	73	76	77	NA	69	14%
2001	85	77	74	75	61	69	82	84	NA	70	1%
2002	91	82	90	92	75	81	91	90	NA	83	20%
2003	100	100	100	100	100	100	100	100	NA	100	20%
2004	121	122	119	189	178	136	113	107	NA	152	53%
2005	119	169	143	192	241	121	129	118	NA	183	20%
2006	141	229	166	234	287	144	146	128	100	219	20%

indices are at 100 (by design) in 2003 (the base year). The IIBCI, after a relatively sluggish growth in the late 1990s and early part of the current century has grown rapidly post 2002, in one year spurting to a high of 53%. A blip in the growth of the IIBCI (and the sub-indices) is observable in 2001 post the tragic events on September 11, 2001.

The movement of the IIBCI vis-a-vis the preceding years are captured by the



## PNWA A Global Gateway Service

# Building Business Bridges Between India & US



Don Vollmer, President of Pacific Northwest Advisors (PNWA) and Lew Macfarlane, who directs PNWA's India-US Business Advisory Services, both in Seattle, U.S.A. have been interviewed by Indo-US Business. Both Vollmer and Macfarlane touch upon the great potential that exists for cooperation between Indian and US companies.

### Don, please tell us about yourself, and Lew, about yourself

**Don Vollmer:** First, thanks for this opportunity to talk with the members of the Indo-American Chamber of Commerce. IACC is a great organization we've had the opportunity to meet with your members over recent years during delegation visits to Seattle, and we're especially honored that your founder member, Hemant Sonawala, is an old friend and a distinguished member of our Advisory Board.

My own background is mainly in banking and international finance, and I've been with the World Bank, the Bank of Tokyo, and the Bank of America. Our idea in launching PNWA was to put together a powerful business group that could work strategically to develop business between our region and the international economy. Today, PNWA has grown into an international business network with 34 Advisors and Associates in almost every region of the world.

**Lew Macfarlane:** I'm originally from Seattle and then was in the U.S. Diplomatic Service for many years. I was privileged to represent the U.S. in South Asia and, after I retired from the Foreign Service, decided to help build business bridges between the United States and India. It was a tough go in the 1990s, but since then we've seen an historical transformation of the Indian economy plus a huge, positive shift in the nature

of relations between our two countries. The possibilities for business development now are literally unlimited.

### Please give us some more background on the Pacific Northwest.

**Vollmer:** Pacific Northwest Advisors is based in Seattle and really focuses on the five states Washington, Oregon, Alaska, Idaho, and Montana of our region. The Pacific Northwest is huge geographically (not too much smaller than India, in fact) but with a population of less than 15 million, and a dynamic, diverse and fast-growing economy with an annual gross regional product of about half a trillion dollars. Your members know the names Boeing, Microsoft, Amazon.com, Starbucks and so forth, but we're a world leader in technology of all kinds, including IT, biotech, cutting-edge healthcare, nanotechnology. Many companies in this area see becoming involved in India as a logical next step.

**Macfarlane:** Our region has evolved much as India is doing from a lower tech to a higher tech economy. The household names Don mentioned are just the tip of the iceberg and there are literally thousands of companies here that could benefit from partnerships with India. Besides the high-tech sectors, we've also got tremendous resources in forest products and related products, marine resources and fisheries, service industries, a wide range of agricultural





products and a leadership position in agricultural technology and food packaging, processing, and storage.

### Please tell us more about PNWA and what it does.

**Vollmer:** We really have an extremely wide range of capabilities and expertise we can provide to all our clients: strategic planning, relocation services, joint venture development, export management, government relations, transportation and logistics; manufacturing and supply chain management, oil and energy, mergers and acquisitions, marketing, business, law, banking and finance, and market research. We're not consultants; rather, we aim for a "trusted advisor" relationship with our partner companies---working with them over the long term, as part of their management team, to ensure business success.

**Macfarlane:** Let me mention our Global Gateway Service--- a key resource for any Indian company that wants to become active in our regional market or needs a U.S. supplier or partner. We offer overseas companies a wide range of deliverables including customized market research, specific industry profiles, business

matchmaking, locating a distributor or representative, qualifying potential partners, negotiation, and much more. Our focus, always, is on what the client needs. We'll discuss those needs, free of charge, and come up with a proposal specifically tailored to what the client wants, with compensation primarily based on success fees. And then we'll carry through on implementation.

### What are the opportunities as far as India is concerned?

**Macfarlane:** We have a rich and always-expanding network of first-rate contacts in India. We have a good sense of the opportunities, as well as some of the obstacles to be overcome on both sides. We try to keep up on our analysis of key trends in India, but our consistent focus is on business success for ourselves and our clients.

### Can you be more specific?

**Vollmer:** Sure. We have a contract with one of India's largest business groups, for some very specialized expertise we're providing. We're helping one of your top exporters find retail partners here. We're exploring some FDI options. We're helping a top local company seeking to export our wonderful Washington state wines to India. We're also exploring some specific markets in India for some specialized food products, as well as our world-class agricultural technology.

**Macfarlane:** ...and there's more going on all the time. This is a unique time for Indians and Americans to be exploring business opportunities together. And we really value our relationship with your great organization. More and more, India and other parts of the world are seeing the Pacific Northwest as an ideal place to start or expand their U.S. business connections. And there's no business group in our region that can do a better job of getting that process started. So please drop us an email, and we'll start a serious conversation about doing business. ■





# Consumer Durable MNCs eye India as Manufacturing hub

It is now the turn of consumer durables majors to take a cue from global automobile companies to eye India as their next destination. Several multinationals are firming up their plans to make India a manufacturing hub for their global operations.

Backed by big-ticket investments, the companies are increasingly getting attracted to the advantages the country offers in terms of availability of skilled manpower and significant cost-reduction in logistics and inputs.

## Samsung

While Samsung India's \$30-million facility in Sriperumbudur near Chennai is being readied for substantial exports, LG India has been making steady investments at its Noida and Pune facilities to harness its export potential. Haier and TCL are also drafting blueprints for exports from India.

"We plan to develop our vendor base in Chennai so that we can continuously enhance our competitiveness. For the future, the company is looking at the Sriperumbudur facility becoming a manufacturing hub for Samsung's global operations," said R. Zutshi, Deputy Managing Director, Samsung India.

Samsung also has R&D operations at its Noida complex - both for hardware (product customisation) and software development.

"Currently, we are exporting completely built units (CBU) to Sri Lanka, Bangladesh and Nepal," he said.

## Backward linkages

Noting that the "idea to make India an export hub has always been on the cards", M.A. Dhandapani, member of Consumer Electronics and Appliances Manufacturers' Association, said, "The consumer durables industry is steadily pumping investments into R&D and capacity enhancement. The backward linkages will help the MNC giants cater to a larger consumer pool."

"Export is a natural progression for us since all our products meet international quality standards. The company's focus is to supply competitively to global markets. Our exports alone touch Rs 1,000 crore annually," said V. Ramachandran, Director (Sales and Marketing) of LG India, identifying Europe, West Asia and Asia as promising markets.

According to Pranay Dhabhai, Chief Operating Officer, Haier India, the company recently acquired its first manufacturing facility in Ranjangoan near Pune from Anchor Daewoo Industries Ltd. It has the capability to manufacture refrigerators, colour televisions and washing machines.

"Haier is upgrading the new facility with modern equipment to create an R&D facility for refrigerators. The facility would enhance the overall capacity of Haier and would enable it to increase its customer reach in India as well as in the global market, including West Asia and Africa," said Dhabhai.

Stating that one of the major reasons for acquiring the facility was the availability of inputs such as steel and fuel, he felt that India also proved to be of logistic advantage. "The freight cost is almost 30 percent less if one were to export from India rather than China," he said.

## Manufacturing Facility

Chinese durables major TCL too plans to set up a manufacturing facility in India, both for domestic and global operations.

"We are seeking regulatory approvals to set up a manufacturing unit somewhere in northern India," Sudhanshu Bhandari, Marketing Head of TCL, said.

# Indian Industrial Robots Getting Increasing Popular

Their robots may look cool, act smart and excite kids with their intelligence. But when it comes to doing all the hard work, Indian robots are winning hands down.

India is emerging as a hub for production of industrial robots - many American, Korean and even Japanese firms are using them. But some companies are also developing consumer robots that can clean homes and keep an eye on intruders.

Very soon, Ahmedabad-based Grid Bots will launch Robograd, a robot that can be used to clean homes and keep an eye on intruders, says the company's co-founder and technical officer, Pulkit Gaur.

"Robograd will not have a torso. It may get one eventually. We believe that if robots are made to look like humans, consumers mistake them for toys and don't take them seriously," he adds.

His robot, priced Rs 10,000, would roll out across India in about a month. The company is hoping that the robot will also find an international market for its price and utility. But a bulk of India's robotics business is industrial, and that's growing because companies across the world are wanting to reduce costs.

Tranter, a US-based company, has replaced manpower with robots that it acquired from Precision Automation and Robotics India (PARI), one of India's biggest robotics firms. The Rs 200-crore PARI's robots now take care of the entire process - from pouring milk to boiling, condensing and placing it in the conveyer. "The company used to spend about five minutes on every unit; now it spends only a minute. You can imagine the cost savings," says PARI director Mukund Kelkar.



PARI claims its industrial robots are used by global companies like Caterpillar, Hitachi, Bosch, Emerson Power, American Ayle, Honeywell and Indian subsidiaries of MNCs like Samsung, Philips, LG, Suzuki, Renault, Ford, Honda and Hyundai because of their flexibility.

"Like our robots at Tata Motors were installed for welding and pressing automation when Indica was launched, but came useful also during the production of Indica V2 and the Indigo," said Mangesh Kale, who co-founded the company with Ranjit Date.

Prime Minister Manmohan Singh has already even talked about the need to increase activities in the Indian robotics space. "We plan to go in for precision guided munitions as well as unmanned vehicle technologies in the 11th and 12th Plan period," he had said recently. Companies like PARI is already involved in about five defence-related projects and more small companies will get to benefit.

Says Vaishali Singh, director of Uttarakhand-based J Robotics Technologies, "Apart from consumer and industry robots, there are special robots for the educational use. More opportunities for companies will require more skilled manpower. So our business will go up." J Robotics is in the final stages of discussion with a Singapore-based institute for supplying robotics solutions.

PARI has recently joined hands with Valient, a Canadian company, to increase its shareholding in the American sub-continent. Says Ashima Bhat, country head of emerging corporates group at HDFC, which has financed PARI: "Opportunities inside and outside India, in the field of robotics, are tremendous. So in the near future, we may see Indian companies become billion dollar firms."



# The Truth Behind Bengal's Amazing Transformation



West Bengal is passing through an amazing phase of transformation. This is a change that the state desperately needs. But some observers say this change has arrived rather come is too late. There are others who say that the change is too fast. The Left Front government's pro-active economic initiatives, especially its stand on industrialization, have drawn flak from several quarters, the media, the party cadre and other sundry observers. In order to get a clear picture, **Subhajit Bhattacharya** talks to Emergency Services Minister **Pratim Chatterjee**, who is also a veteran party man.

## How would you analyze the 33 years' tenure of the Left Front government in the state?

I started off with the party when I was very young. I have seen many ups and downs in the party and in the state. We struggled a lot to build our entity in the state. To gain people's trust, we have struggled with the people. We have always stood by in their days of hardship. We have always fought against the capitalist power. I have always believed in the ideology of Communism, but now we have changed with the time. We have transformed ourselves, because to move towards the development, we have to change. We did make many mistakes in the past by not accepting the trend of globalization but we have soon realized that the world and the whole scenario is changing so we also have to change to make West Bengal economically strong and robust.

## The change which we have all been witnessing in the state in the last eight years is miraculous. What is the mantra behind it?

There is no magic, but as I have said the state government had understood its faults and we soon started working on

them. We all know that no change can be made in one day. So I think that it is the result of the seeds planted by former Chief Minister Jyoti Basu. But yes, I can definitely say that in the last eight years, the new Chief Minister Buddhadeb Bhattacharya has done a lot. Due to the relentless efforts of these leaders, West Bengal has acquired a new dimension in its vision and a new destination to reach. Now businessmen want to invest in the state. I think in another five years, the whole scenario will be different, with the state entering the global market as a force.

The government came into power a little more than three decades back by fighting against capitalism and bourgeois culture. Its slogan had been the employer-employee equality.

## Do you think this sudden change in the government's policies will have an adverse impact on its public image in the future?

No, I don't think so, because we haven't tilted ourselves from our philosophy. But yes, as I have said, times have changed a lot and so have we. If you see China. It has also changed a lot. Even as the country has followed Marxism, China has emerged as a new world power. We are still a government, which thinks about the wellbeing



of farmers in Singur. We have never tried to snatch lands from the farmers. We have only taken land from those farmers who have given their consent. The government has paid about Rs 12 lakh to each farmer who gave his land for the Tata small car project. Yes, I admit that the government has taken some of the fertile land, because we didn't have any other option. Now a days if you check, you can observe that most members of the farmers' next generation are coming to cities in search of jobs because they are educated. They want jobs and a better living. Also you have to see why we have selected Singur for the Tata project. A small car factory needs good connectivity so that the product can reach the market as soon as possible and also the dock facility nearby. We are also planning for some floating docks which would lower the pressure in Haldia and Kolkata. An iron or steel factory would never need such places because they need places like Birbhum Bankura where there is barren land.

## **Do you think West Bengal has enough infrastructure to support and sustain this industrial boom?**

Had you asked this question 10 years ago then I would have said, no we are not ready to take this challenge. But now I am pretty sure we are prepared to woo big companies to come to the state. Our Chief Minister has

taken adequate steps to upgrade the infrastructure in the state to ensure a good market to investors and a proper place for their business. Now we have an extremely good communication system and as I have said we will be coming up with some floating docks very soon. We also have ample electricity, and the most important thing is the availability of skilled labour. For example, we have very good stock of automobile engineers in the state who have taken voluntary retirement in the Hindustan motors. So I think they can be used by the Tatas. We also have a large English speaking population working in the IT and the BPO companies like Wipro and Genpact.

