



# Open Trade

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A portrait of Hillary Clinton, smiling, with her hair styled in a short blonde bob. She is wearing a black blazer over a red top and a gold necklace. The background is a close-up of the American flag, showing the stars and stripes.

**India's  
Investment  
Skyline  
Bright**

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#### *Distributed by:*

**New Media Communication Pvt. Ltd.**

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**Export-Import Bank of India**

**Managing Editor:** Satya Swaroop

**Director:** B.K. Sinha

**Cdr. P.S. Amar**

**Group Editor:** Dev Varam

**Consulting Editors:** Prabhu Sinha,

Rajiv Tewari & Md. Sabir Nishat

**Deputy Editor:** Tripti Chakravorty

**Asst. Editor:** Nandita Choudhary

**Creative & Content:** Sunetra Nair

**Strategic Advisor:** Vinaya Shetty

**Manager- Admin & Finance:** Sunil Kumar

**Sr. Executive Special Projects:** Prajwala Poojary

**Liaison Officer:** Vrunda Gurav

**Executive Database:** Madhavi Singh

**Circulation:** Jawaharlal, Santosh Gangurde &

Vijay Wangade.

**Art Director:** Santosh Nawar

**Visualizers:** Maya Vichare & Sagar Banawalikar

**Photographer:** Bilal Khan

#### **BRANCHES:**

##### **Kolkata:**

Anurag Sinha, Regional Head,

Mob: 098300 15667

Email: anurag@newmediacomm.biz

##### **Delhi:**

Abhay Shanker Sahaay, Resident Editor

Mob: 09968767500/09968815306

Email: abhay.sahaay@newmediacomm.com

##### **Pune:**

Jagdish Khaladkar, Regional Director,

Mobile: 098230 38315

Email: pune@newmediacomm.biz

##### **Australia Office:**

Bandhana Kumari Prasad, 129 Camboon Road,

Noranda, Perth, W.A. 6062 Tel: 0061 892757447

Email: bandhana@newmediacomm.biz

#### **New Media Communication Pvt. Ltd.,**

New Media House, 1 Akbar Villa,

Near Old State Bank, Moral-Maroshi Road,

Andheri (E), Mumbai - 400 059

Tel: +91-22-2925 0690. Telefax: +91-22-2925 5279

E-mail: enquiry@newmediacomm.biz

www.newmediacomm.com

#### **Printed & Published by**

**Veerendra Bhargava** and printed at M/s Young Printers,

A-2/237, Shah & Nahar Industrial Estate, Lower Parel,

Mumbai - 400 013 and published from B/302, Twin Arcade,

Military Road, Marol, Andheri (E), Mumbai - 400 059 India

**Editor:** Dev Varam

The news items and information published herein have been collected from various sources, which are considered to be reliable. Readers are however requested to verify the facts before making business decisions using the same.

**Dear Reader,**

Greetings. The fundamentals of the Indian economy are strong and the country's financial institutions and capital markets are well regulated. This is one of the prime reasons why the country's economy has not felt the full impact of the devastating global meltdown and the resultant recession. Today, India, along with China, stands out as a preferred destination for foreign direct investment (FDI). This aspect of India's economic stability has received endorsement from none other than US Secretary of State Hillary Clinton during her recent visit to this country. This is because some Indian states have maintained sustained economic growth, thereby attracting both local and foreign investment. The cover story of the current issue of Open Trade carries an in-depth study made by New Media and Indicus highlighting this remarkable Indian strength. Among the Indian states, the western State of Maharashtra ranks as number one in economic growth, thanks to various initiatives launched by the Maharashtra Industrial Development Corporation (MIDC). Maharashtra is also one of the states exposed to increasing incidence of pollution because of industrial growth. Apart from industrial effluents, air, water and noise pollution have become problems to cope with. Mahesh Pathak, Member-Secretary, Maharashtra Pollution Control Board (MPCB) talks about the initiatives his organization is taking in tackling pollution. India's Atomic Energy Commission Chairman Anil Kakodkar, one of the chief negotiators of the Indo-US civilian nuclear energy deal, says that India will emerge as a global leader in the Fast Breeder Reactor (FBR) technology. Meghalaya is a small Indian State tucked in the lush-green hills of the northeastern region, offering tremendous potential in the areas of tourism, agro-industries and education. We carry an interview with Anup Kumar Thakur, Principal Secretary in the Chief Minister's office. India has recently signed landmark trade agreements with Korea, Singapore and Canada to boost bilateral trade. The issue carries a write-up. Global pharma and bio-tech companies are coming to India to ink production and marketing tie-ups with their Indian counterparts for promoting their products in this country and abroad. We present a write-up in our avenues section. India's engineering industry has made strides in innovative production and exports in coping with the current recessionary conditions. We carry an interview with Bhaskar Sarkar, Additional Executive Director and Secretary of Engineering Export Promotion Council (EEPC). In another interview, Harshvardhan Neotia, Chairman, Ambuja Realty, and Sanjay Budhia, Managing Director, Patton Group, speak about the impact of the global recession on the Indian economy and how their own companies are coping with the situation. They also speak about how Bengal is managing the meltdown. Apart from these articles, there are plenty of news reports such as Israel's entry into the Indian agricultural sector and Areva tapping the Indian energy sector.

Wish you happy reading

**Satya Swaroop**

Managing Editor

satya@newmediacomm.biz



# India's Investment Skyline Bright

- Study

India, with its strong fundamentals, has withstood the worst-ever financial crisis to sweep the world in recent times. India continues to be an ideal destination for foreign direct investment (FDI), according to a study conducted recently.

The comprehensive economic research study of the country's industrial climate was conducted jointly by New Media and Indicus Analytics, and titled "Investment Skyline of India" is a definitive guideline to investors for identifying the five top states in the country for best returns on their investments.

This positive aspect, highlighted in the study, has found its echo in the assessment of Secretary of State Hillary Clinton of India's economic growth by none other than the US Secretary of State Hillary Clinton, following her recent visit to this country.

Answering questions on the US State Department

website, she said: "India's six percent growth rate is a bright spot amid the global economic downturn, and bilateral trade and investment flows between our nations have doubled in the last five years." The 300 million members of India's burgeoning middle class present a vast new market and investment opportunity, Clinton added.

"Our countries should work together to open that market and spread the benefits of sustainable prosperity. We and the rest of the world have a lot to gain from our enhanced cooperation," she said.