## **You are in-charge of the state's Ministry of Emergency Services. As you see it now, the state is dotted with many industries. Its cities' skyline is changing with skyscrapers and business malls. What is your dept doing about industrial security and safety?**

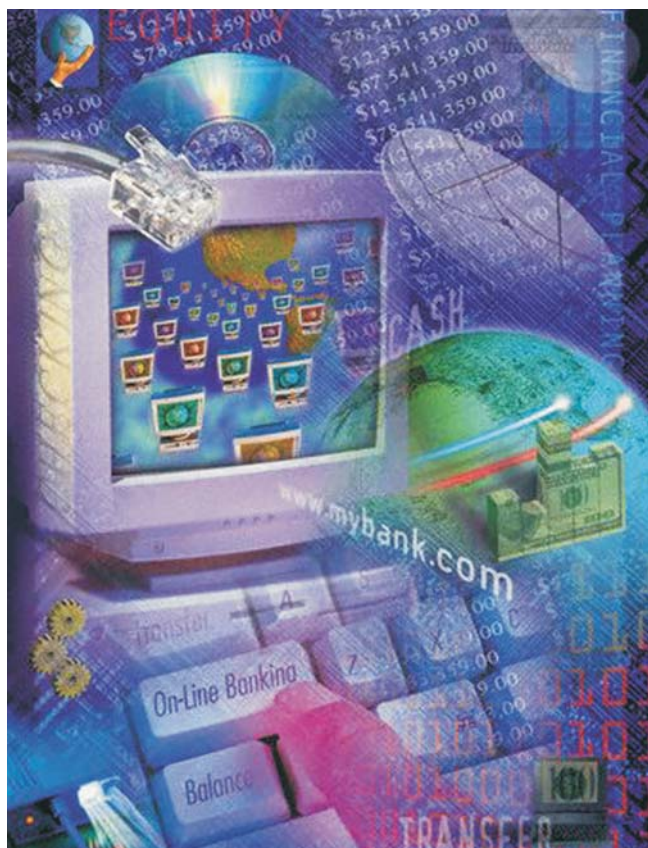
Yes, I know this is a very important issue. We as a dept of Emergency Services are looking into this matter in a very serious way. All the new buildings have to take permission from our department and they also have to take adequate precautions for fire safety. Our expert team is always there to guide them in case of any need. But if there is any kind of fire or any kind of breach of safety norms then we have the power to cancel the licence of the company in question. We can also arrest the owner of that company.

## **Now disaster management a very important issue worldwide. The Central government is also taking this issue very seriously. What is the state's stand on this issue?**

It's a very important issue. We also have a specialized department which looks after disaster management. I think we still need some time to get prepared for handling issues such as disaster management. But we are taking steps very fast towards it. I personally have spoken to Union Home Minister Shivraj Patil. We are very soon going to purchase some equipment estimated to cost Rs 2 crore to handle critical situations.

## **Where do you see West Bengal after five years?**

West Bengal is definitely moving in the right direction. I am very hopeful that we will succeed and we will have a very bright and prosperous future for the new generation.





## From Stagnation to Staggering Economic Growth Bengal's Investor-Friendly, Pro-Active Policies Pay Off



After years of stagnation, West Bengal has entered a phase of economic resurgence and rapid growth, exceeding the national average. In an interview with **Tripti Chakravorty**, the State's Commerce & Industries Principal Secretary, **Dr. Sabyasachi Sen, IAS**, talks about the factors that have put West Bengal back on the path of progress and his government's plans to sustain this great surge. Excerpts.

**West Bengal has been experiencing rapid growth, which is 1.1% higher than the national average in recent years. What are the reasons for this and which are the areas of growth?**

In the post-reforms period, West Bengal has emerged as one of the fastest growing states, both in terms of GDP and per capita income.

The SDP of West Bengal (Rs. 2,06,881 crore) is the third highest in the country after that of Maharashtra (Rs. 3,71,677 crore) and Uttar Pradesh (Rs. 2,35,678.32 crore). It is growing at an average rate of 11% and is expected to be around Rs. 25,000 crore by the end of 2007-2008. Agriculture as the primary sector constitutes about 24% of the SDP and it has been growing at the rate of 3.2%. The secondary sector comprising of the industries constitute 21% of the SDP and it is growing at the rate of 12% - 12.5%. Within this sector the manufacturing sector has registered growth of more than 9%. The contribution of services sector to the SDP has been about 54% and has registered a growth of 12% within which consumer component has grown at the rate of nearly 20%. Based on these achievements, West Bengal is now on a steady and balanced integration mode between the vibrant agricultural economy and emerging sectors of modern

industrial economy.

The accelerated growth could be primarily attributed to the investor-friendly approach adopted by the State Government in recent years. Many major domestic and foreign investors are targeting West Bengal as the investment destination.

The State Government took the proactive initiatives, supported by enabling policies for drawing industrial investment, in the thrust areas. These initiatives have yielded positive results and helped West Bengal emerge as a leader in the IT-enabled service sector. This has generated growth of employment. It has crafted its policies on the growth of industries in major sectors like Bio-technology, Mines & Minerals, IT & ITES sectors.

The State Government's initiatives for setting up cluster of sector specific industries like Food Parks, Poly Park, Plastosteel Park, Gem & Jewellery Park, Garment Park, Foundry Park, Rubber Park, Bio Technology Park etc depending on the availability of raw material and marketing facilities has already drawn huge investment. The State Government is also planning an auto component manufacturing industry.

The State Government lays emphasis on partnerships between the management and the workers as a step towards creating vibrant work culture and investment friendly ambience.





The current rapid growth trend reflects specifically in the Iron & Steel industry, Food Processing Industry, IT, Real Estate and plastics and synthetic sector etc. Service Sector including Hotels, Hospitals etc.

Since manufacturing industries act as a growth engine in the industrial and economic development, the State Government has focused on the growth of those industries where the state has comparative advantage in terms of the availability of raw material and marketing. The attraction of green field investments by large industrial groups in recent times like automobiles, such as Tata's small car project, Xenitis and Salim Group's two wheeler projects, investment in Heavy Duty High Performance Vehicle segment by URAL INDIA Ltd as well as recent proposals of investment in the Iron & Steel sector and other heavy industries by major players like Jindal Group, Adhunik Group, Jai Balaji Group, Tata Motors etc is encouraging other big players to join the queue.

Haldia Petrochemicals Ltd, Mitsubishi Chemicals' MCC PTA project are a major source for downstream industries and are drawing huge investments.

The State Government also encourages foreign direct investment, both technical and financial, mutually appropriate and advantageous.

## **How many of the Rs 9000-crore projects approved in the last four years have taken off?**

During the last four years, from 2003 to 2006, investments of more than Rs. 10500 crores have been made in various medium and large scale industries either by way of setting up new industries or through expansion in the existing industries. I have no knowledge of any major industry getting closed during this period.

## **West Bengal is second to Maharashtra in attracting companies wanting to set up their base there. Which are the new entrants? What sets West Bengal apart from other states in this regard?**

In recent times, West Bengal has seen huge investments in sectors like food, petrochemicals, including plastics and synthetic products and steel. Major players who have shown interest to make huge investments are Bhushan Steel, Jai Balaji, Adhunik Group, Jindal Steel & Power, Shyam Steel, Abhijeet Group, Videocon, Salim group. Fritolay India (Pepsico) has already started production in Food Park. There are others who have either started operation here or have shown interest. Some of them are

Emami, Videocon, Unilever, Nestle, Jindals, Reliance, Future Group, GE, Adhunik Group, Bharti Airtel, WIPRO, Cognizant, IBM, Future Group, DLF Infrastructure etc. Some of the companies/Groups who already made initial investments are now expanding their base.

Some competitive advantages to attract investments here are:

- Social stability
- Political continuity
- Availability of Power at competitive rate
- Largest producer of fruits and vegetables
- Rich in mineral and natural resources
- Availability of Port facility Kolkata and Haldia
- Large talent pool and low cost of operations as well as low rate of attrition
- One of the largest consumer market
- 2nd largest producer of tea and paper
- One of the few States to offer most attractive incentive schemes
- Fast developing infrastructure both physical, social
- Investor friendly ambience

## **With regard to infrastructure, what is the current status of this key area in West Bengal? What is the state doing to attract FDI into infrastructure development?**

The State Government is trying its best to improve the infrastructure facilities of the State as well as create new facility to attract investors domestic and foreign. During the year 2006-07 approximately Rs. 7112 crore have been invested towards development of infrastructure, specifically in roads and bridges, telecommunications, power, airport, port & jetty, surface transport etc. Rs. 525 crore in service sector, about Rs. 1543 crore in urban & social infrastructure.

One of the major steps taken by the State Government is developing the major cities like Durgapur (Burdwan), Kharagpur (West Midnapore), Malda, Bolepur (Birbhum), Siliguri (Jalpaiguri), Dankuni (Hooghly), Howrah, Baruipur (South 24-Parganas). We will try to transform these cities as major business hubs. This development will ensure balanced growth of infrastructure as well as economy.

Proposal to construct four-lane highway to connect North and South Bengal in collaboration with National Highway Authority and also proposal for construction of a



freight corridor between Kolkata and Delhi, modernization and expansion of airport, construction of a Deep Seaport are some of the major infrastructure projects underway. Implementation of these projects may take another two/three years. With all this we expect a sea change in the entire infrastructure scenario in our State.

Foreign investment policy reforms and industry growth trends have found favour with foreign investors in the past two years. The State is looking for FDI investments not only in basic infrastructure but also in related social and service infrastructure.

## **What is the current state of medium small-scale industries in West Bengal? What is the government doing to encourage them as in the case of large scale industries?**

After the implementation of the MSME Act, 2006 by the Government of India, the State Government has also taken steps to promote micro, small and medium scale in the State.

The State Government has come up with a new attractive "Incentive Scheme 2007 for micro,



macro and small industries" to maintain the competitiveness of this sector.

Some other major steps taken towards this goal are:-

- Organising Entrepreneurship Development Programme, Workshop and awareness programme on the Haldia Downstream industries, food processing, engineering, leather, bio-gas and other sectors;
- Various Training Centres have been set up to provide services for improvement of quality matching national and international standards. These trainings include training of workers, turnkey on construction and maintenance, handicrafts training, computer training, training on electrical and electronic devices, skill upgradation, weaving in modern power loom, computer designing, tailoring etc.
- In order to enhance productivity and competitiveness of micro, small and medium enterprises, nineteen (19) SSI clusters for ferrous and non ferrous metals parts, surgical instruments etc have been set up in various districts of West Bengal under the 'Small Industries Cluster Development Programme' under the Government of India. Many more proposals have been identified and under consideration.

## **What would be your message for the investing community across the globe wanting to invest in your state and how do you intend promoting it?**

Our message to the investors is loud and clear. We invite them to visit West Bengal and see for themselves the unfolding opportunities, the ambience, the investor friendly policies of the State Government, the facilities we have treated in terms of infrastructure physical and social and the other factors that act as drivers of growth. Here they can feel the right attitude and right kind of initiative for faster industrial development. We would like them to invest here to grow and grow inclusively. ■





## West Bengal Well Set to Regain Economic Glory

He is the man who has steadfastly stood by the West Bengal government at all times with unwavering faith in its ability to steer the state onto the path of unprecedented economic resurgence, He is none other than **Harshvardhan Neotia**, Managing Director of Ambuja group and Hon consul general of Israel in West Bengal. In a brief interview with **Subhajit Battacharya**, Neotia has shared his views on the booming Bengal economy and its march towards industrialization. Excerpts.



*Sri Jyoti Basu, Chief Minister of West Bengal inaugurating Udayan*

### What do you think about the resurgence of Bengal?

It is definitely a very positive thing and a very welcome development. The state government is moving in the right direction. We are doing business in the state for a long time. Whenever we went outside the state we used to get a very negative feedback about West Bengal from people there. So I think this is the right time and rather it is high time that we moved faster towards the growth and development.

### Do you think the change which is happening is too late or too fast?

Yes I do think that the change is a bit late actually we started off late and slow but I think that it is good that we started off and by God's grace we will get back the lost glory of Bengal. I am again saying that we are moving in the right direction and we will succeed and West Bengal will have a very bright future.

### What kind of advantages do you think the local businessmen and the entrepreneurs will get if industrial groups such as the Tatas and Reliance come into Bengal's market?

I cannot say anything about the local businessmen but the simple thing is that if there is an all-round development of the state then everybody will get benefited from that. If the big players like the Tatas or Reliance come in then foreign investments too will flow into the state's economy and this would help build a bright future for the state.

### What are the basic problems an entrepreneur faces while doing business in Bengal? Do you think those are completely removed, if not, what is the remedy?

There are basically two or three main problems which are looming large in the state and which needs to be combated and should be resolved as soon as possible. Firstly, we have to give stress to infrastructure related issues and also we have to highlight growth related issues, as we all know that the communication and infrastructure in the state is not as upgraded as in the other states. But





definitely the West Bengal government is working on it very seriously but we have to do it very fast in developing communications and infrastructure of the state. Another problem is the delay in processing the proposal. Red tape is still prevalent in the state. There should be a 'single window' clearance system. This is also a major blow to the pace of the growth of the state's industry. Thirdly land acquisition in the cities of West Bengal is a major problem and we have to look forward to get rid of this problem as soon as possible.

**West Bengal has always been known as an agricultural state. Agriculture is the backbone of the state. Do you think 'corporatisation' of agriculture in the state is needed right now and will it serve the purpose of development or will it have an adverse effect?**

I don't have much of an idea on this issue but from different reports which I have read in the newspapers I

have come to know that because of very small holdings and unequipped farming the farmers are not able to improve productivity or make profits. Though on the other hand, I am not sure whether we are ready for 'corporatisation' of farming right now. So I think we have to come up with some kind of hybrid formula under which the ownership remains with the farmer and there could be a tie-up with a corporate which would provide the much-needed backup and technical help to the farmer. This way, the quality of the farmers' produce could be improved further and accordingly their incomes.

**What are the future projects of Ambuja group?**

We are doing many housing projects in Kolkata and also outside the city. Also we are doing lot of projects in hospitality and we are building shopping malls

**Where do you see Bengal after five years?**

Judging by the way West Bengal is going, we will definitely see a very bright future for the state. ■

## 'An Indo-US FTA will boost bilateral trade'

Sanjay Puri, Chairman of the US India Political Action Committee (USINPAC), believes that a Free Trade Agreement (FTA) between India and the United States.

This suggestion gained momentum recently with Republican Congressman David Dreier's announcement at the World Economic Forum held in December 2007 of his intent to introduce legislation in the U.S. Congress calling for FTA talks.

**Other areas requiring enhancement are:**

- Encouragement of greater Foreign Direct Investment (FDI)

in India by removing limits on majority foreign ownership, particularly in the manufacturing and retail sectors.

- An easing of entry by American and Indian firms into various fields in both countries including insurance, banking, private equity, and venture capital.
- Supporting the Indian government's current emphasis on investment in physical and human infrastructure including energy, road and rail, and primary education.
- Harmonizing legal protection of intellectual property rights, tighter Indian enforcement of laws against piracy of intellectual property and expanded U.S. enforcement of laws against piracy of intellectual property.
- Promoting cooperation in research and development of new technologies in key sectors including agriculture, energy, life sciences, waste management, and information technology.



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## Realty Boom in Bengal

# A Peerless Perspective



The realty industry is booming right now in West Bengal. Companies such as Emaar group and DLF are trying to strengthen their foothold in the real estate market in the state. Is this growth really going to help the state's economy or will it have an adverse impact on it due to a sharp and sudden rise in real estate prices? As the din of construction activity across the city has risen to frenzied height, our special correspondent seeks answers for the above pertinent questions from veteran builder and realty industry tycoon K.S. Bagchi, Managing Director of Bengal Peerless.

### Tell us something about the genesis of the Bengal Peerless?

Bengal Peerless is a joint sector company. If you ask me how it all started then I would say that it all began for the good of common people. Because, if you remember that this boom in the realty industry in West Bengal actually started in the beginning of the 80's when there were hardly any land left to be sold in Kolkata as all the promoters kept buying land to construct big buildings. The prices of space in those buildings were far beyond the reach of the common man. The condition under which those buildings were built were also not so good. Most people sold off their land and moved out from the city to the suburbs. So by watching this scenario, the state government felt that it was really very bad and it would turn worse if it did not act promptly. So actually all these issues were handled by a government body called West Bengal Housing Board. So, the state government decided to join hands with private sector companies and build houses which would be cost-effective and which could be affordable by the common man, with an average monthly income of around Rs 5,000 to 7000. Thus Bengal Peerless, a joint venture, was conceived.