Talking about relations between India and US, Clinton said both countries could mutually benefit from former's economic progress. "I know that some Americans fear that greater partnership with India will mean lost jobs or falling wages in the US. But if we manage our relationship well, both sides can benefit from India's economic



**This excellent research-based and analytical study by New Media will obviously be useful to industrial and other investors in the process for deciding where to locate.**

**It also sets benchmarks for other states in India even as Maharashtra itself sets the pace in the economic and industrial fields, and looks towards higher standards in the promotion of economic prosperity.**

**Ashok Chavan, Chief Minister of Maharashtra**

progress," she said.

In the study, India's western states of Maharashtra and Gujarat topped the list occupying the first and second slots respectively. The other three slots were occupied by the southern states of Tamil Nadu and Andhra Pradesh, followed by the northern state of Delhi, as ideal destinations for investment.



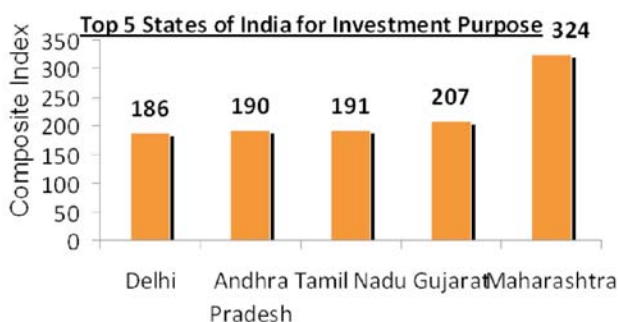
"Our purpose is to identify leading states based on several relevant indicators that reflect investment friendliness," said Satya Swaroop, Managing Editor of New Media, adding that

the study had taken into consideration, nine broad parameters for purposes of determining the states' investment potential.

These parameters include the state's income, capital formation, the size of its market, and infrastructure availability in the key areas of power, transportation, telecommunications, health and education, besides the process of urbanization it has undergone.

"The current study is unique because it is half yearly and dynamic. It does not offer year-old statistics as done in the routine annual studies," Swaroop said.

Amit Sinha, President of Indicus Analytics, one of India's leading economics research firms, said, "Our estimation model consisting of econometric modeling, statistical analysis and neural networks allows us to estimate data with great accuracy. Indicus is able to estimate GDP at district level and several consumer market parameters such as incomes, expenditures and savings at district and city levels. We are in a unique position to not only identify states but also specific districts in a state and its characteristics"



## GSDP & Share in India's GDP

In terms of Gross State Domestic Product (GSDP), Maharashtra is well ahead of other states, being the financial and commercial hub of the country, followed by Uttar Pradesh, Andhra Pradesh, West Bengal and Gujarat. Also, in the same order, Maharashtra tops the list in terms of the share in India's Gross Domestic Product (GDP), and together they account for 40 percent of the total GDP of the country.

However, concentration of major economic activities in a few states is established further with the fact that the next five states contribute 37 percent to country's GDP while the balance 18 states account for 23 percent.

## Capital Formation

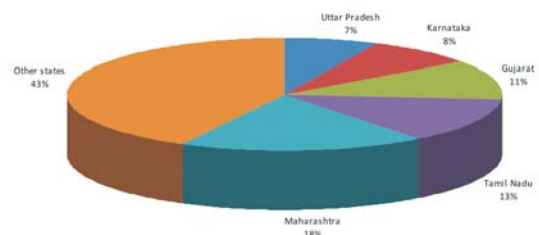
In terms of Gross Fixed Capital Formation (GFCF), Maharashtra topped the list of five, followed by Tamil Nadu, Gujarat, Karnataka and Uttar Pradesh. In the same order, the top five states contribute as much as 57 percent to India's gross fixed capital formation. The share of top 10 states is 80 percent of the country's GFCF.

## Power Infrastructure

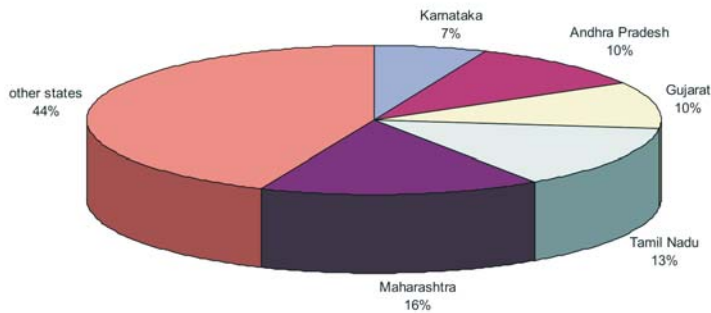
In terms of connected load for industrial usage, the most industrialized states of the country in the order are Maharashtra, Tamil Nadu, Gujarat, Andhra Pradesh and Karnataka. These five states also figure in terms of power consumption for industrial usage. Punjab, Rajasthan and Uttar Pradesh are close followers to these five states. The top five states account for 56 percent of share in India's total load for industrial usage.

In terms of number of consumers for industrial usage, the five listed are Maharashtra, Gujarat, Karnataka, Andhra Pradesh and West Bengal, the last being an inclusion in the list. This might be due to the fact that small scale industries are quite prevalent in the state. In terms of the share in country's total consumers for industrial usage, Maharashtra tops the list, accounting for 17 percent.

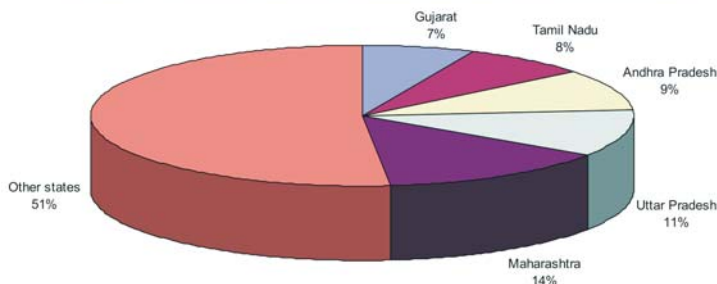
**Top 5 States - Share of India's Total Gross Fixed Capital Formation**



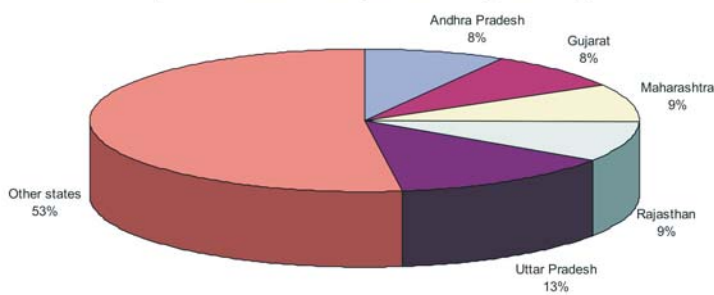
Top 5 State - Contribution to Country's Total Connected Load for Industrial Use