### The West Bengal real estate scenario is changing very fast and the market is now very large. Do you think it is a positive change?

I definitely think it's a positive change but I am a bit skeptical at the same time about how many of the large number of high-rises which are being built right now actually meet the needs of the consumer. As far as I know, most of them are purchased by the investors and they will later sell them off when the right time comes. So after certain time when the project does not reach the customer the entire effort will be waste.

### Are you satisfied with the role of the State Government in the real estate sector?

Yes, I am very much satisfied with the role of the West Bengal government. The government played a very positive role in this market by controlling the market and also the prices. The government also tried to work hand in glove with



the private sector to develop the realty industry.

**Which are the aspects of the real estate sector that you think need rectification to give it a proper boost?**

I think the government should consider the interests of the common people rather than promoting the interests of the realtors. Our Housing Development Minister is a very able person and he will definitely act promptly if any crisis really arises.

**In West Bengal, we can see the real estate sector is very much linked to the boom in the Information Technology industry. We also know that much of this boom is due to the staggering growth in the BPO and KPO segments of the IT industry, which are exposed to the uncertainties of the**

**international markets. Do you think the vast investments that have gone into IT-related real estate sector will prove to be bad in the long run?**

No I won't say that it's a bad investment for the realty sector but I can suggest to the state government that it should lay more stress in developing the software companies and not the BPO or KPO segments for which we need to depend on US and European markets. Also, we should encourage more and more manufacturing industries.

**Acquisition of land is a problem in West Bengal and this is because most of the state's land is agricultural land and this has now become the largest barrier in the way to industrialization. What do you think is the solution to this problem?**

I think there should be a proper procedure for land acquisition, as you can see in the recent past so many lands have been acquired in Rajarhat. There were no hitches in that because the government sat with all the parties concerned, including the farmers, and fixed the rates with mutual consent. Actually the government has no other option but to acquire agricultural land near the city. Because the government does not want to push this industrialization to Birbhum or Bankura, where good infrastructure is absent at present. So it has to take over the lands available near the city.

**Tell us something about the new projects of Bengal Peerless?**

We are coming up with the Axis Siliguri, the replica of the same building which we are building here in Kolkata. Actually Axis is a unique project of its kind because here in this centre jewellery will be made and will be sold at the same time and under the same roof also we are bringing the collection of Mozart, a tennis academy under the supervision of Mahesh Bhupathi and also it will have banks and all other companies under the same roof. We are now mostly concentrating on the outskirts of West Bengal because I think that the small cities of the state also have great potential and we should try to develop the small towns otherwise there can never be overall development of the state. ■







## Bengal Building Aerotropolis Near Durgapur, Asansol

West Bengal is getting a new airport very soon. An agreement to this effect was signed between the West Bengal Industrial Development Corporation, (WBIDC) and BAPL (Bengal Aerotropolis Project Ltd) on 18 January 2008 in the presence of Nirupam Sen, Minister of state for Commerce and Industries.

The main purpose of this project in Durgapore and Asansol is not only to give Bengal a new airport but also to develop the cities of Durgapur and Asansol into industrial hubs. Entire infrastructure will be developed by keeping the airport as its nucleus. Industry, education, urban amenities, tourism and other related infrastructure will be developed in an interdependent manner.

WBIDC has, in order to promote the overall growth of the region, agreed to extend such support to BAPL for development of the project. In this project, companies which will also work with BAPL and WBIDC are Hudco, the Cityastar group, Land lease company (India) Ltd and Pragati 47 Development Ltd. All these companies will jointly work together with WBIDC to fulfill this dream project.

The project will be completed in five to seven years and the total cost will be around Rs10,000 crore. About



2,300 acres of land is required for this project. The land will be leased out to BAPL by WBIDC. The project will be completed in phases and the initial stage would cost around Rs 135 -140 crore. The airport will have facilities like night parking and other facilities which usually an international airport possesses. The airport will have a runway of 3.2 km and both domestic and international airlines will land at this airport .

The airport city - Aerotropolis - will have facilities like a theme park, hospitals, markets, retail and commercial park, and also housing projects for high, middle and low income groups . ■

## Bengal must work hard to reach top in IT & ITES

The Kolkata chapter of the National Association of Software Services Companies (NASSCOM) in association with the Information Technology Ministry of West Bengal and WEBEL organized a programme to felicitate Kiran Karnik and Som Mittal, NASSCOM's outgoing and incoming Presidents respectively on 15 January at Hyatt regency in Kolkata recently.

Representative from all the major IT companies were present at the meeting, where speaker after speaker lauded the efforts of karnik to make India the most desired destination for the world's best IT companies.

Under Karnik's reign, West Bengal too made remarkable

contribution to the fields of IT and ITES.

Karnik in his speech made it clear that West Bengal has to work very hard as a state to reach the top position because the competitors are very hard core professionals backed by good resources.

To change the scenario of the industry in Bengal we have to improve the infrastructure and also the whole communication system. Frequent bandhs (strikes) in the state are going against the state's interests. He also mentioned that India as a country has got great potential to compete with its rivals in the global market "we are the best in the industry and we proved it to the western world



that we can give the service in the best possible way," Karnik said.

"This major boom in the IT arena started in the 90s and helped the country in a great way to earn foreign exchange, which also helped India combat the rising oil prices. According to industry experts this industry in India will grow into an industry of \$700 billion in the next few years.

IT Minister Debesh Das said he had high hopes for the IT

industry. He thanked Karnik for the valuable suggestions that could help sustain the industry.

Som Mittal said that India need to work very hard but "it is still a long way to go. We have to build more and more IT and software companies in Kolkata and also in India so that the people here as well as in other states get good job opportunities. Mittal promised to walk the same path which his predecessors like Devang Mehta and Kiran Karnik.

## Potato Expo '08 heralds beginning of 'Brown Revolution' in India



The government of West Bengal in association with the Union Ministries of Agriculture, Commerce and Food Processing for the first time has organized "The India International Potato Expo 2008" from 9 to 12 January 2008 in Kolkata.

The main objective of this mega event was to increase the productivity of the potato in India so that the country only produces ample amount of potatoes but at the same time export potato to other destinations such as the US, Europe and Middle East. Apart from West Bengal, states such as Bihar, Punjab and Madhya Pradesh also took part in the Expo.

In the next two decades the world population is expected to grow at an average by more than 100 million people a year so to meet that huge demand of food potato would serve as an important part.

"We not only have to produce a good quality potato but at the same time by maintaining the recent trend of the global trade we have to corporatize agriculture in the country. We also have to change the whole process of export and production chain, and have to make it demand based or according to the demand of the consumers. We have to produce what the global market wants from us," said Jairam Ramesh, Union Minister of State for Commerce and Industry.

He also at the same time requested the countries like US and UK to lower the

import duty so that the production and export from countries such as India and China could be encouraged in a major way.

Union Minister of State for Food Processing Subodh Kant Sahay said,

"We have to lay stress on the market driven farming and then only we can compete in the global market. We also have to change our infrastructure for potato farming by building good cold storage chains in the country. Also we have to interact with the food processing firms so that raw potato can be utilized properly," he added.





# Hot Markets & 7 Factors to Chill a Financial Crisis

Robert F. Bruner, Dean, Professor of Business Admin. Darden School of Business, University of Virginia, addressed members of Indo-American Chambers (IACC), Associated Chambers of Commerce and Industry (ASSOCHAM) and Punjab, Haryana and Delhi Chambers of Commerce and Industry (PHDCCI) on the theme Market Crashes & Panics: What Drives a Financial Crisis? Prof. Bruner lists seven chilling factors that need be considered in order to deal with a financial crisis.

Failure in financial markets is like a vortex in a sink, a pernicious self-reinforcing downward cycle. Failure exerts its own gravitational pull. Seven factors converge to reinforce one another in producing a financial crisis. In my remarks that follow, I will offer a general framework or way of thinking about financial crises, and then reflect on the current crisis.

The first factor is economic growth. Growth that precedes every bust is stimulated in no small part by innovation. Joseph Schumpeter argued that innovation is the driver of economic cycles. New inventions stimulate expansion, and eventually over-expansion. Sooner or later the markets will correct the mistakes that occurred during the expansions. John Maynard Keynes said that we shouldn't be so surprised by recessions and crises as by the booms that precede them. I call these booms, "hot markets." Hot markets are incubators for financial crises and are characterized by a sharp increase in trading activity, talk of a "paradigm shift," entry by inexperienced, occasional, and naive players, rising prices, aggressive financing, and other factors. During hot markets, decision-makers are prone to make bigger mistakes. This first factor emphasizes the need for discipline.

The second supporting factor in the emergence of financial crises is complexity. This may be related to growth. But the macro economy evolves with more complexity that makes it hard for depositors and investors to know what is going on. The problem with complexity is asymmetric information, the imbalance within and among investors about what is known. To some extent, information asymmetries are all around us. But growing complexity makes these asymmetries worse. It promotes problems of adverse selection and moral hazard. To correct these problems, financial intermediaries act to gather information (build transparency). They invent new financial products that distribute risk efficiently. And regulators arise to oversee the transparency and faithfulness of the financial intermediaries. Often, these corrections suffice to cure the worst aspects of

information asymmetry. This second factor, complexity, illustrates the fundamental point of Warren Buffett's famous quotation, "You don't know who's swimming naked until the tide goes out." You don't know...

The third attribute that drives financial crises is inflexibility, the absence of sufficient safety buffers or cushion against shocks. A systems engineer would call this "tight linkage." Parts of a system are linked. Such linkage is "tight" where there are few firewalls or safety buffers. Trouble can spread rapidly. You see this in systems that are all around you: the home heating system, the human body, and the national electric transmission network. Tight linkage is reflected in financial crises, for example, in insufficiency of reserves of cash to meet the withdrawal demands of depositors, insufficiency of capital reserves in a bank with which to absorb loan losses, lack of time to remedy problems or seize opportunities, and commitment to a path of action with few alternatives. Intuition and a lot of research suggest that flexibility is valuable.

The fourth factor is what psychologists call "cognitive bias." Behavioral economists such as the Nobel prize-winner, Daniel Kahneman, have documented cognitive biases in markets, such as over-optimism, over-pessimism, deal frenzy, failure to ignore sunk costs, etc. Cognitive biases prevent rational action. Biases prevent leaders from being mentally prepared for trouble. In the Panic of 1907, we observed very obvious reflections of optimism and pessimism such as: bank runs, cash hoarding, speculation, and panic in the streets.

The fifth factor contributing to financial crises is adverse leadership. Leaders do things advertently or inadvertently in the advance of crises that elevate risk. Leaders are lightning-rods for criticism, usually not without good reason. The U.S. Federal Reserve acted adversely in the early years of the Great Depression; financial regulators in the 1980s contributed to the crisis in the U.S. Savings and Loan industry. Ironically, the very actions of regulators can amplify, rather than dampen crises. We could also point to adverse leadership in the private sector.

Something must actually spark the crisis. The sixth driver of crises is some kind of real economic shock that spooks depositors and investors. Each crisis has a trigger of some sort. Trouble breaks out and spreads rapidly. In the case of the Panic of 1907, the serious shock was the San Francisco earthquake of 1906, that sucked capital out of New York and London, putting in play the a liquidity





## Darden Graduate School



The Darden Graduate School of Business Administration at the University of Virginia was ranked 4 in the 2007 Forbes Magazine rankings of best MBA Programs and 3 in the 2007 Financial Times survey of executive education programs. Additionally, its MBA Program was included in the Top 10 by the Wall Street Journal in 2007 and the Economist Intelligence Unit in 2006. The University of Virginia is usually ranked No. 1 or 2 public university by US News & World Report.

Founded in 1954, the Darden School is internationally

recognized for its multi-disciplinary program which emphasizes general management and is organized around an integrated curriculum employing the case study method. The Darden School offers a two-year MBA Program, an executive MBA Program, a Ph.D. Program and numerous acclaimed executive education programs.

Darden's 90-strong faculty serves a student body of 600. Darden's annual budget is \$78 million and its endowment is \$360 million. The India Alumni Chapter led by V. N. Dalmia, Chairman of Dalmia Continental Pvt. Ltd, has been Darden's Outstanding International Chapter in 2004 and 2005.

The Darden School occupies its own campus within the Grounds of the University of Virginia in a community often ranked as one of the cities enjoying the highest quality-of-life in the U.S.A. Charlottesville is located in the foothills of the Blue Ridge Mountains two hours from Washington, DC, and one hour from Richmond, the state's capital. The University of Virginia's campus is the only university campus in the world to be named a UNESCO world heritage site.

crunch. A "shock" must be real (not cosmetic), large and costly, unambiguous, and surprising.

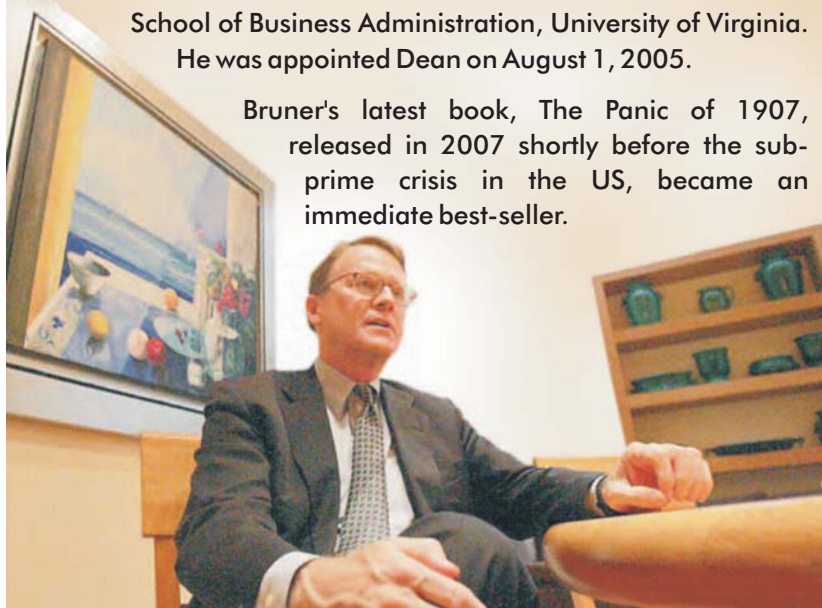
Seventh, the depth and duration of every crisis is affected by the quality of leadership in organizing collective action. Inadequate collective action leads to inappropriate responses, for example: delay, overreaction

(creating other problems), unethical behavior (such as acting in one's self-interest rather than in the interest of the community) and infighting (due to old operating rivalries, cultural differences, or misunderstandings).

### Robert F. Bruner

Robert F. Bruner holds the position of Dean and Charles C. Abbott Professor of Business Administration at the Darden Graduate School of Business Administration, University of Virginia. He was appointed Dean on August 1, 2005.