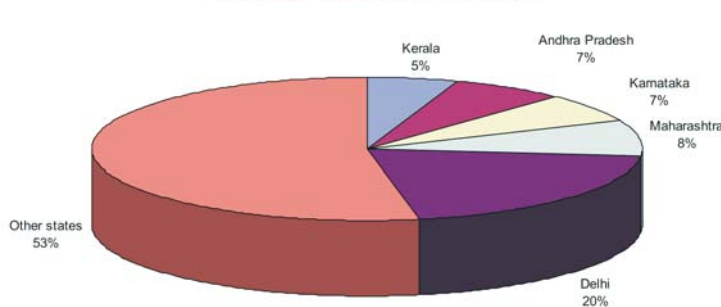
Top 5 States - Share in Countries Total Projected Expenditure on Roads and Bridges



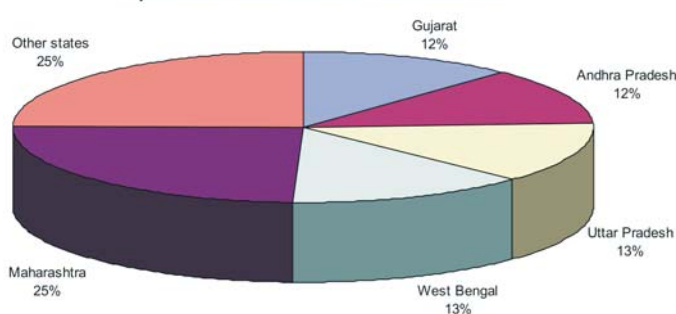
Top 5 States -Share In Country's Total Railway Route Length



Top 5 States - Registered Internet Domains



Top 5 States - Share in India's Total Market Size



## Transportation Infrastructure

In terms of projected expenditure on roads and bridges during the period 2005-10, Maharashtra again shows its prominence as India's most favoured investment destination. However, the pattern also suggests a better and developed road network in the western and southern parts of the country.

Of the share of total projected expenditure on roads and bridges, the five states account for almost 50 percent of the total projected expenditure on roads and bridges of the country. For obvious reason these listed states have a fast mover advantage over others.

## Urban Population

In terms of the size of urban population in the state, Maharashtra again the top ranking state. Also, contribution of these five top ranking states is exactly half of India's total urban population.

Apart from identifying the top five states under a composite final index that covered all the parameters, the study also looks at selected demographic, infrastructure and market related parameters to name the five top states in the country for investments, for each of the parameters.

## Greater Achievements by Smaller States

**GDP Growth:** The study has also thrown up some unique feats achieved by the smaller and seemingly the most unlikely states, For instance, Mizoram topped the list of five states in urban growth. Similarly, Manipur headed the list for high average annual GDP growth in the last five years among all states, ahead of other unlikely competitors such as Jarkhand, Haryana, Nagaland and Uttaranchal.

**Health Infrastructure:** Similarly, the smaller states have scored over their bigger counterparts in health infrastructure in terms of the number of public and community health centres. The list of the top five states in this category includes Uttaranchal, Arunachal Pradesh, Himachal Pradesh, Mizoram and Meghalaya. However, Sikkim scored first in the number of hospitals per million population followed by Arunachal Pradesh, Goa, Delhi and Nagaland. In the matter of the number of beds



available in government hospitals, it was Nagaland that topped the top five, followed by Arunachal Pradesh, Sikkim, Orissa and Gujarat.

**Educational Infrastructure:** Kerala, India's most literate State, has naturally topped the Education Development Index, followed by Delhi, Tamil Nadu, Himachal Pradesh and Karnataka. In the matter of literacy, it is Kerala again at the top slot, followed by Mizoram, Goa, Delhi and Himachal Pradesh.

#### About the organizers of the study

New Media is India's largest bilateral trade magazine publishing house, with its footprints in as many as 125 countries across six continents. New Media publications, which include Indo-US Business, Indo-Swiss Business, Indo-Australian Business and Open Trade, are supported by reputed chambers of commerce and trade associations of various countries and enjoy the patronage of their respective consulates in the city. Three of its bilingual publications, Indo-African Business (English and French), Indo-LAC Business (in English and

Spanish) and Indo-CIS Business (in English and Russian) are published in association with Export Import Bank of India.

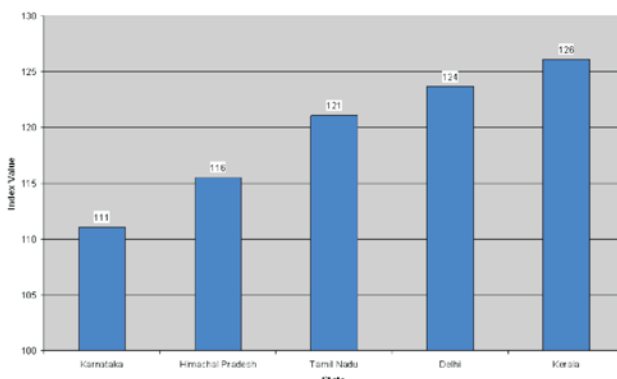
Indicus Analytics is a premier Indian economics research firm. It services the data and policy analysis requirements of highly research oriented entities, which include the most respected academic institutions and international organizations, key policymakers, and top decision makers in industry.

Some illustrious examples of those who have cited and used Indicus research, over the years are former President Dr. APJ Abdul Kalam, Prime Minister Manmohan Singh, former Finance Minister P. Chidambaram, Dr. Vijay Kelkar, Chairman, Thirteenth Finance Commission, the Reserve Bank of India and other institutions.

Constant interaction with internationally recognized experts and continuing non-funded research activities, have ensured national and international recognition for Indicus research services and data products. Reputed users of Indicus studies Include:

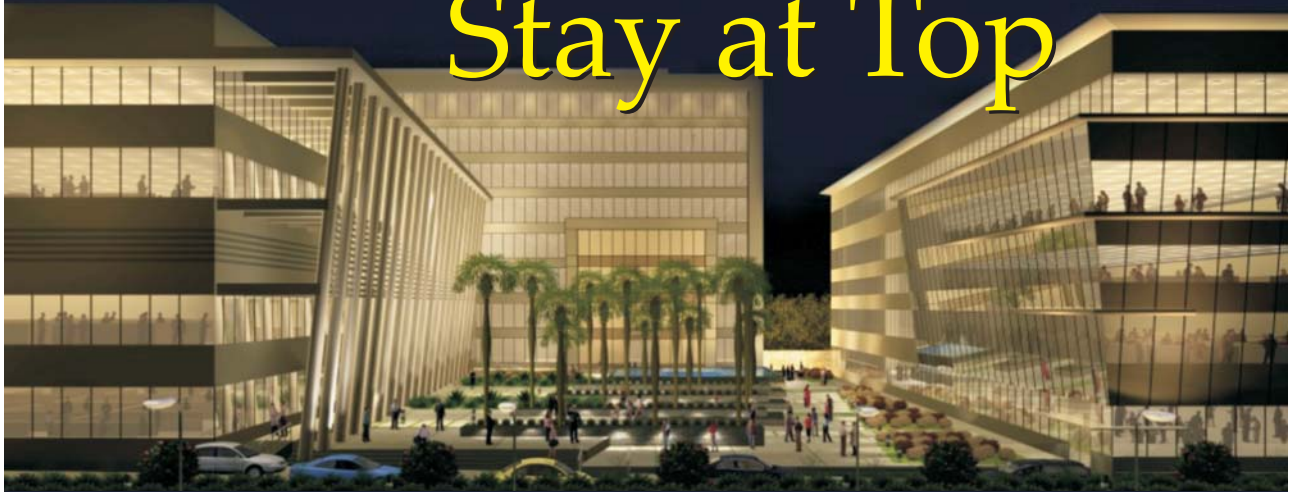
- Government organizations- RBI, Finance Commission
  - Multilateral institutions- The World Bank, UNICEF, EU, DFID
  - Universities - Stanford, Harvard, and Cambridge.
  - Research organizations - Rajiv Gandhi Foundation, NCAER, RIS, IDF
- (To access the complete study, please visit [www.newmediacomm.com](http://www.newmediacomm.com))

Top 5 States- Education Development Index





# MIDC Helps State to Stay at Top



Maharashtra continues to be in the forefront of economic development, thanks to sterling efforts of the Maharashtra Industrial Development Corporation (MIDC). According to studies carried out by prestigious publications, such as Projects Today and Business World, Maharashtra has the highest planned project investment and a high, increasing implementation rate and is the number one State in overall business competitiveness.

Maharashtra has the sanction of 25 approved Special Economic Zones (SEZs) of which 10 are developed by MIDC, seven are developed on the lines of Public-Private-Participation (PPP) model and eight are developed as joint ventures, in all providing jobs to nearly one million people.

The 17 SEZs developed by MIDC and the PPP mode promote industries ranging from Information Technology to engineering, textiles to aluminium production, pharmaceuticals to biotechnology and leather goods. The eight SEZs proposed by MIDC as joint ventures are all multi-product except for one which is exclusively meant for processing plastics.

Maharashtra, the most urbanized state with a population of 11 crore, is also home to a flourishing textile industry. MIDC has promoted eight textile parks across the state.

Also being developed by MIDC is the Food Processing Industry across the State.

- Main processing industries are in the sectors of sugar, milk, poultry, rice, flour, meat, vanaspathi, fruit and vegetables
- Food Parks are being developed in Butibori, Shendra, Newasa, Latur, Osmanabad.

Out of 66 mega projects in the State, 30 are in

production, 16 are under construction and land has been allotted to 20 others.

Through Maharashtra 20 percent of Country's net value is added in industrial sector. Maharashtra's Per Capita Income is 46 percent higher than the National Average. Recent investment in Maharashtra accounts for a fifth of the total national investment.

## Important Statistics about Maharashtra are :

- 25 percent of the country's exports
- 22 percent of export-oriented units
- 77 percent of country's gems and jewellery exports
- 25 percent of country's IT exports
- 14 percent of all factory employment
- India's largest total and non-farm employment provider
- Leads in value of output in 15 out of 25 industry sectors including auto and components, machinery, food products, basic metals
- Auto & Auto Components: 38 percent of country's output
- Engineering: 23.1 percent
- Textiles: 10.4 percent
- IT & ITES: 30 percent of software exports
- Pharmaceuticals: 40 percent
- Chemicals & Petrochemicals: 27.4 percent

MIDC is established on 1 August 1962 under Maharashtra Industrial Development (MID) Act, 1961 For Planned Industrial Infrastructure Development & Balanced Regional Development. It is India's premier



industrial infrastructure development agency. MIDC has a enviable track records of building high quality infrastructure Including roads, water supply & sewage systems, Modern and high-tech pollution handling mechanism, effluent treatment plants, air strips.

MIDC is declared as Special Planning Authority in MIDC areas from 14 October 1993. It has Independent Development Control Rules since 7 January 1999. MIDC has also been declared as Special Planning Authority for Private Non Multi-product SEZs developed in the State.

## Strengths of MIDC

- A sound financial corporation which brings flexibility in decision making
- Can execute projects with Public Private Partnership
- Designated as a Special Planning Authority
- Simplified procedures for approvals
- Provides robust infrastructure in the form of roads, water supply schemes and common facilities amongst others

## Thrust Areas

- Information Technology
- Bio-Technology
- Agri -Business
- Food Parks
- Floriculture
- Pharmaceutical / Healthcare
- Development of Industrial Clusters
- Auto
- Apparel & Textile
- Wine
- Infrastructure
- Transport
- Roads
- Power (Captive Power)
- Gas
- Ports
- Airports
- Special Economic Zones

## Advantages of Locating in MIDC

- Four decades of experience in industrial infrastructure
- Ready availability of land
- Clear title of land, free from all encumbrances
- Established connectivity
- Provision of world-class infrastructure
- True single-window clearances and approvals
- More dependability and reliability on account of being Government of Maharashtra undertaking

## MIDC has Developed 230 Industrial Parks on 54717 ha. of land.

Major Industrial Areas	: 90
Small Industrial Areas	: 90
Growth Centre( State)	: 46
Growth Centre(Centre)	: 4

## Classification of Areas

- Small Industrial Area Upto 10 Ha.
- Growth Centre Minimum 100 Ha
- Major Industrial Area More Than 100 Ha

SN	Region	Land Got in Possession Last 10 Years ( In Ha.)	Land Under Acquisition ( In Ha.)
1	Konkan	193.00	15182.27
2	Nashik	5639.51	7488.49
3	Pune	11164.18	27343.49
4	Aurangabad	3604.95	5834.63
5	Amaravati	109.09	72.61
6	Nagpur	18.24	5609.36
	<b>Total</b>	<b>20728.97</b>	<b>61530.85</b>