Bruner's latest book, *The Panic of 1907*, released in 2007 shortly before the sub-prime crisis in the US, became an immediate best-seller.



These seven factors constitute a system of failure. Rapid growth, complexity, tight linkage, cognitive biases, and risky behavior create a medium of confusion and propagation. A shock occurs, followed by poor response, poor results, more confusion, propagation of the problems, and so on. This is the pernicious self-reinforcing downward cycle.

So what? What are the implications of this perspective on financial crises? First, there is no "silver bullet" answer, a single all-purpose explanation for financial crises. Second, failures arise from systemic effects. Third, to anticipate failure, watch for convergence of factors. Be storm system spotters. Fourth, to resist financial crises when they are happening, attack the self-reinforcing cycle, the convergence and linkages. ■



## West India Council

### WIC on Outsourcing Business Outing in US

The Western India Council of Indo American Chamber of Commerce (IACC) organized an outsourcing delegation in August 2007. WIC had tied up with two of the most Coveted Events in the American Information Technology (IT) domain as International Partners.

An IACC delegation from India visited both the events to gain an insightful perspective about the current trends in the US Information Technology industry. The first event was the 37th Annual Forum Organized by TAWPI in Boston and focused on the Papered Data Processing domain of the Knowledge Process Outsourcing segment of IT. The second event attended by the delegation was held in Chicago. Called 2007 Business & Technology Solutions Show, it portrayed the latest technology deployed for Data Processing in the American financial sector.

Among all the events adding to the delegate's satisfaction were some exciting happenings like J&B Software, an IACC member company receiving the "2007 TAWPI Hall of Fame Award" at a ceremony conducted on 13 August 2007 at the TAWPI event.

Another member of IACC i.e. Vee Technologies had a Booth at the Expo visited and complimented by many attendees. All the IACC delegates were invited by Metavante on the luxurious Odyssey for a sunset dinner cruise around Boston Harbor.

Overall, the initiative was a grand success in terms of IACC's continued focus for its primary motto of being a facilitator of bilateral trade between India and the US. Both the US and India have of late been deploying their best resources and think-tanks to come up with novel and diverse initiatives and activities such as this one, which in turn may prove to be very beneficial for its members to expand their business horizons and explore new opportunities in the US as well as in the domestic market.



*'INDO-US IT OUTSOURCING DELEGATION 2007' at the IACC booth at TAWPI's 37th Annual forum, Boston, USA*

### 'US Committed to Facilitate Business, Tourist Travel'

At a seminar on US Visa policies, organized by the Western India Council (WIC) of Indo American Chamber of Commerce (IACC), Ms. Maura Harty, Assistant Secretary for Consular Affairs, reaffirmed the US Government's commitment to facilitating legitimate business and tourist travel to that country. The seminar comes at an opportune time when Indo-US relations are at an all-time high and the business between the two countries is booming.

Commenting about these efforts Ms. Harty said, "We look forward to improving the business and people to people relations between India and the United States.

We strive to ensure that transparency and efficiency should be the hallmarks of our relationship. We are responsive to the needs of Indians and the business community."

Ms. Harty also assured the audience, comprising industry captains, that the US Government is committed to streamlining visa application processes. "We have worked tirelessly to ensure that our visa process is the beginning of a positive welcome the United States gives to legitimate travelers, we have worked hard to expand our ability to meet the growing visa demand, by hiring more people and expanding our facilities to



accommodate greater numbers of staff and visa applicants," Harty said.

Renovations to all consular sections in the country to expand capacity are either complete or underway. A new, \$100 million Consulate General is currently being built in Mumbai at the Bandra Kurla Complex that is more than double the space for visa applicants and staff. In addition, the U.S. Mission in India expects to inaugurate a new Consulate General in Hyderabad in 2008.

Atul Nishar, Regional President, IACC, in his welcome address, said, "The Indian business community is looking at the US much more seriously. There is more movement between people of the two countries, and hence this topic has become so important. It is our endeavor to guide our members through this seminar and influence policies for our mutual benefit."

The other guests on the dais included Glen Keiser, Consular Chief, US Consulate, Mumbai, Guests of Honor, Michael Owen, US Consul General, Mumbai and Peter Kaestner, Minister Counselor for Consular Affairs, US Embassy, New Delhi.



[From L-R] Peter Kaestner, Michael Owen, Maura Harty, Atul Nishar, & Glen Keiser.

## Tips on Global Tax Issues for Indian Firms Investing Abroad

Indian economy is entering a significant trajectory. India has become the second-largest source of new foreign investment. Indian companies - big and small - are reaching overseas destinations to tap new markets and acquire technologies.

A major portion of Indian overseas investment is in acquiring companies abroad. There is tremendous increase in cross-border trade and investment creating a new paradigm. Tax regulators all over the world are introducing new legislations or revising the existing ones in order to capture and maximize taxes on transactions. Companies doing global business and investing abroad have to face new international tax challenges.

Keeping this in mind, the Indo-American Chamber of Commerce in association with Foundation for International Taxation (FIT) organized a Seminar on "International Tax Issues in Investing Abroad" on 28 November 2007 at Mayfair Rooms, Mumbai. Eminent speakers such as Richard Hay, International Tax Partner from Stikeman Elliot and Prof. Roy Chowdhury Chas, Head of Taxation, Association of Chartered Certified Accountants from UK, shared their knowledge and experiences through

presentations, "Doing Business in The Offshore World" and "Comparison of Global Tax Systems of Successful Economies".

The other speakers for the event were T.P. Ostwal, Partner of T.P. Ostwal & Associates from India who made a presentation on "Tax Planning for Investing Abroad" and lastly Prof. Duncan Bentley, Pro Vice Chancellor from Bond University, Australia made a presentation on "Resolving disputes with tax payers in international taxation". The seminar was very well received and appreciated by participants including IACC members.







## Cross-Border Investments & Issues of Global Taxation

Indo-American Chamber of Commerce (IACC) supported the International Taxation Conference - 2007 organized by Foundation for International Conference-2007 on 29 and 30 November and 1 December, 2007.

The special theme of the conference for this year was international tax issues in "Cross-border Investments".

The conference is a truly global event. With increasing globalization, the subject of international taxation is of as much importance to the tax collectors as it is to taxpayers. There were speakers from across the world including delegates from India, United States, Mauritius, Seychelles, Sri Lanka, Gulf countries, Europe and Singapore. Both the speakers and the delegates come to this conference because they gain knowledge of the subject.

The conference was recognized for its world class quality and an opportunity for professional networking and marketing. The objective of the

conference was to disseminate knowledge and provide a better understanding of global international tax practices, developments and trends.

The conference offered an excellent opportunity to IACC members for both networking and marketing among the leading professionals in the field of international taxation.



## Eves' X-mas Party in Delhi

The North India Council of Indo-American Chamber of Commerce (IACC) organized a Christmas Party on 11 December 2007 at the residence of Kimberly White, wife of Steven White, Deputy Chief of Mission, US Embassy, in New Delhi. Members of the IACC Women's Committee along with American diplomats' wives attended the party. Steven White was also present.

Steven White, Deputy Chief of Mission, US Embassy; Kimberly White, Neelu Sadana, Asst. Secretary, IACC, NIC; Kanwarani Sohinder Nabha, Chairperson, IACC, NIC Women's Committee

Veena Modi, Nilanjana Dalmia, prominent members of IACC NIC Women's Committee and Kimberly White





## Gujarat Branch

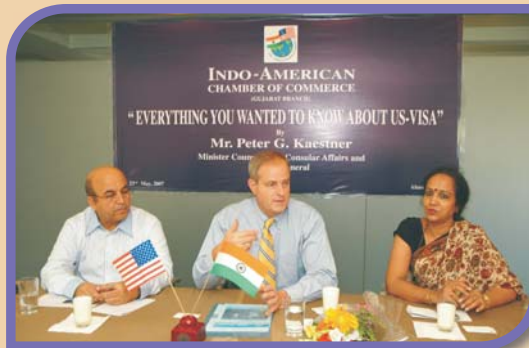
### All you wanted to know about US Visa but hesitate to ask

The Gujarat branch of Indo-American Chamber of Commerce organized a luncheon meeting on the interesting theme of "Everything you wanted to know about US-Visa" at Ellisbridge Gymkhana in Ahmedabad.

The Chamber was fortunate to have Peter Kaestner, Minister Counselor for Consular Affairs and Consul General from New Delhi, to address the gathering.

Kaestner talked about the right approach for getting a US Visa. He explained in detail the BEP programme and said that a very large number of people were waiting for getting a Visa for the US. "Now it is a good time to get a Visa through BEP," he said.

In the interactive session that followed, members received valuable information by way of by getting very correct but witty answers from Kaestner. Despite being hard pressed for



*Lecture on Everything you wanted to know about US-Visa by Mr. Peter Kaestner.*

time, the minister counselor met most members on a one-to-one basis to answer their queries.

### Lecture on Cyber Laws & IPR

In today's highly digitalized world cyber law affects almost everyone. Cyber Law is the law governing computers and the Internet. Keeping this in view, the Gujarat Branch of Indo-American Chamber of Commerce organized a guest lecture on "Cyber Law" as part of a lecture series by Ashish Jha, Solicitor, Advocate and member of the Faculty of Law recently in Ahmedabad.

He briefly outlined Cyber Laws and according to him Cyber refers to imaginary space, which is created when the electronic devices

communicate. He further added that the main purpose of Cyber Laws was to promote e-commerce in India by providing for legal recognition to electronic documents and digital signatures.

He explained topics such as Preamble of IT Act, 2000, retention of electronic records, legal recognition of digital signature and e-governance, secure digital signature & e-contract, How can we obtain copyright protection for our company's software, digital signature certificates & certifying authorities, offences and penalty for cyber crimes and many more.

### Meeting with 2 key US Consul officials

IACC Gujarat Branch Council members recently had a luncheon meeting with Ms. Elizabeth Kauffman & Michael Newbill, Consul, Political-Economic Affairs at Hotel Pride, Ahmedabad. The guests agreed with IACC Council members that Gujarat is an important link in Indo-US relations and visualize a great future for Gujarat looking to its speedy development in all segments.



*Meeting with Ms. Elizabeth & Mr. Newbill*



## Meet on ASAP benefits IACC's Importer-Members

The IACC Gujarat Branch organized a meeting for IACC importer members with two important US Embassy Officials, namely Minister Counselor for Commerce Carmine D' Aloisio and Commercial Consul Jim Cunningham on Alternate Sourcing from America Program (ASAP) at HOTEL Vishala in Ahmedabad.

The members had the opportunity to meet the two key officials on a one-to-one basis and discuss their problems with them. D'Aloisio talked about the role of U.S. Commercial Service in promoting U.S. exports while Cunningham briefly explained about Alternate Sourcing from America Program (ASAP).

Cunningham said, the objective of this initiative is to help the Indian importers source products and services from the U.S. This program will be more useful to those who are importing from the EU countries as the import of goods and services from the U.S. will compare more favorably due to the strengthening of the Indian rupee against the U.S. dollar.



Meeting with Mr. Carmine D'Aloisio & Mr. Jim Cunningham

The U.S. Commercial Service has perceived this development as an opportunity for the U.S. exporters and has launched the ASAP. IACC Importers were happy to talk about their requirements and getting solutions for the same from USCS Department Officials.

## Meet on the Importance of GIS Technology

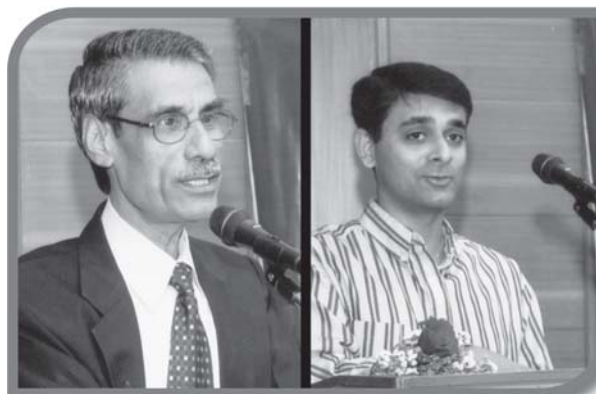
The Gujarat Branch of Indo-American Chamber of Commerce (IACC) organized a breakfast meeting on the "GIS" (Geographical information System) on 29 December 2007 at President Hotel, Ahmedabad.

The meeting was addressed by two eminent speakers, T. P. Singh, Director, BISAG and Vishal Thakkar, an NRI from the U.S. According to them "GIS" is an application and not data or an image. They briefly introduced "GIS" as technology which starts from birth of a child to the death of the person. In this world, "GIS" plays an important role in each and every thing that occurs.

In simple words we can say that "GIS" is nothing but a map by which we can see the direction, length of proportion, longitude and exact position of the person, place and thing. "GIS" is the part of administration and not data or images. By this technology, we detect the exact position of water, agriculture, education, minerals and much more.

Thakkar told the members that in the US, "GIS" technology is being used in "defense, scientific

investigations, resource management, environment assessment, urban planning, sales, marketing and logistics." Members found this meeting very interesting and informative.



T. P. Singh, and Vishal Thakkar, address the gathering.





## North India Council

### Seminar on Higher Education in US

Indo-American Chamber of Commerce (IACC) in association with Punjab National Bank and the United States Educational Foundation in India organized a seminar on "Higher Education in the U.S.: Procedures, Financing, US Visa" on 19 October 2007 in New Delhi.

The speakers included Dr. Prasad Medury, NIC, Regional President, Dr. K.C. Chakrabarty, Chairman & Managing Director, Punjab National Bank, Peter Kaestner, Minister Counselor for Consular Affairs, Ms. Jane E. Schukoske, Executive Director, United States Educational Foundation in India, Ms. Luna Das Bangia, Education Advisor, United States

Educational Foundation in India.

The Seminar was attended by more than 200 students and parents interested in learning about the higher education opportunities and procedures in the United States. The presentations were followed by a lively question and answer session.



## Varanasi celebrates annual day with seminar & events

The Uttar Pradesh branch of Indo-American Chamber of Commerce (IACC) in the holy city of Varanasi celebrated its "Annual Day 2007" on 1 and 2 December 2007, by organizing a series of events to mark the occasion.

Carmine D' Aloisio, Minister Counselor for Commercial Affairs, US Embassy, addressed the members on "Promoting Indo-US Business Focus Uttar Pradesh" and Peter Kaestner, Minister Counselor for Consular Affairs "Visa matters".

Aloisio focused on three key areas of cooperation between India and the US. These included franchising, education and healthcare. Peter Kaestner spoke about visa rules being simplified to ease travel to the US.

Debashis Mukherjee, Chairman, Varanasi Branch welcomed the members and other dignitaries. Ashok Kapoor, former Chairman, Varansi Branch, gave an overview of the Chamber's activities and the business environment in UP. Puneet Raman, Immediate Past Chairman of the Varanasi Branch, Ashok Gupta, Founder Chairman of Varanasi Branch also addressed

Atul Vyas, Regional Director, IACC made a brief observation on behalf of the North India Council. Vinay Kumar, Vice Chairman, proposed a vote of thanks.

Later, Ashok Gupta hosted a networking cocktail/dinner for the members and the distinguished guests.