## MIDC's Strength: Water Supply Schemes

- Water Supply Schemes : 1977 MLD

### Water Supply Utilization Patterns

- A. All Over Maharashtra 1312 MLD
  - 1) Domestic ( 54 %) 708 MLD
  - 2) Industrial ( 46 %) 604 MLD
- B. Mumbai Metropolitan Region 786 MLD
  - 1) Domestic ( 70 %) 550 MLD
  - 2) Industrial ( 30 %) 236 MLD

In MIDC's major water supply scheme, BARVI Grid present water losses are only 10.52 %( 2008-09) which are now planned to be reduced to 10.25 % in year 2009-10

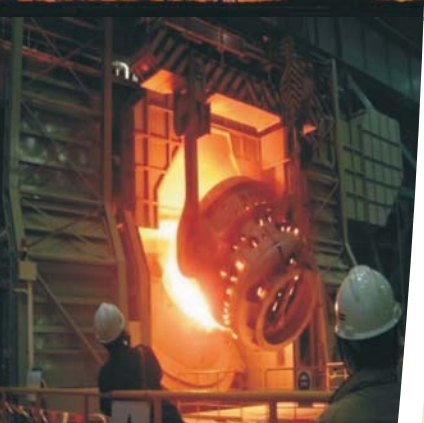


## MIDC: Achievements

- Gems & Jewellery Parks , Floriculture Parks, Wine Parks developed.
- Fire Stations are Operational At 15 (TTC, Roha, Tarapur, Taloja, Addl. Ambarnath, Mahad, Lote Parshuram, Hinjawadi, Ranjangaon, Kurkumbh, Hingna, Butibori, Solapur-Chincholi, Sangli-Miraj, Nanded Airport MIDC areas. 24 New Locations are expected to be equipped with new fire stations.

## Environment Friendly Support

- MIDC has commissioned 19 common effluent treatment plants (CETPs).
- 6 CETPs are under construction.
- MIDC has four solid waste disposal units for MIDC areas. These plants use incinerators & plasma technologies.



SN	Airport	Proposal	Timeframe
1.	Amaravati	Handing over to MADC	July 2009
2.	Yavatmal	For Privatisation	By December 2009
3.	Nanded		
4.	Latur		
5.	Osmanabad		
6.	Baramati		
7.	Kolhapur	Handing Over To Airport Authority Of India	February 2012
8.	Ratnagiri	Handing Over To Coast Guard	December 2009

- MIDC places a lot importance to environment

## Airports with MIDC

- Amaravati • Yavatmal • Nanded • Latur • Osmanbad • Baramati • Kolhapur • Ratnagiri

## Wine Parks

Godavari Wine Park, Vinchur-Nashik

- 52 kms from Nashik, spread over 151.36 hectares Krishna Wine Park, Palus Sangli
- 38 kms from Sangli, spread over almost 53.70 hectares

## New Reforms Effected in MIDC

- Public Private Partnerships already successful in SEZs, airport privatization
- Implementation of Clean & Green Eco friendly ( CGEF) with Science & Technology Parks Of India is already taking Shape at Lote Parshuram, Chiplun
- Single Window Clearance in MIDC process is initiated.
- Decentralization of powers to regional Level. e.g. most of the fire NOC will now be given at regional level.

## Tie-up with Microsoft

- MIDC has signed an agreement with Microsoft to computerize multiple functions across the organization. Under the agreement, MIDC will deploy Microsoft's ERP (Enterprise Resource Planning) software to streamline processes in the corporation. This step is estimated to reduce about 70-80 percent of paperwork internally, the benefit of which will boil down to consumers.
- With this pact, MIDC has perhaps become the country's first State-owned industrial body to streamline its internal processes in such a fashion.
- MIDC has already computerized its water billing, land management, accounting, building proposal automation and file tracking systems.

## Important MIDC Clients

- Automobiles: TATA Motors, Fiat, GM, Daimler Chrysler, Volkswagen, Mahindra, Bajaj Auto
- Pharmaceuticals: Pfizer, Wokhardt, Ajanta, Lupin, Novartis, Cadila, kopran, Cipla, Serum
- Engineering: Thermax, Siemens, Bharat Forge, JCB, Hyundai
- Chemicals: BASF, Tata Chemicals, Hical, ITC, Camlin
- Steel: POSCO, Jindal, Tata, Sunflag
- Textile: Raymond, Bombay Dyeing, Indocount
- Information Technology



## The Best 6 Companies in India are in MIDC.

- International players like GlaxoWellcome, Novartis, Pfizer, Johnson & Johnson, Abbott are already established in various MIDC areas.
- Glenmark Pharmaceuticals, J B Chemicals, Unichem Laboratories, FDC, RPG Life Sciences, Aarti Drugs, Zandu Pharmaceutical, Elder Pharmaceuticals, Ankur Drugs and Pharma, TASC Pharmaceuticals, Indoco Remedies and Makers Laboratories, are established names in MIDC .
- Joint-Venture between MIDC & The Chatterjee Group (TCG) Company International Biotech Park Ltd. (IBPL) has established Biotechnology Park at Hinjawadi at Pune On 104 Acres.
- Major focus of this park is on Pharma Biotech, Contract Manufacturing, Research and Clinical Trials.
- The Development of the park is a Dumbbellstrategy: "Core-Shared Facility" at one end & "Anchor Tenant" (Clinical Research/Tech. Development Centre) at the other.

## Power Initiatives

- Hydel power generation proposal at Barvi Dam (12 MW).
- MoU for purchase of proposed 1000 MW probable power generation at Bhadravati, with MSEDCL
- Land allotment for power projects at Mul, Tiroda (Gondia), Dewali (Wardha), Chandrapur, Vardha Power (600 MW).
- Land acquisition under MID Act for Tata Power (Shahpur Dherund), Reliance (Nagothane, Alibag), Jindal (Ratnagiri), Ispat (Wave, Pen).

## Effective Solutions on Recession offered by MIDC

- Six months extension for Building Completion Certificate
- Clients are allowed to complete 10 percent work in their stipulated time for getting BCC.
- Under New Amnesty scheme, the clients who have taken lands & still not started development are allowed to transfer their properties by paying 50 percent transfer fees.