## Two Workshops on UP Handloom, Carpet-weaving Industries

Indo-American Chamber of Commerce (U.P. Branch), Varanasi organized two workshops on 18 and 19 December 2007 in Varanasi and Bhadohi, respectively with special focus on problems faced by silk handlooms and carpet industry. The workshops were supported by United Nations Commission for Trade and Development (UNCTAD), and the Indian Merchants' Chamber, New Delhi.

Banaras Vastra Udyog Sangh, Eastern UP Exporters' Association (EUPEA), Varanasi and All India Carpet Manufacturers' Association (AICMA), Bhadohi were also extended their active cooperation in these workshops.

The first workshop dealt with the theme "Strategies and preparedness for trade and globalisation in India for the textile and clothing sector - Concerns of Handloom Sector. The second workshop had the theme Strategies and preparedness for trade and globalisation in India for textile and clothing sector - carpet Industry : Challenges Ahead.

The three-day event was kicked off with a press conference in Varanasi, which was addressed by J. C. Srivastava, Regional Advisor of Indian Merchants' Chamber, New Delhi, Debashis Mukherjee, Chairman, IACC, Varanasi, Jagdish Shah, President, Banaras Vastra Udyog and Mukesh Agrawal, President, Eastern U.P. Exporters' Association.

Srivastava said the process of globalization and the multilateral trading system under WTO has thrown up many challenges and also, in its wake, opened up new trading opportunities for developing countries like India. To seize the emerging opportunities the Indian trade and industry have to reorganize themselves both in terms of product development, market intelligence and information and new trading techniques to cope with the new global requirements and prevailing practices.

Mukherjee said that in the present era of globalization and liberalization, international trade and commerce is a very important activity. This is a matter of great satisfaction that eastern part of U.P. has been making a significant

contribution in this field. IACC, Varanasi firmly believed that unless and until, infrastructure facilities of international standards are created, no efforts whatsoever can be fruitful in drastically changing the economic scenario of this region, he said. IACC, Varanasi has been repeatedly demanding through various forums to effectively solve the problem of traffic jams, construction over-bridges at crowded crossings, provision of uninterrupted power supply without further delay. Upgradation of Babatpur Airport to international standards to boost trade and exports from this region has been one significant demand.

The President of Banarasi Vastra Udyog Sangh, Mr. Jagdish Shah said Banarasi silk and handloom industry is passing through a very difficult time and export of these items has been registering gradual decrease. This is very alarming signal to all those who are engaged in these activities and there is immediate need to take effective measures to reverse this trend. There is urgent need to help strengthen and revitalize the important export oriented employment generating segments which Varanasi region is popular since ages.

President of Eastern U.P. Exporters' Association (EUPEA) Mukesh Agrawal presented a memorandum listing many problems and hindrances faced by silk industry of this area. EUPEA has put forward an idea that all Banarasi sarees, fabrics and made ups woven should be termed as Banarasi products.

Srivastava also said that during the workshops, a questionnaire will be distributed to the participants and their answers shall be obtained. On the basis of their response, IMC shall try to chart out such ways and means as to help effectively move towards resolving genuine problems of exporters in these areas.





## Panel Discussion on Indo-US Strategic Partnership - Vision '20

The North India Council (NIC) of Indo-American Chamber of Commerce (IACC) organized a panel discussion on Indo-US Strategic Partnership - Vision 2020 on the occasion of its second Executive Council Meeting on 17 November 2007 in New Delhi.

The panelists for the session were Manvendra Singh, Member of Parliament (BJP); Chandan Mitra, Member of Parliament (Independent) and Editor & MD of Pioneer, New Delhi; Farokh Balsara, President, IACC and Partner, Ernst & Young; Ted Osius, Minister Counselor for Political Affairs, US Embassy; and Raju Narsetti, Managing Editor of HT Media (Mint).

TK Arun, Resident Editor, Economic Times moderated the panel discussion, which was followed by an interactive question and answer session.



(L to R) Farokh Balsara, President, IACC; Raju Narsetti, Managing Editor of HT Media (Mint); Ted Osius, Minister Counselor for Political Affairs, US Embassy; Manvendra Singh, Member of Parliament; Chandan Mitra, Member of Parliament and Editor & MD of Pioneer, New Delhi and T.K.Arun, Resident Editor, Economic Times.

## US Eximbank to explore investment avenues in India

The Indo-American Chamber of Commerce (IACC) hosted a high-level delegation comprising of Jessica J. Farmer, Senior Loan Officer, Structured Finance Division, and Kristine Bretl Wood, Senior Business Development Officer from the Export-Import Bank of the United States on 20 November 2007.

The US Exim Bank is looking for opportunities to finance and support new initiatives in the developing Indian market in the sectors like aviation, airport infrastructure, and other physical infrastructure projects in railways, roads, energy, and telecommunications. Their loan portfolios include companies of all sizes from SME's to MNC's across all industries, and they are keen on financing Indian companies that are interested in importing U.S. goods and services. The event was well attended by senior industry officials. The presentation was followed by a lively question and answer session.



(L to R) Ms Kristine Bretl Wood, Pawanjit Singh Ahluwalia, Regional Council Member and Ms Jessica J. Farmer.





## IACC's Legal Eagle Gets National Award

Lalit Bhasin, Sr. Advocate, Bhasin & Co and Chairman, IACC Legal Affairs Committee, received the National Law Day Award from the President of India and the Chief Justice of India. The Award is for his "Outstanding Contribution to the Development of the Legal Profession in India and for his deep involvement and engagement in the maintenance of the highest standards at the Bar".

The Award was presented in the presence of the Chief Justice of England & Wales Fernando Pombo, President of International Bar Association and Mr. K. Venkatpaty, Minister of State for Law &

Justice, Government of India on 24 November 2007 at Vigyan Bhawan, New Delhi.



## ERC delegation to WEFTEC 07 for 3rd year in a row

The Environmental Resource Center of Indo-American Chamber of Commerce (IACC) organized the visit of an 18-member delegation to WEFTEC (Water Environment Federation Technical Exhibition and Conference) in San Diego, California, US for the third consecutive year from 13 to 17 October 2007.

ERC has made a determined and continuous effort to expose the Indian industry to US technologies at such a trade show in US. The delegation to WEFTEC 07 comprised small and medium enterprises, consultants, chief engineers and senior officials from the water and sewerage boards (Bangalore & Karnataka).

Some of the developments that took place during WEFTEC.07 were that of ERC delegates submitting their enquiries to American companies for information for technology transfer, water filtration/processes etc., at WEFTEC.07. A few delegates were also hosted by American companies for site visits to their industrial plants. ERC's is working towards follow-up meetings in the US for Indian Companies and assisting them of opportunities for business alliances & technologies available from US. ERC will begin the preparation for WEFTEC 2008 to be held in Chicago, Illinois during 18 to 22 October 2008.

About WEFTEC:

Founded in 1928, the Water Environment Federation (WEF) is a non-profit technical and educational organization with members from varied disciplines who work toward the WEF vision of preservation and enhancement of the global water environment. The WEF network includes water quality professionals from 76 Member Associations in 30 countries. WEF was created to educate and the annual conference and exposition is the leading gathering on water quality and pollution control.





## South India Council

### Andhra Pradesh Chapter

## Corporate Immigration to US: The Dos and Don'ts

Indo American Chamber of Commerce (IACC) and Fragomen Immigration Services jointly conducted a seminar on "Corporate Immigration into the USA" on 2 November 2007 at the Taj Deccan, Hyderabad. It was very well attended by 82 participants (most of them being Managing Directors, Directors, Vice Presidents and Senior HR Managers from 54 Organizations. It was, by all standards, a great success.

The seminar was addressed by Rajesh Thota of IACC, Ashwani Patnaik and Anupama Mathi of Fragomen. The Hyderabad IACC team registered all the participants and provided them with the promotional and presentation material.

Anand Reddy, Chairman, IACC, gave a warm welcome to Scott FitzGerald, Partner and M.D. of Fragomen, Del Ray, Bernsen and Loewy LLC headquartered in the US and Fragomen Global Immigration Services, and after a brief introduction of IACC invited Fitzgerald to make his presentation.

During his lucid presentation, Fitzgerald dealt with various issues connected with the seminar theme, it generated an open discussion. Fitzgerald's presentation was short, crisp and yet very informative. Needless to say it was very much appreciated for its brevity yet strong message. Enthusiastic members and other invitees came forward with their challenges and issues on the forthcoming H1B and the L1 issues.

Saju James, Managing Director, Fragomen, Immigration Services, India, hit the nail on the head when he emphasized the responsibility of the Immigration Department of each organization in ensuring compliance, accurate documentation and setting the right expectations, if not great expectations with business units; which in turn would ensure maximum favorable decisions, greater branding and therefore fewer heart

attacks. Real life scenarios with a dash of humor had the desired impact and was very well received.

Mrs. Shanti Kumar, General Manager, Fragomen Immigration Services, Hyderabad, needed no introduction, having been Head of the Immigration Dept of Satyam Computer Services for 10 years prior to joining Fragomen in April 2007. She listed the Do's and Don'ts of documentation, the sanctity of the Business Express Program of the US Consulate, highlighting the Consulate's perspective. A very practical and informative session with real life scenarios, it was valued for its practical information.

M V Rajeshwar Rao, a very senior member of IACC, summed up the whole session precisely. He stressed the benefit of Fragomen's presence in India and urged the member participants to take the maximum advantage of this presence! Program came to an end with the Fragomen team in Hyderabad being formally introduced to the audience.

The dinner that followed was indeed a time to network and exchange notes. It was a time to unwind and interact, meet new prospective clients making it an ideal blend of business with pleasure.



Scott J. Fitzgerald, Addressing the gathering



## How to market your product in US

The Hyderabad branch of Indo American Chamber of Commerce (IACC), conducted on 27 November 2007 conducted a seminar on 'How to Market your Product in the US' at Association Hall of Uppal Industries. The seminar was co-organized by the Federation of Andhra Pradesh Small Industries Association (FAPSIA), an apex body of associations of small enterprises of Andhra Pradesh. Around 100 members from IACC, FAPSIA and Uppal Industries participated in the seminar.

Prior to the seminar, IACC and FAPSIA Office Bearers along with Michael Hartmann, President Transatlantic sales, ILLC, US had a visit to the Ennore Foundry (Leyland Automobiles) and NRB Bearing Ltd in the Uppal Industrial Area.

Promotional material containing details of IACC activities, Coorganiser Federation of Andhra Pradesh Small Industries Association ( FAPSIA) along with a company profile of Transatlantic Sales, LLC, US and Cygnus Business Consulting and Research were distributed to all participants.

V. Anand Reddy , Chairman, IACC (AP Chapter) welcomed the participants during a bouquet presentation.

Syed Baderuddin, National Vice President IACC, presented the overall view of IACC. He informed the members present about the background, formation, the branches of IACC.

Addressing the gathering of manufacturers of different Industries, Syed Baderuddin emphasized on the need for the development of the manufacturing sector more than any other sector as this particular segment of the economy held tremendous potential for Indo-US bilateral trade.

Baderuddin emphasized that this particular meeting was to motivate all Industrialists to take advantage of the information that Hartmann would provide and explore the possibilities of marketing their products in the US.

D.V. Venkatagiri, Regional Secretary, South India Council, IACC, introduced the speakers, Pranay Kumar from Cygnus Consulting and Research and Michael Hartmann, President Transatlantic sales, LLC, US.

Pranay Kumar of Cygnus Business Consultants and research, gave the bilateral trade figures of Indo-US trade and congratulated the industry which has almost reached 40 billion mark, its target of 2008 in 2007 itself. He said he would expect the Indian Economy to post great growth owing to the structural factor and stressed the importance of focusing on market tie-ups

and joint ventures, product promotion, branding of product and services, reductions of cost through innovation and technology with management more global based.

Michael Hartmann , president Transatlantic sales , USA gave overall view of starting business with the US, concluding with the success story of an Indian Entrepreneur Prabhat.

He said Indo-US trade held great prospects and tremendous opportunities as India currently represents only one percent of total imports into the US. He stressed clear understanding of US legal system, tax affairs, trade practices and banking system.

Hartmann said the US market is 'service and short-term-profit oriented with strong emphasis by the consumer on the "after sales service" component. He also reiterated that anyone considering business in US should study the Indo-American trend for that particular industry, location, finances, business plans and operations etc, before approaching for US trade relations. Further more, Mr. Hartmann emphasized on the need to consult the Chamber of Commerce, Industry groups, experienced entrepreneurs, trade representatives and business consultants for appropriate knowledge, strategy planning and processing of documents before jumping into the fray which could mean heavy damages to the Indian company.

The Seminar concluded with a memento presentation to Michael Hartmann and Pranay Kumar. Vote of thanks was proposed by A. Vijay Kumar, Vice President FAPSIA.

Kumar in his remarks appreciated the efforts of IACC in bringing awareness about the activities, services and benefits of IACC to the Industrialists and recommended his industrial friends to avail the same by taking up IACC membership. The seminar was followed by cocktails and dinner.







## Tamil Nadu Branch

### Meeting with NCSL delegation on business opportunities

A meeting with visiting members and officials of the National Conference of State Legislatures (NCSL), the United States, was held on 16 November 2007 at Hotel Savera, Chennai. The speakers at the meeting included Ms. Donna Stone, NCSL President, Ms. Ragini Gupta, Consul, Cultural Affairs, American Consulate General, Chennai and D.V. Venkatagiri, Regional Secretary, IACC-Tamil Nadu. Hiren Shah, Chairman of IACC-TN, welcomed the participants and introduced the speakers at the meeting.

Ms. Donna Stone talked about the NCSL and developments and opportunities in India and the US. She said the group would take back many messages to their colleagues and constituents. The tenor was undoubtedly mixed. "On the ground, you see a disconnect with that image. There is a huge economic divide and an enormous percent of Indian citizens have been left behind," Ms. Stone added.

Venkatagiri made a presentation on Indo-US Business Relations and the Chamber. The other delegates also made their remarks on Indo-US relations during the interactive session. About 50 members were present at the event.



(From Left) Krishnamurthy, D.V. Venkatagiri, Hiren Shah, Donna Stone & Ragini Gupta.

### Exchange of Teachers & Young Students suggested



(From Left) D.V. Venkatagiri, Fredrick Kaplan, Hiren Shah, Eldrin Bell & Chandler B. Sharma.

The Tamil Nadu branch of IACC organized a meeting with Eldrin Bell, Chairman of Commissioners, Clayton County, Georgia, the US, on 30 November 2007 at Hotel Ramada Raj Park, Chennai.

Hiren Shah, Chairman of IACC-TN, welcomed Bell and the participants at the meeting.

Bell suggested sending teachers and young students of kindergarten and elementary schools to the U.S. under an exchange programme. Fredrick Kaplan, Consul, Public Affairs Office, American Consulate General, Chennai, said trade and investment between the two nations had grown six-fold to \$32 billion in 2006. About 50 members attended the event, where audience also interacted with the speakers.



## Seminar on Doing Business with US

The Tamil Nadu branch of IACC organized a seminar on the theme - Doing Business with the US - on 26 November 2007 at Hotel Savera, Chennai. The US speakers at the meeting were Michael Kraus, Attorney, Smith White, Gambrel & Russell, Atlanta, the US and Michael Hartmann, President of Transatlantic Sales LLC, USA.

Kraus talked about a number of issues such as how to establish a company in the US, how to enter the US market, local presence, permanent establishment in the US, corporate taxation in the US, partnerships, limited liability companies, corporate acquisitions, different types of due diligence, purchase agreement and common causes of liability.

Hartmann explained about marketing and distribution in the US, marketing and positioning in the US market, mode of marketing, different types of marketing channels in the US etc.

S. Ravishankar, Director, Super Auto Forge Ltd, Chennai, elaborated on Logistics and Warehousing in the US. Ms. Sreemathi Ramnath, Consultant, Chennai, spoke on Business Etiquette in the US. Indian CEOs N.Jayaraman, Director, A.I. Enterprises, Chennai, Mr. Raman Govindarajan, Managing Director, Perf Systems,

Chennai, Satyanarayana. CEO, SVL Infotech, Chennai, and S.Sivakumar. CEO, SKMARH, Chennai, shared their American business experiences at the event.

There was a lively interaction between the audience and the speakers. About 70 members participated in the meeting.

The event was supported by Sundaram Fasteners, Teledate Informatics, Gavs Information Services, The event was supported by Sundaram Fasteners, Teledate Informatics, Gavs Information Services,



(From Left) D.V. Venkatagiri, Hiren Shah, Michael Kraus, Michael Hartmann, & Umesh Pujara

## Guidance Session on US Visa

A seminar on "Guidance session on U.S. Visa" was held on 31 October 2007 at Hotel Raintree, Chennai. The speakers at the meeting were Peter Hancon, Chief of Nonimmigrant Visas, American Consulate General, Chennai and Ms. Anjana Modi, BEP Manager, American Consulate General, Chennai. Hiren Shah, Chairman of IACC-TN, welcomed the participants and introduced the speakers at the meeting.

Hancon explained about the Nonimmigrant Visas, and different types of Visas, procedures for applying the nonimmigrant Visas etc., Ms. Anjana Modi explained about the BEP facility, procedure for

applying Visas through BEP, B1 Visas in lieu of H1B Visas etc.,

There was a lively interaction between the audience and the speakers. About 80 members participated in the event, which was supported by DIVIIN Soft Systems (P) Ltd., Chennai.



(From Left) D.V. Venkatagiri, Hiren Shah, Peter Hancon, Venkatanarayanan & Anjana Modi.



## Workshop on Business Etiquette in US

A workshop on "Business Etiquette in the U.S." was held on 10 January 2008 at Hotel Savera, Chennai. The faculty for the workshop was Vinay Kumar, Managing Director, ICMI Studies(P) Ltd, Bangalore. Hiren Shah Chairman of IACC-Tamil Nadu welcomed the participants and introduced the faculty at the workshop.

Vinay Kumar elaborated on culture, cross cultural factors and its implications on the workplace, cultural differences between the US and India, and the communication challenges (spoken language, written language, perception etc.,) and different types of communications like explicit vs implicit, public vs private, confrontation vs harmony, fixed vs complex and one dimensional vs multidimensional.(with case studies and exercises).

He also explained about the way of life in the U.S., their cultural influences, travel and living, business etiquette, political correctness and Americanisms and US colloquialisms, language differences, US social

system, language at the workplace etc.,

There was very good interaction between the audience and the faculty. About 50 members attended the workshop.



*Vinay Kumar addressing the workshop with participants on "Business Etiquette in the U.S." WAS held on 10 th January 2008, at Hotel Savera, Chennai. Workshop on Business Etiquette in US*

## Seminar on Managing Software Security Risks

A seminar on "Managing Risks from Insecure Software" was held on 11 December 2007 at Hotel The Park, Chennai. The speakers at the meeting were Matt Moynahan, Chief Executive Officer, Veracode, U.S.A, and Ms. Ashish Larivee Vice President, Product Management, Veracode, U.S.A.

Hiren Shah, Chairman IACC-Tamil Nadu, welcomed the participants and introduced the speakers at the meeting.

Moynahan spoke on application software, on-demand application security solution and managing risks from insecure software. Ms. Larivee explained the importance of software security and security solutions for application software etc.,

The audience also interacted with the speakers. About 30 members were present at the event, sponsored by VERACODE.

## Karnataka Branch

### Meet on Real Estate Boom in Golden Triangle Cities

The Indo American Chamber of Commerce (the Karnataka Chapter) organized a seminar on "South India - The Changing Impact of the Real Estate Boom" on 27 September 2007 at Hotel Le-Meridien, Bangalore.

The speakers for the event included Alexander Castelino from TSI Ventures, Mayank Saksena from JLL Meghraj, B. K. Appaiah from DTZ India and Ms. Priya Chetty Rajagopal from IACC.

The seminar focused on the tremendous increase in





real estate prices in the three southern cities of Bangalore, Hyderabad and Chennai. This IT golden triangle makes them the most favorable location for IT/ITES occupiers, with a capital flow into next three years estimated at more than Rs. 23,200 crore.

Bangalore has the highest absorption of land at 11.5 million sq ft, and Hyderabad was a strong contender with the former. Mysore is going to be a twin city to Bangalore like Pune to Mumbai and will help decongest Bangalore. Coimbatore will be similar to Mysore, Appiah. He also added that southern states continue to lead in economic performance due to the IT industry.

Mayank Saxena, speaking on the changing impact on real estate boom on retail and hospitality sector, said that there was a huge opportunity for real estate retail because close to 95 percent of space was below 5,000 sq ft. He explained that Delhi has 41 percent of the share

in real estate retail, Mumbai has 20 percent while Bangalore and other southern cities lag behind at below 5 percent.



*SIC- The Changing Impact on The Real Estate Boom- September 27th, 2007- Hotel Le-Meridien, Bangalore*

## Seminar on 'Doing Business with US'

The Karnataka Chapter of Indo-American Chamber of Commerce (IACC), in association with Fairfax County EDA, organized a seminar on "Doing Business in USA" on 28 November, 2007 at Hotel Le-Meridien, Bangalore.

Prominent speakers at the seminar included Morris.F.Defeo, Jr, Partner in Crowell & Moring LLP, Washington, Partap Aggarwal – Managing Director - IDS Infotech, Tanya Girdhar - Director of Business Development - Indus Corporation and Justin.Y.Yu – Manager, Asian Business Development, Fairfax County Economic Development Authority (FCEDA).

Morris Defeo presented an analysis of key legal issues relating to commencing business in the US including an overview of different forms of market entry. He discussed the use of joint ventures and mergers and acquisitions strategies and key negotiating issues in each, as well as practical first step for establishing a US market presence.

Ms. Tanya Girdhar of Indus Corporation made a presentation on "How to enter the US market"- what it takes to sell in the US, what are the key considerations and how can one stand out from competitors. "Don't be a Jack of all trades" She said.

Partap K. Aggarwal presented his views on starting an U.S operation. He shared with the audience the experience and challenges his firm, IDS Infotech faced, and his plan on growing further businesses for

IDS Infotech in the U.S.

Justin Yu, an International Business Development manager from the Fairfax County Economic Development Authority gave an overview of the business environment of the Fairfax County, Virginia, emphasizing the fact that the region has a vibrant economy of 600,000 jobs per 1.04 million population with a low unemployment rate of 1.9 percent.

It was a very informative and interactive sessions and was well appreciated by all the participants. Udaya Kuamr chairman of IACC said such interactions served as a preliminary incubator and filter for people trying to set shops abroad.



*Partap Aggarwal, Prasad Tagat, Morris F. Defeat, Tanya Girdhar, Udaya Kumar, & Justin Y. Yu.*



## East India Council

### Bengal CM, Commerce Minister to visit US

On the occasion of the 38th Annual General Convention of the East India Council (EIC) of Indo-American Chamber of Commerce (IACC), a meeting was organized on 8 November 2007 at the Williamson Magor Hall, Bengal Chamber of Commerce and Industry. Henry Jardine, US Consul General, graced the occasion as Chief Guest.

Dr Sabyasachi Sen, Principal Secretary, Commerce & Industry, Government of West Bengal, was the Guest of Honour.

Sutanu Ghosh took over as the new Regional President from S K Jain at the convention, where two important announcements were made. Dr Sabyasachi Sen announced that a visit to the US by West Bengal Chief Minister Buddhadeb Bhattacharjee will follow in the wake of a visit to the by business delegation to the US led by Nirupam Sen, West Bengal's Minister of Commerce & Industry.

The minister is expected to meet important US companies and financial institutions to project West

Bengal as an ideal place for foreign investment. Special focus will be laid on the petrochemical sector.

Henry Jardine announced the proposed visits of a number of delegations early 2008. The events scheduled are a large trade mission on 'Renewable Energy led by US Assistant Secretary, Entrepreneurial Symposium and US participation in the exhibition for international mining exploration, mineral processing technology and machinery.



*Dr Sabyasachi Sen, Principal Secretary, Commerce & Industry, Government of West Bengal, S K Jain, Region President, EIC, IACC, Henry Jardine, US Consul General, Sutanu Ghosh, Regional President, Elect at the Annual General Convention.*

### Interaction on Green Buildings

An interactive session over lunch was organized with Mark Ginsberg, US Department of Energy, Office of Energy Efficiency and Renewable Energy, Moulik D Berkana and Ms Karuna Singh of the American Center with IACC Kolkata President Sutanu Ghosh on 3 December 2007.

Discussions focused on the status of the concept of Green Buildings in the two countries. Ghosh explained that over the past few years, Green Buildings have gradually developed momentum due to increased awareness and publicity, peer pressure amongst large companies, enhanced corporate social responsibility

and most importantly, cost advantages in the long run.

He explained that builders have realized that operational costs due to savings in energy etc were lower and while the harnessing of the solar energy is still a little slow, wind energy was being tapped throughout the country on a wider scale.

Ginsberg was one of the pioneers in spreading the message of this concept in the US and so large potential of cooperation exists between the two countries in this area. He made available to the Chamber a Website which gives details of 100 Green Buildings across the United States.

# 13 Indian Firms in Asia's 100 Fastest-Growing

Thirteen Indian firms have been named in a list of 100 fastest-growing small and mid-size Companies in Asia, with some emerging on top in terms of sales and capital returns.

According to 'Asia's Hot Growth Companies' list, prepared by US-based financial magazine BusinessWeek, India is home to a higher number of such Companies than China, whose presence is limited to just eight firms. Besides, India is next only to Taiwan and Japan, which have been represented by 24 and 18 firms respectively.

There are 13 firms from Hong Kong, seven from Korea, four from Malaysia, nine from Singapore and two from Thailand.

The single firm from Pakistan is Packages Limited, a manufacturer of paper products is ranked at the 84th position.

Among the Indian firms, Lakshmi Machine Works is ranked 17th, followed by Kirloskar Brothers (18th) and Godrej Consumer Products (23rd).

Other Indian Companies named in the list are Marico (40), Colgate-Palmolive India (45), Hexaware Technologies (53), GlaxoSmithkline Pharmaceuticals (60) Panacea Biotec (68), Bajaj Hindustan (72), Motherson Sumi Systems (79), Cummins India (83), I-flex Solutions (93) and Titan Industries (98).

Hong Kong-based Ajsen Holdings has been ranked at the top, followed by Raffles Education of Singapore.

In terms of highest

sales in 2006, three Indian firms -- Cummins India, Titan Industries and I-flex Solutions are ranked first, second and third, respectively.

Cummins -- which manufactures diesel, gas, and dual fuel engines for power generation and other industrial purposes -- had sales of 498.8 million dollars, while Tata Group's Titan Industries recorded revenues of 491.2 million dollars.

Information technology solutions provider I-flex ranked in sales of 484.3 million dollars.

In terms of three-year average return on capital, Godrej Consumer was ranked on top across Asia with 106.7 per cent. Godrej Consumer and Marico were named as the second and third biggest Companies with a return of 57.7 per cent and 57.2 per cent respectively on the basis of capital return last year.

Based on market value, I-Flex was ranked at second position with a value of about four billion dollars.

The overall list took into consideration parameters like sales, profit, capital returns and market capitalisation.

"They are in decidedly less sexy lines of business, everything from noodle shops to chemical fiber manufacturing. But these Asia stars do enjoy some big advantages, like relatively high barriers to entry and growing demand from Asia's newly affluent consumers," the magazine said.

In an accompanying report, BusinessWeek said that annual scorecard of top 100 small and midsize businesses. ■





## DuPont India to close 2007 with US\$ 425 Million Revenues

DuPont India, a wholly-owned subsidiary of the US-based DuPont Corporation, expects to clock revenues of \$425 million by end of 2007.

DuPont, with revenues of \$28 billion, which is establishing its biggest Research and Development (R&D) facility outside the US in Hyderabad, has also decided to substantially hike its investment here.

### Expanding Facilities

The President and Chief Executive Officer of DuPont India, Mr Balvinder Singh Kalsi, said the company would invest up to Rs 20 crore in expanding its facilities in Savli, near Baroda in Gujarat in 2008. The Savli factories are involved in crop production products, engineering polymers and refining paints. The capacity expansion is being undertaken to meet the growing domestic demand, he told Business Line on Thursday.

DuPont India, which also has manufacturing facilities at Medchal near Hyderabad (Pioneer seeds) and at Madurai in Tamil Nadu for filaments and non-stock coatings, has recorded a 24-25 per cent compounded annual growth rate (CAGR) in the last few years, Mr Kalsi said.

### R&d Centre

Referring to the plans for the R&D centre near Hyderabad, Mr Kalsi said that company plans to increase the investment from Rs 100 crore to Rs 300 crore. While Rs 150 crore would go into creating the infrastructure, which is being built by Indu Project Ltd, the balance would be utilised for working capital, equipment and lab facilities, personnel and other operations.

While the biotech labs would be functional in April 2008, the entire facility would be operational by mid-2008. The R&D facility, to be named DuPont Knowledge Centre (DKC), will house research, engineering and patenting under one roof, said Ms Uma Chowdhry, Senior Vice-President & Chief Science & Technology Officer of DuPont from the US.

She said that 40 scientists have been recruited so far, and another 100 plan to be added by next year. The target is to employ at least 600 scientists, engineers and IPR professionals, said Ms Chowdhry. ■

## India Top Investor in US Government Securities among BRIC Nations

Riding on strong forex reserves, India has increased its investment in the US government securities by the maximum amount among the four emerging nations forming the famous BRIC block.

India increased its exposure to the American treasury bills by more than four billion dollars in the month of October, which is higher than Brazil, Russia and China, according to the latest data available with the US Department of Treasury.

India had American treasury bills worth 13.7 billion dollars at the end of October, compared to 9.6 billion dollars a month ago.

According to an analysis of the data, India increased its investment in treasury bills by 4.1 billion in October, while Brazil and Russia raised their exposure by 3.4 billion dollars and 1.9 billion dollars, respectively.

Interestingly, world's fastest growing economy China (including the mainland) which have been making heavy investments in US treasury bills in recent months, cut its exposure by 8.6 billion dollars to 388.1 billion dollars. As on October, Brazil had bills worth 112.8 billion dollars while Russia had 14.9 billion dollars.