## MIDC: Way Forward

- 61,530 ha. under acquisition.
- 10 SEZs on own & seven SEZs on PPP basis are in progress.
- Development of Truck Terminus in major industrial areas.
- New company MIGTCL is formed to develop Natural Gas Grid Network in major industrial areas.
- MIDC is declared as the Nodal Agency of Government of Maharashtra for Delhi Mumbai Industrial Corridor (DMIC) .

## Industrial Region

Phase I: Igatpuri- Nasik Sinnar

Phase II: Khed -Pune

Industrial Area

Phase I: Dighi Port & Nearby

Phase II: Khed , Chakan





# Coping with Pollution, the MPCB Way



Maharashtra is India's most industrialized State. Hence, pollution control assumes a challenging task in this State of 11 crore population and a coastline of 720 km. Industries spread across the State are wide-ranging; from chemicals to pharmaceuticals and biotechnology, from textiles and engineering to agro-based and biotech industries. Effluents spewed out from these industries require constant monitoring. Added to this is the coastal and river water pollution, contaminating the fish and endangering the lives of humans consuming them. Then there is noise pollution descending on major cities and towns such as Mumbai, Pune and others during the Diwali and Ganesh festivals. So, the hands of the Maharashtra Pollution Control Board (MPCB) are full. **Mahesh Pathak**, IAS, a young and dynamic officer, who took over as the new Member Secretary of MPCB on 24 July 2009, looks at the whole pollution scenario of the state and presents the MPCB initiatives in making the lives of people across the state safe in terms of the air they breath and the water they drink and the environs they live in.

MPCB has been conducting environmental monitoring for Ambient Air and Water in the state under different National and State programmes. These include National Air Quality Monitoring Programme (NAMP) and the State Air Quality Monitoring Programme (SAMP) and National Water Quality Monitoring Programme (NWMP) and State Water Quality Monitoring Programme (SWMP).

Apart from air and water pollution monitoring and control programmes, MPCB is also concerned about the noise levels during the Diwali and Ganesh festivals.

In the recent past, MPCB has augmented the water and air monitoring network in the State. Presently, the Board operates about 250 water quality monitoring stations and 76 air quality monitoring stations in the state, including eight CAAQM Stations.

Presently the data generated through these monitoring programs is collected at the Pollution Assessment Monitoring Surveillance (PAMS) Division in the headquarters. Soft data is compiled and up loaded to Environment Data Bank (EDB) of Central Pollution Control Board (CPCB) and hosted on MPCB website.

The Daily Ambient Air Monitoring data of five major cities - Mumbai, Pune, Aurangabad, Nashik and Nagpur are sent to television channels for display in public interest.

## Water Quality Monitoring Network

For planning a water pollution control program, it is imperative to understand the nature, extent of pollution and control measures required. Water Quality Monitoring is an important exercise, which helps in evaluating the nature and extent of pollution control required, and effectiveness of pollution control measures already in existence. It also helps in assessing the water quality trends and prioritizing pollution control efforts.

To understand the prevalent water quality in Maharashtra, MPCB has taken up the task of assessing the water quality through programmes such as Global Environmental Monitoring System (GEMS) and Monitoring of Indian National Aquatic Resources System (MINARS) under National Water Quality Monitoring Program (NWMP), funded and guided by CPCB. It started in 1978 with three stations and increased to 38 by 1992.



In 2004, 10 more surface water stations and in April, 2006, 25 ground water stations were added, taking the total to 73.

Water (Prevention and Control of Pollution) Act, 1974, covers both surface water as well as ground water pollution. To tackle the hazards of faster deterioration of surface and ground water quality due to uncontrolled urbanization, industrialization and agricultural activities, the Board has decided to expand the existing water quality monitoring network in Maharashtra, covering all stretches such as drains, river basins, sea water etc.

### Project Implementation Plan

Accordingly, a Project Implementation Plan was prepared and expanded the existing water quality network of surface water to 200, and ground water network to 50 locations. This is done by identifying and commissioning additional 152 surface water and 25 ground water locations under State Water Quality Monitoring Program (SWMP). Monitoring of all these stations are being carried out as per the Uniform Protocol for water quality monitoring issued by the Ministry of Environment and Forests and CPCB. In February, 2008, CPCB sanctioned 50 new stations under NWMP from



existing SWMP stations - 45 surface water stations with monthly monitoring frequency and five ground water stations with half yearly monitoring frequency. Presently, WQM network consists of 123 stations under NWMP and 127 stations under SWMP, taking the total to 250.

### Air Quality Monitoring Network

MPCB, as the regulatory agency in the state, requires the information of air quality levels at different locations for planning the pollution control strategy, for dissemination of information and other related matters. Considering the urbanization and industrialization in the state and also public awareness towards the subject, it is necessary for MPCB to collect air quality data at important locations across the State. MPCB is monitoring the air quality at various locations all over the state under National Ambient Air Quality Monitoring Programme (NAMP) and State Ambient Air Quality Monitoring Programme (SAMP).

### Noise Pollution Monitoring:

Fire crackers of different make/ manufacture were tested for noise levels in the open space at Wadala Truck Terminal before Diwali Festival during different years in association with Mumbai Police and the NGO "Awaaz Foundation." The results of noise levels observed during the testing along with the names of the manufacturers were communicated to the Chief Controller of Explosives, Nagpur. Results are hosted at MPCB website.

Ambient Noise level monitoring surveys in Mumbai and other major cities were carried out during Ganesh Festival & Diwali Festival in different years. Most of the survey reports are displayed at MPCB website.

MPCB had invited tenders for carrying out the ambient noise monitoring during Diwali and Ganpati Festivals, as per the monitoring protocol given by CPCB. Accordingly, the work of noise level monitoring during Ganesh and Diwali festival, 2008, in Maharashtra is awarded to Ashwamedh



Engineers & Consultants, Nashik.

In order to assess the impact of traffic noise exposure on residents living adjacent to major roads, MPCB has conducted an extensive noise monitoring study covering 25 locations in six metro cities of Maharashtra during December, 2008 for two days i.e. on working day and Sunday. Report is available on MPCB website.

During festivals, mass awareness campaigns were being organised through print and electronic media. Involved the services of police authorities, NGOs, representatives of fire cracker manufacturers association etc, for effective implementation of the campaign.

## Other Projects

Volatile Organic Compounds (VOCs) Monitoring survey at industrial areas such as Taloja and Mahad was conducted in February, 2009, in collaboration with SGS Laboratories, Chennai. Final report will be ready in 2009. Taloja & Mahad are critically polluted areas identified in Maharashtra by CPCB, because of huge pollution caused by industries.

Action Plan for these problem areas has been prepared and various efforts have been made to implement the same.