Last year in October, India had American government securities worth 12 billion dollars. Japan is the largest holder of the US treasury bills to the tune of 591.8 billion dollars, the data showed. Apart from Reserve Bank of India (RBI), other parties from the country who invest in US government securities include General Insurance Corporation of India.

The latest data released by Reserve Bank of India on Friday showed that country's forex reserves stood at 272.954 billion dollars for the week ended December 14. ■

## LT Overseas Acquires US Rice firm Kusha

In the first of its kind acquisition of a foreign foods firm by an Indian company, LT Overseas - which owns the 'Daawat' brand of basmati rice - has bought the US-based Kusha Inc lock, stock and barrel. The acquisition was made through LTO NA, a wholly-owned US subsidiary of LT Overseas.

The rice industry in the US is currently worth around \$80 million and is growing 20% year-on-year. Kusha Inc, promoted by Sam Nayyer, is an established brand in Southern California with a revenue of around \$40 million. It imports premium quality basmati rice from several countries in

the Asian market including India.

Following the \$20-million acquisition, the Daawat group's share in the US retail market will increase from 7% to about 51%, making it the largest basmati rice retailer in that country.

LT Overseas, whose shares are traded on BSE, will also get the entire trading business of Kusha Inc which was spread among several rice companies in India and elsewhere, LT Overseas' chairman and managing director VK Arora told.

"We will tap the US market further where consumption of rice has gone up with the popularity of Indian dishes," Mr Arora said of his plans. The acquisition is a milestone towards building up a global agro-product company, he added.

LT Overseas, which posted revenues of Rs 485 crore in 2006-07, is one of the top three volume players in the domestic basmati rice market engaged in the business of milling, processing and marketing branded and non-branded basmati rice.

The company also deals in research and development of rice and rice-food products. In the international market, its products are sold in more than 35 countries including the US, the UK, Canada and the European Union.

"With a growing demand for basmati rice in the US, this is the perfect time to tap the market," said Mr Arora. With the acquisition of Kusha Inc, LT Overseas will get to leverage the distribution network of the company to expand its operation in the US and sell Daawat brands there.

Mr Arora said there will not be any change in the manpower of the company and Sam Nayyer, who is currently the president of Kusha Inc, will continue his association with Kusha. ■



## Global Firms Invest \$250 Million in Vatika Group

Leading realty and hospitality group Vatika Thursday said here that it had signed an agreement with global investment bank Goldman Sach, US-based private equity investors Wachovia Bank and Baer Capital for an investment of \$250 million for new acquisitions and projects across the country.

The Vatika group said in a statement that the international financing institutions, which have already started disbursing the funds, would complete the financing by end-Dec 2008.

The Gurgaon-based real estate company, which has interests in housing, corporate office complexes, IT parks, special economic zones, retail complexes in Gurgaon, Ambala and Jaipur and business centres in

Gurgaon, Pune and Hyderabad, will be expanding its operations to Bangalore, Chennai and Noida.

The company, which has expanded its hospitality business by partnering Starwood Resorts and Resorts Worldwide Inc for their luxury brand Westin, proposes to add another 1,000 rooms under the Westin brand in Gurgaon, Jaipur and Bangalore by 2010.

"The present infusion of funding into the company through world's leading financial institutions will help us in adding value to our existing projects, further consolidation of our land banks and acquisition of new projects at other locations in the country" said Gaurav Bhalla, director, Vatika. ■

# Boeing signs US\$ 1 billion outsourcing deal with HAL

The Indian defence PSU, will manufacture subsystems for Boeing's wide range of fighter planes like F-15, F-18 Super Hornets and Apace Helicopters

New Delhi: In the biggest-ever deal for a public sector defence undertaking, Hindustan Aeronautics Limited (HAL) has signed a \$1 billion (Rs3,949 crore) manufacturing outsourcing contract with American aerospace major Boeing over ten years.

Under a Memorandum of Understanding (MoU) signed here by Jim Albaugh, president of Boeing Integrated Defence System and HAL chairman Ashok K. Baweja, the Indian defence PSU, will manufacture subsystems for Boeing's wide range of fighter planes like F-15, F-18 Super Hornets and Apace Helicopters.

The American company, which is vying for India's major defence contracts for purchase of 126 multi-role combat aircraft, eight long-range maritime reconnaissance planes made it clear that the outsourcing was "without any strings".

Albaugh, however, said Boeing was seeking clearance by the Indian government if it could use part of the staggering amount as credit against any future offsets if it secures any major contract.

"Effective today, an initial tranche of \$20 million worth of work is being transferred immediately," the Boeing ceo said.

He said the company would in weeks to come be sending material and personnel to set up the manufacturing facility.

"It is purely a business proposition," the Boeing executive said, adding the MoU was designed to drive costs down for his company as well as to make products more competitive.

"The MoU represents an important step to build long-term partnerships in India to make Boeing products more globally competitive while allowing HAL to grow and expand its potential market around the world," Albaugh added.

As part of the agreement, Boeing will also support HAL in developing manufacturing processes and capabilities needed for production of hardware of Boeing and its sub-contractors.

The American aviation giant will also support the training and transfer of Boeing's best practices for lean principles and supplier and programme management to the extent allowed by the US government.

Albaugh said the initial training of the company's lean training programme had already begun in 2006 and would continue through to 2008.

"Initially, HAL will produce products they are qualified for," the Boeing executive said while exuding confidence that HAL had the capability as it was producing world-class fighters like the Sukhoi-30. ■





# US Dubs India as Transforming, Slashes Aid by 35 pc

The United States has complimented India's economic growth and slashed its aid for 2008 to this country by 35 percent, in a sweeping overhaul of the US foreign assistance programme.

The US has decided to cut aid to India for the coming year after categorizing the latter as a 'transforming' country with one of the best-performing economies in the world.

India's aid was slashed to \$81 million after it was categorised as a "transforming" country instead of a "developing" one under a plan developed by Randall L Tobias, a corporate veteran chosen by secretary of state Condoleezza Rice to manage foreign assistance, according to the influential Washington Post newspaper.

"India is now taking a different place on the global stage, in terms of diplomacy, politics and economy," US state department spokesperson Sean McCormack was quoted as saying by The Post. "Aid programmes had not caught up with these evolving realities," he added.

The Washington Post has pointed out that the bulk of the \$23 billion in annual US foreign aid goes to a handful of key countries, leaving about 120 nations to battle over \$3 billion of the pie. India is one of the big losers in Rice's foreign aid revolution. All US aid to assist India in education, women's rights, democracy and sanitation will be terminated under the new overhaul of the US foreign assistance programme.



One promising US-funded programme in India is Quest, a partnership with technology firms such as Microsoft and Lucent aimed at teaching critical skills in Indian classrooms. With Washington promising about \$2 million a year, Quest expanded from 200 to 2,000 schools in just one year.

But without a continued US contribution, the initiative probably will not survive, Aakash Sethi, the programme's executive director, told The Post in a telephone interview from Bangalore.

While defending the foreign assistance package for 2008, Tobias had labelled India a "transforming" country, in contrast with countries like Pakistan and Bangladesh, which were labelled "developing" countries.

Huge sums have been devoted to administration priorities areas such as Iraq, Afghanistan and Pakistan. Pakistan and Afghanistan together will receive more than 85 percent of the \$2.2 billion aid budget for 12 countries in South and Central Asia. Iraq's aid was boosted five-fold for 2008. Tobias had previously overhauled US assistance to combat AIDS worldwide, and Rice wanted him to bring the same sensibility to remaking the full aid budget.

Under Tobias's plan, foreign aid should meet corporate standards for measuring inputs, outputs and efficiency. ■

## US Banks Spot Investment Potential in Indian SMEs

US banks have spotted a huge business opportunity in India's small and medium enterprises (SMEs) that contribute 9.0 percent of the country's \$1-trillion GDP.

A wave of liberal offers for credit along with US government guarantee is set to make its way to the segment with the US seeking to boost its exports by providing trade finance to SME importers in emerging economies.

The US government has asked its banking sector to be proactive in extending credit to SMEs in emerging economies with this objective, minister counselor for commercial affairs in US embassy in the Capital,

Carmine D'Aloisio, has said recently.

The move comes at a time when India expects its trade with the US to double to \$60 billion by 2009. US, which is India's largest trading partner, accounted for 16.8 percent of the country's exports and 6.3 percent imports in 2005.

The first bank to come to Indian shores with an SME focus is New York-based M&T Bank. Its line of credit has US Exim Bank guarantee and does not require collateral which most Indian banks insist on from SMEs. The other banks learnt to have partnered the US Department of Commerce's trade promotion unit in this

regard are AmSouth Bank, North Carolina-based Branch Banking & Trust Co, Atlanta-based Sun Trust Banks Inc and Bank of Oklahoma NA.

They are learned to be evaluating their India strategy even as M&T Bank that does not have branch presence in India last week tied up with city-based law firm Kesar Dass B & Associates and its corporate finance affiliate Tree Pie Advisory Services for reaching out to SMEs. The bank which manages assets worth \$57 billion offers credit for importing capital goods, technology and services from US firms.

This could be for anything from starting a hospital or a renewable energy project to setting up a golf course. "The cost of borrowing works out to 7-8 percent as per the Libor rate," M&T Bank's administrative vice-

president Clement Miller said.

This is competitive compared to 10-12 percent rate at which domestic banks finance SMEs, that too with collateral. The credit is classified as external commercial borrowing (ECB) and the borrower requires RBI permission to avail it.

"Around 95 percent of industrial units in the country are SMEs and 40 percent of the value addition in the manufacturing sector takes place in the segment. They are the largest job creators in the country. Still, many of them cannot access credit because of the requirement of collateral by many domestic banks. The initiative bridges the gap," KDB Associates Managing Partner Sumant Batra said quoting a 2002 survey of the ministry of small scale industries. ■

## 285 US dealers sign up to sell Scorpio

To invest \$178 million in setting up sales and service outlets. In a little over a year, Mahindra & Mahindra's (M&M's) all-Indian utility vehicle, Scorpio, will enter the quality-conscious US market, which is also the largest in the world with 15 million vehicles in annual sales.

The company already has firm orders for 45,000 units of Scorpio for the first year, which is more than the 40,000 it sold in India in the last financial year.

More importantly, 285 US dealers have signed up to sell the vehicle and are investing \$178 million in setting up sales and service outlets.

Mahindra & Mahindra had spent \$120 million on developing the Scorpio platform five years ago, and there are 140 Scorpio dealers.

The enthusiastic response to the vehicle in the US comes amid a clamour of protest by US dealers against selling Jaguar to an Indian company for the fear that it would erode the image and sustainability of the brand.

"The timing of M&M's entry into the US is perfect. With the price of the fuel going up, Americans want to buy SUVs and trucks that are not too costly to operate," John Perez, the chief executive of Alpharetta, Georgia-based Global



Vehicles, which will be handling Scorpio sales in the US, told Business Standard over the phone.

Starting March 2009, three diesel variants of Scorpio will be sold in the US. "We already have 45,000 bookings for the first year. All of them are backed by letters of credit," said Perez, adding that Scorpio would not be priced cheap. He hinted at a tag of \$25,000.

Pawan Goenka, the president of the automotive division of M&M, said he was not surprised by the demand for Scorpio in the US, though he conceded that it had exceeded the company's target.

The current annual capacity of 52,000 units of Scorpio in India will have to be expanded to meet the US demand.

"It could either be in Nasik or Chakan (near Pune). We have not decided that," he said, adding that the company would spend \$50 million on upgrading the vehicle to meet the US National Highway Traffic Safety Administration requirement. ■

# Delhi's Metropolitan in Luxury Tie-up with Summit Hotels

The Metropolitan Hotel New Delhi is now a proud member of Summit Hotels and Resorts, a luxury business hotel brand of Preferred Hotel Group. Headquartered in Chicago, USA, Preferred Hotel Group is a multi-brand organization that delivers cutting edge sales, marketing and service solutions on a worldwide basis. At present Preferred Hotel Group runs more than 390 distinctive hotels across the globe spread over 62 countries.

Summit Hotels & Resorts with exquisite hotels in every major gateway city in Europe, North America and Asia, are well-known to invite the savvy international corporate travellers to experience a genuine sense of place, recreation and comfort. For The Metropolitan Hotel New Delhi, it will be another step towards providing its guests with luxurious hospitality and impeccable service. With Passion for Excellence as its new motto and enhanced, upgraded, renovated and refurbished facilities and amenities, the hotel is committed to deliver complete guest satisfaction to its discerning clientele.

"Sharing the same Vision, Ethos and Philosophy which are the key ingredients in providing the travelers the fresh, innovative and uncomplicated luxury in today's 24X7 lifestyle, the Metropolitan Hotel New Delhi is delighted to associate itself with world's most preferred luxury hotels and take this opportunity, as the first ever member in India, to achieve new heights in the hospitality industry in India", said Vipul Gupta, Director, The Metropolitan Hotel.

"We are thrilled that The Metropolitan New Delhi will be our first Summit property in India. We look forward to growing and achieving success together in one of the most dynamic marketplaces in the world for hotels" said Ananya Narayan, Preferred Hotel Group Asia Pacific's Managing Director.

Also, the hotel wishes to announce that the association between The Metropolitan Hotel New Delhi and Nikko Hotels International has ended as of July 1, 2007.

Sunair Hotels Ltd, the company which owns The



Metropolitan Hotel New Delhi, has ambitious growth plans for the future. The company intends to develop luxury business hotels under it's The Metropolitan brand in major metro cities of India, namely, Bangalore, Hyderabad, Chennai, Kolkata, Mumbai and the National Capital Region (NCR). There are plans to expand its signature Japanese restaurant Sakura across major cosmopolitan centers in India including Gurgaon, Bangalore and Mumbai.

## The Metropolitan Hotel New Delhi

The Metropolitan Hotel, New Delhi's prominent landmark, is a five star deluxe full service hotel located in Connaught Place, New Delhi's premier business and shopping district. This luxury urban oasis with its neo-classic ambiance and lush landscaping is an experience par excellence. Each of the 180 guest rooms and suites at the hotel features personalized luxury comforts and amenities to satisfy a modern business traveler. The understated yet elegant rooms are categorized as Deluxe Rooms, Club Rooms & Suites and have been recently refurbished.

The hotel in the highest traditions of global hospitality, has much to offer to the palate of the global gourmet such as Sakura, India's first and only authentic Japanese restaurant, Chutney, contemporary restaurant serving traditional Indian specialties, Patio, the 24-hour restaurant where guests can relish fare from the 'Kitchens of the World' and the recently launched lounge bar glo, yet another step by The Metropolitan Hotel to offer urban lifestyle experience for its discerning business and leisure traveler. The hotel also houses Zen Serena Spa, an ultimate retreat that delves deep into traditional Asian cultures of health and wellness and blends them with the best of European techniques.

The Metropolitan Hotel endeavors to not only to satisfy but surpass all the needs of its guests and ensures that they 'Live The Metropolitan Dream'.





## IFFTAC 2008

### International Festival of Films on Tribal Art & Culture

## MP Tribal Film Festival Goes Global

'Vanya' an undertaking of Tribal Welfare Department, Madhya Pradesh, is organizing an "International Festival of Films on Tribal Art & Culture (IFFTAC)-2008" jointly with Indian Infotainment Media Corporation (IIMC) in Indore from 1 to 3 February 2008.