MPCB is also executing a project on "assessment of Status of Riverine fisheries and linking with water quality restoration programme" through Central Institute of Fisheries Education (CIFE), Mumbai. Initially, the Godavari river stretch is taken-up for the study. It is well known that the fish abundance as well as the diversity has decreased considerably due to pollution, the resultant decrease in oxygen levels and habitat degradation. The situation necessitates an investigation into the abundance of the fish fauna in the selected stretches of the Godavari within the state of Maharashtra.

Keeping in view of the above facts, it is proposed to carry out a study

on the fish faunal diversity in 10 stretches of Godavari at Nashik & Aurangabad and to correlate with the observed physicochemical parameters. The study is in progress.

Coastal Monitoring project in collaboration with National Institute of Oceanography, Mumbai. Coastal water monitoring survey was carried out over the stretch of Maharashtra coast from Sindhurg to Dahanu at the various locations covering 720km. Sampling locations were decided considering the sites of effluent discharge points and natural drains which are carrying polluted water in to the coast. Main objectives of the study as under:

- Ecological monitoring of inshore & coastal areas to identify changes, if any, in water quality, sediment quality and biological characteristics and utilize the findings for corrective measures.
- Monitor for indicator pollutants and assess recovery of the ecosystems.
- Undertake predictive modeling of selected marine areas for planned disposal of industrial & domestic effluents.

MPCB has prepared a Statistical Analysis Report on Water Quality in association with NEERI, Mumbai. This document contains compilation and statistical analysis of water quality monitoring data collected through National Water quality Monitoring Program during 2005-07. Various statistical tools have been used for useful interpretation of the data. This analysis will help to prioritize the areas of concern and then facilitate future actions such as minimization of pollution loads and also development of preventive action plan. This is the first initiative of the Board to effectively use the statistical tools as a part of pollution control management.

MPCB has already initiated improvements in water quality monitoring and taken corrective steps. Action is being initiated on the recommendations of the report. ■



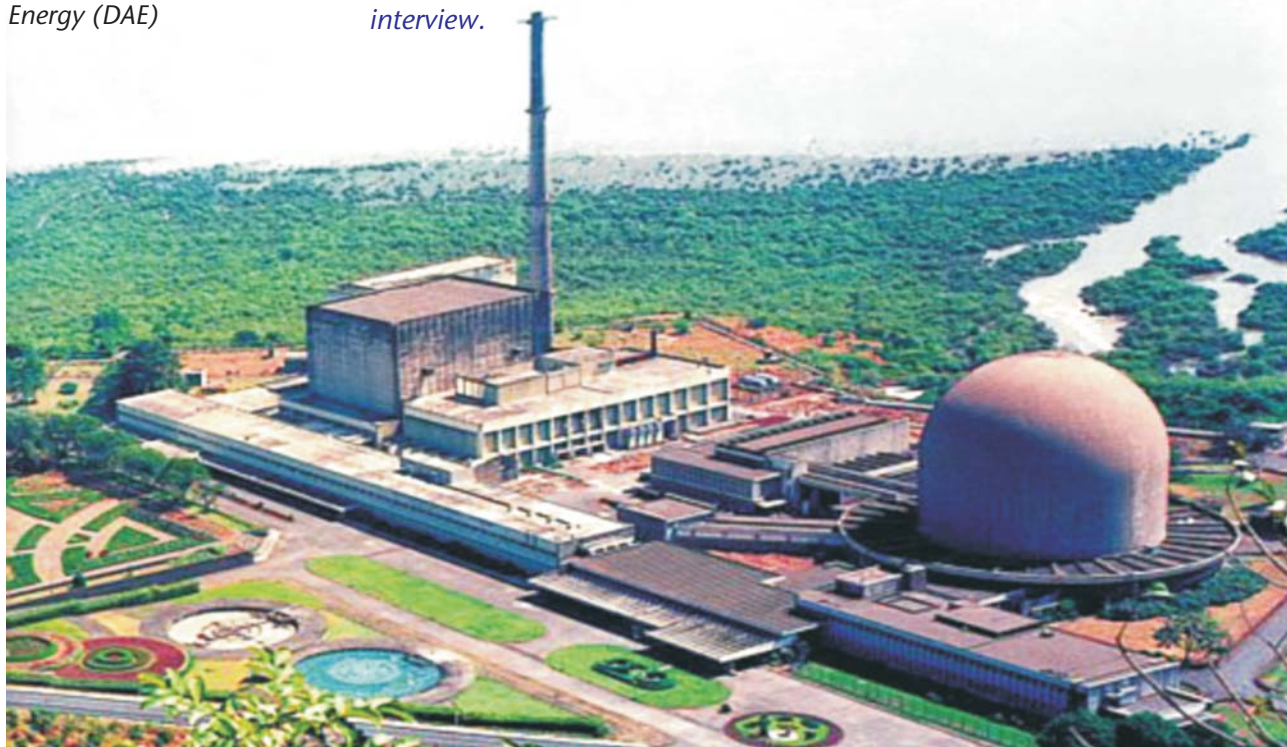
# Installed Capacity to Rise to 40,000 MWe by 2020

## India, Future Global FBR Tech Leader - Kakodkar



Dr. Anil Kakodkar,  
Chairman of India's Atomic  
Energy Commission (AEC)  
and Secretary to the  
Department of the Atomic  
Energy (DAE)

**Dr. Anil Kakodkar**, Chairman of India's Atomic Energy Commission (AEC) and Secretary to the Department of the Atomic Energy (DAE) is upbeat about the country emerging as a global hub of nuclear energy equipment manufacturing, technology trade and commerce. A key negotiator of the historic Indo-US civilian nuclear energy agreement, culminating in the lifting of the 34-year-long ban on India by the Nuclear Suppliers' Group, Dr. Kakodkar says that India's capability to independently build small sized Pressurized Heavy Water Reactors (PHWRs) and thorium-based Fast Breeder Reactors (FBRs) which will have considerable demand in the future in the developing countries. **In an exclusive interview to Asian Nuclear Energy**, Dr. Kakodkar says the lead that India has taken in designing and building FBRs will make the country a global technological leader in this crucial area in the future. Dr. Kakodkar believes that India's nuclear power generation programme, which offers immense potential for technology and equipment suppliers from across the globe through joint ventures will result in an additional installed nuclear power capacity of 40,000 MWe by 2020. He says that India's capabilities in nuclear energy could also provide enhanced export opportunity for the Indian manufacturing sector to tap emerging markets in nuclear business. Following are excerpts from the interview.