The festival, which will be held at the sprawling Gandhi Hall, aims at providing a common platform for the film makers of the world, who are involved in making films on tribal art & culture. While promoting the making of such films the festival intends to recognize authentic, artistic and informative films on this subject, as well as draw the attention of policy makers towards promoting tribal art & culture and their ways of living, which actually reflects our special national culture and tradition.

IFFTAC-2008 is an international event, which will be the first ever in its own style. Tribal art film makers from Africa, Asia, Latin America and Europe are expected to participate in this festival.

While showing the best films based on tribal art and culture during IFFTAC, an exhibition-cum sale stalls of tribal painting, sculptures etc. will also be organized at the venue. From the commercial point of view this will provide a big opportunity for tribal arts, according to organizers.

Vanya has been active in promoting tribal art & culture, tradition, literature, myths, beliefs and their ways of living. Vanya has been effective in socializing the tribal traditions and culture, existent in remote forest areas, with the present day society through the use of modern printing and electronic mediums. Vanya also organizes workshops and exhibitions on tribal

paintings and sculptures at the highest level to acquaint the tribal artists with the world of Art and provide a platform to exhibit their skills. Efforts of Vanya have resulted in various tribal artists of Madhya Pradesh attaining various feats in the country.

Vanya is active in promoting the market value of tribal products. We give our support to all those government departments, which are involved in promoting tribal products marketing.

Vanya is also supporting various government agencies involved in promoting goods produced by tribals, its sale in weekly markets or meals in nearby towns. It provides all possible cooperation to agencies, which are associated in organizing tribal products based fairs and festivals at the state and national levels.

Likewise, the organization helps agencies, which are working for improvement in tribal goods production technology and institutionalizing skills for tribal arts and crafts to preserve their purity and at the same time helping in popularizing them.

Through IFFTAC, Vanya will be providing a platform for grand exposure of tribal art and culture globally. Therefore after this first festival we would like to continue it as an annual affair.

Madhya Pradesh is dominated by the Tribal population. The differences in the tribal community, spread over in various parts of the state, is clearly seen not only on the basis of their heredity, lifestyle and cultural traditions, but also from their social, economic structure, religious beliefs and their language and speech.





The main tribal groups in Madhya Pradesh are Gond, Bhil, Baiga, Korku, Bhariya, Halba, Kaul, Mariya and Sahariya. Dhar, Jhabua and Mandla districts have more than 50 percent tribal population. In Khargone, Chhindwara, Seoni, Sidhi and Shahdol districts 30 to 50 percent population is of tribes. Maximum population is that of Gond tribes.

## Film Festival City : Indore

Indore is located in the heart of the Malwa plateau just south from the Satpura Range and bounded by the districts Khargone (West Nimar) to the south and Dhar to the West. Both are tribal districts, where have major population of Bhil, Bhilala and Korku tribes.

Indore is the economic and commercial hub of the Malwa region and personifies rich culture and traditions of central Madhya Pradesh. It is the largest city in Madhya Pradesh and the administrative headquarters of the

Indore District and Division.

Indore City was named after the Indreshwar temple, which was built in 1741. Built and planned by Rani Ahilyabai Holkar, Indore City has a very colorful past.

## Film Festival Venue: Gandhi Hall:

The film festival venue Gandhi hall in Indore, has a marvelous history. The hall was built in 1904 and originally named King Edward's Hall, it was renamed Mahatma Gandhi Hall in 1948. Its architectural style is Indo-Gothic. Made in Seoni stone, its domes and staples are a landmark of Indore today. It has a four-faced clock tower in front, because of which it is locally known as Ghanta Ghar. It is frequently the venue for the various book and painting exhibitions, fairs and festivals held throughout the year. The building also has a library, a children's park and a temple.

For more information Plz. Visit our Festival website: <http://www.iffac.org/>

# A Unique Tribal Arts Event



**O.P. Rawat**, Principal Secretary, Tribal Welfare Department, Madhya Pradesh Government, in an interview to **Veerendra Bhargava** talks about the forthcoming

International Film Festival on Tribal Art & Culture (IFFTAC), being held in Indore from 1 to 3 February 2008, its significance in promoting tribal handicrafts and their contribution to the state's economy. Excerpts.

**Please explain the purpose of hosting (IFFTAC).**

The festival aims at providing a common platform for the filmmakers of the world, who are involved in making films on tribal art & culture. While promoting the making of such films the festival intends to recognize authentic, artistic and informative films on this subject, as well as draw the attention of policy makers towards promoting tribal art & culture and their







Vanya is active in promoting the market value of tribal products. We give our support to all those government departments, which are involved in promoting tribal products marketing.

**Today most of the goods produced by the tribals are sold in weekly markets or melas in nearby towns. Do you have any plans to widen these markets?**

We are also supporting various government agencies involved in promoting goods produced by tribals, its sale in weekly markets or melas in nearby towns.

ways of living, which actually reflects our special culture and tradition.

**Will IFFTAC help the promotion of Madhya Pradesh Tribal Arts commercially?**

While showing the best films based on Tribal Art and Culture during IFFTAC, an exhibition-cum sale stalls of Tribal Painting, Sculptures etc. will be also organized in the venue. From the commercial point of view this will provide a big opportunity for Tribal Arts.

**What will be the follow-up action by Vanya, which looks after tribal welfare in Madhya Pradesh?**

Vanya, an establishment of Tribal welfare department, Government of Madhya Pradesh, has been active in promoting tribal art & culture, tradition, literature, myths, beliefs and their ways of living. Vanya has been effective in socializing the tribal traditions and culture, existent in remote forest areas, with the present day society through the use of modern printing and electronic mediums. Vanya also organizes workshops and exhibitions on tribal paintings and sculptures at the highest level to acquaint the tribal artists with the world of Art and provide a platform to exhibit their skills. Efforts of Vanya have resulted in various tribal artists of Madhya Pradesh attaining various feats in the country.

**Have you identified any tribal products in MP that are unique and command a market at home and abroad?**

**Looking at the diverse range of products coming out of the MP tribal belt – from bamboo cane work to wood and iron craft to zari work – there is a need to hold fairs and festivals to promote them at the state as well as national levels. Have you been conducting them?**

We also provide them with all possible cooperation to agencies, which are associated in organizing tribal products based fairs and festivals at the state and national levels.

**Tribal artisans seem to be still following the age-old methods in producing their goods. Do you have any plans to introduce some technology to help create better finished products?**

We help agencies, which are working for improvement in tribal goods production technology and institutionalizing skills for tribal arts and crafts to preserve their purity and at the same time helping in popularizing them.

**Tribal arts and crafts are traditionally passed on from generation to generation. Are there any serious efforts at institutionalizing these skills to preserve their purity and at the same time to popularize them?**

By IFFTAC Our ideas is to provide a platform for grand exposure of tribal art and culture globally. Therefore after this first festival we would like to continue it as an annual affair.



# Relief for India's Export Sectors to Offset Rupee Rise

A sharp appreciation of the Indian rupee against the US dollar in recent months has put pressure on export-oriented industries, whose import content has become correspondingly costlier. This development has compelled the government to offer incentive packages to export industries. Following is the text of the statement made by Finance Minister P. Chidambaram in Parliament recently on further support to export sectors on account of the rupee appreciation:



"The rupee appreciated 9.7 percent against the US\$ between April 3, 2007 and November 20, 2007. On a year-on-year basis, between October 2006 and October 2007, the appreciation of the rupee against US\$ has been 15.1 percent

The rupee appreciation has been less relative to other hard currencies as indicated in the table below.

Rupee Appreciation/Depreciation vis-à-vis Major Currencies

	Between April 3, 2007 November 20, 2007	Between Oct 2006 and Oct 2007
US dollar	9.7	15.1
U.K. Pound	5.6	5.6
Japanese Yen	2.5	12.4
Euro	-0.0(neg)	2.1

Based on average buying and selling rates reported by FEDAI

In many ways, the appreciation of the rupee reflects the strength of our economy going forward. The rupee appreciation has a positive side to it in terms of lower production costs in sectors involving imported raw material and intermediates, lower oil import bill and lower cost of external debt servicing.

Nevertheless, the sharp appreciation of the rupee over the last several months has put pressure on the export sectors, particularly those with low import intensity such as leather, textiles, handicrafts and marine products. Government is sensitive to the pressures on these sectors, and is conscious of the need to offer support to export sectors to prevent job losses and to give time to these sectors to make a smooth adjustment to the changing economic scenario. Towards this end, the government had offered two packages of support to exporters earlier this year. The details are as follows.

## July 2007 Package

The July 2007 package included the following measures:

Accelerated reimbursement of TED and CST dues to exporters.

The government decided to provide subvention in the rate of interest on these credits by 2.0 percent on the outstanding balances for the period April 1, 2007 to 31st December 2007. This dispensation was made available to following sectors:

Textiles (including handlooms); Readymade Garments; Leather Products; Handicrafts; Engineering Products; Processed Agricultural Products; Marine Products; Sports Goods; Toys

All exporters from the SME sector.

Upward revision of duty drawback/DEPB rates.

a) Service Tax (refund/exemption) for exports in respect of four services: (a) port services; (b) transport of goods; (c) transport by railways; and (iv) other port services.

The total financial relief on account of the above measures was estimated at around Rs. 1400 crore.

## The October 2007 Package

The Government offered a second package of support in October 2007 which included the following measures:

Service Tax (refund/exemption) for exports in respect of three

more services: (a) general insurance; (b) technical testing and analysis; and (c) technical inspection and certification.

Provision to pay interest on EEFC accounts of exporters on outstanding balances subject a maximum of US\$ 1 million valid up to 31st October 2008.

The period for interest subvention on pre-shipment and post-shipment credit extended from 31st December 2007 to 31st March 2008.

Four more sectors: (a) jute and carpets, (b) cashew, coffee and tea, (c) solvent extraction and deoiled cake, and (d) plastics and linolen, added to the list of export sectors eligible for interest subvention under pre-shipment and post-shipment credit.

The coverage under Vishesh Krishi and Gram Udyog Yojana (VKGUY), a scheme aimed at promoting export of agriculture and village industry products, was expanded to include additional products and the budget allocation was doubled from Rs.300 crore to Rs.600 crore.

### The November 2007 Package

Leather, handicrafts, marine products and textile sectors are particularly hard hit by the appreciation of the rupee in view of its low import intensity and large value added features. The export industry and industry associations met the Prime Minister. I also had extensive meetings with them together with Banks. Based on these meetings, we are now offering the following further support to exporters:

Additional subvention of 2.0 (in addition to the 2.0 already offered earlier) in pre-shipment and post-shipment credit to the following sectors:

Leather and Leather manufacturers; Marine products; All categories of textiles under the existing scheme



including RMG and carpets but excluding man-made fibre;

### Handicrafts

The total subvention will be subject to the condition that the interest rate, after subvention, will not fall below 7.0 percent, which is the rate applicable to the agriculture sector under priority lending.

**Period of validity: 1st November 2007 to 31st March 2008**

- Term of credit: 180 days for pre-shipment and 90 days for post-shipment, excepting the carpet sector for which the term would be 270 days for pre-shipment and 90 days (like other sectors) for post-shipment. Service tax will be exempted for exporters under three new services:
  - Storage and Warehousing services
  - Specialized cleaning services (Fumigation and disinfection)
  - Business exhibition services
- The allocation for reimbursement of TED and CST has been raised from Rs.300 crore and Rs.600 crore in the second supplementary.
- Presently, 6.0 percent interest is paid for delay in reimbursement of drawback claims beyond 30 days. For payment within 30 days, no interest will be payable.

The interest is payable for delay from the date of approval to the date of payment if delayed beyond 30 days.

The Government has decided to extend a similar provision of payment of interest for delays in payment of terminal excise duty (TES) and Central Sales Tax (CST).

The process for payment of interest will be finalized shortly. ■

# Customs Duty, Service Tax Sops for Exports

The government has issued three notifications No.115/2007-Customs, No. 42/2007-Service Tax and No.43/2007-Service Tax, giving effect to the announcement made by Finance Minister P. Chidambaram on 29 November in the Lok Sabha. These three notifications provide relief by way of customs duty and service tax exemptions.

Notification No.115/2007-Customs reduces basic customs duty on following items relating to textile sector:

- Polyester filament yarns and polyester staple fibres from 7.5 percent to 5 percent;
- Other man made filament yarns namely, acrylic, viscose etc (excluding nylon filament yarns) from 10 percent to 5 percent;
- Other man made staples fibres namely, acrylic, viscose etc (excluding nylon staple fibres) from 10 percent to 5 percent;
- Spun yarns of man made staple fibres and filament yarns (excluding nylon fibres) from 10 percent to 5.0;
- Polyester chips from 7.5 percent to 5 percent;
- Fibre intermediates viz. Dimethyl terephthalate (DMT), Pure terephthalic acid (PTA), and Mono ethylene glycol (MEG) from 7.5 percent to 5.0 percent; and
- Para-xylene from 2.0 percent to zero.

There is no change in basic customs duty on nylon filament yarn / fibres, nylon chips and caprolactum and continues to remain the same. There is also no change in basic customs duty on acrylonitrile and rayon grade wood pulp.

Notification No.43/2007-ST dated 29 November, 2007 provides relief by way of refund of service tax paid on business exhibition service [section 65(105)(zzo)] provided to manufacturer-exporters of textile goods such as carpets, textile floor coverings, articles of apparel and other made up textile articles, who are registered as exporter with any of the specified organizations. The benefit under this notification is available for the said textile manufacturers whether or not the business exhibition service is directly relatable to export goods. This notification is valid for a period up to 31st March 2009.

Service tax paid by exporters on input services used for export goods is neutralized under various existing schemes. These are taxable services which are directly relatable to export goods. The issue of providing refund of service tax paid on taxable services, which are not "input services" but could be attributable to export of goods was examined in consultation with stakeholders.

The Government has already notified the following seven taxable services and the service tax paid on these seven taxable services, which are attributable to exports even if they are not used as input services,



shall be refunded to exporters.

Port Services provided for export. (Section 65[105][zn])

Other port Services provide for export. (Section 65[105][zzl])

Services of transport of goods by road from ICD to port of export provided by Goods Transport Agency. (Section 65[105][zzp])

Services of transport of export goods in containers by rail from ICD to port of export. (Section 65[105][zzp])

General Insurance Services provided to an exporter in relation to insurance of export goods. (Section 65[105][d])

Technical testing and Analysis Agency Services in relation to technical testing and analysis of export goods. (Section 65[105][zzh])

Inspection and Certification Agency Services in relation to inspection and certification of export goods. (Section 65[105][zzi])

Refund of service tax paid by exporters on taxable services linked to exports has been further extended to following two more taxable services vide Notification No.42/2007- ST dated 29th November, 2007:

Storage and warehousing service [section 65(105)(zza) of the Finance Act, 1994]

Cleaning activity service [section 65(105)(zzd)]

For details, relevant notifications may be referred to.

Notification No.115/2007-Customs, notifications No. 42/2007-Service Tax and 43/2007-Service Tax all dated 29th November, 2007 are available on the CBEC website <http://www.cbec.gov.in>. ■