**The world is surely moving towards nuclear energy as the best option due to global warming and climate change. What opportunities do you see for India in the emerging scenario?**

On short term basis the small size Pressurized Heavy Water Reactors (PHWRs) have a potential to be supplied to some developing countries. With nuclear energy likely to become centre stage, Fast Breeder Reactors (FBRs) are expected to be in considerable demand in future. With India having taken the lead in this crucial area, we could very well be the technological leaders worldwide. Same thing could happen in the context of thorium systems a little later.

**India has developed the thorium-based nuclear fast breeder reactor (FBR) to overcome the shortage of uranium supply. What is its role in India's future nuclear power generation programme?**

Thorium based reactor technology forms the third stage of the three- stage Indian Nuclear Power Programme. It is envisaged that after about the middle of the century, reactors based on thorium will become commercial not only for electricity generation but also for providing high temperature process heat for industries and hydrogen as a clean fuel as substitute for the petroleum based fuels. Taking into consideration the vast thorium resources in the country, it will provide energy for several centuries.

**You are planning to scale up India's installed nuclear power capacity by nearly five times to 20,000 MWe by 2020 from the present 4,120 MWe, which is less than three percent of the country's total power production. Is the policy frame work in place to enable investment to realize a target this high? What incentives the government is expected to announce in order to boost private participation in this industry?**

The present installed nuclear power capacity in India is 4,120 MWe. Out of the 20,000 MWe target mentioned in your question and which is likely to be revised upwards, NPCIL can manage about 10,000 MWe through its own financial resources. Atomic Energy Act in its current form does allow investment by private sector up to the extent of 49 percent.

**Will there be any amendments to the Atomic Energy Act with regard to facilitating the private sector's entry into the closely guarded nuclear power generation field?**

As mentioned above, Atomic Energy Act requires nuclear power generation to be done by a government company in which at least 51 percent shares are held by the Central Government. The private sector can however carry out manufacturing of nuclear equipment and other supply chain activities including construction.

**The Indo-US nuclear deal has opened the doors to India for carrying out legitimized nuclear commerce. Please enumerate the immediate and long-term spin-offs.**

The nuclear commerce in India has always been legitimate. In fact, India is well known for its responsible behavior in conducting its nuclear business. Immediate benefit of the international civil nuclear commerce with other countries will be an additionality of installed nuclear power capacity (40,000 MWe by 2020) over and above that to be achieved through the indigenous three-stage programme.

**There are reports suggesting envisaged collaborations worth \$150 billion for setting up a total capacity of 10,000 MWe using equipment and materials from US reactors and companies. Do you expect any significant move or development in this regard during the forthcoming visit to India of US Secretary of State Hillary Clinton?**

While the outlay indicated in the question seems highly inflated, discussions are currently taking place between Nuclear Power Corporation of India Ltd. and US vendor companies.

**The Economic Survey (2008-09) has suggested allowing Foreign Direct Investment of up to 49 percent in Indian nuclear power plants. Is any policy announcement expected from the government in this regard?**





FDI in Indian Nuclear Power Plants is not envisaged.

**With multinational companies planning to manufacture nuclear power equipment in India to meet local as well as global demand, do you expect the country to become part of the global supply chain?**

Yes, certainly.

**Three decades of isolation has also made India realize its capabilities in the nuclear power generation sector. In the light of India's acceptability by the global nuclear community, what are the prospects of outsourcing of equipment/component manufacture to this country?**

We certainly expect enhanced export opportunity for the Indian manufacturing sector in nuclear business following appropriate export control regime.

**With global nuclear power firms eyeing partnerships with Indian companies, you have recently advised Indian companies to "exercise due diligence and read the fine print" before signing deals. Do you intend to issue any guidelines to Indian companies, defining their priorities in this regard to enable the country to become a supply chain king, as you said recently?**

It is important that the Indian industry maintains their technological competence and freedom to support emerging markets both within the country and outside and in so doing they should not allow themselves to be subjected to extraterritorial application of foreign laws that restrict their participation in the domestic development of the three-stage nuclear power programme which is the key to

opening up of very large potential of nuclear power. DAE would continue its engagement with the Indian industry in this regard.

**How soon will the project for setting up nuclear parks in different States across the country, each providing for six to eight reactors of 1,000-1,650 MW be ready?**

Negotiations are already in progress with vendors from France, Russia and USA for this purpose.

**You have ambitious plans of meeting 25 percent of power generation from nuclear plants by 2050. What will be the estimated installed nuclear power generation capacity by then?**

We expect around 25 percent of power to be realized by nuclear power plants on the basis of further indigenous development of the 2000 MWe programme by 2020. Another nearly 25 percent is expected to come as an additionality based on initial imports of LWRs/uranium to the extent of 40,000 MWe. Thus the proportion of nuclear power by 2050 could well be around 50 percent (~ 600-700 GWe) if we successfully bring to bear the indigenous capability built as part of the three-stage Indian nuclear power programme on the initial additionalities through imports.

**What is the overall uranium supply scenario and what will be Uranium Corporation of India's contribution to it in the long run?**

UCIL is poised to expand supplies to our expanding nuclear power programme. Further, AMD is aggressively pushing exploration activities by bringing in modern technology.





# Economic Development: Meghalaya on the Right Track

India's northeastern state of Meghalaya is on the right track of development. This lush-green hilly strip of cloud-kissed land offers great potential for tourism and agro-processing industries. Special Correspondent **Subhajit Bhattacharya** speaks to the man behind many a development schemes initiated by the State Government; excerpts from his interview with **Anup Kumar Thakur**, Principal Secretary in the Chief Minister's Secretariat and Labour & Public Works department.



**Do you think Meghalaya has the potential to attract investment?**

I think the State has very good and promising areas which can bring in investments. I think these areas are not properly tapped and exposed to potential investors. We need proper projection and at the same time we need good infrastructure. We as a government are trying our best to develop areas such as education, tourism and other socio-economic sectors.

**Prime Minister Manmohan Singh will be visiting Meghalaya next month. How significant do you think this visit is for the State's economic development?**

The PM's visit is very important for the State. It will not only give the people of this region great hope but also highlight the region in a big way. During this visit we will highlight the issues regarding infrastructure development.

**What plans the state has regarding uranium mining?**

We as a government are very specific and quite focused and clear about our policies regarding uranium mining. We are also trying to bridge the communication gap with the people who are opposing uranium mining. The local people have to understand that it will give the state's economic structure a huge boost and at the same time it will generate large-scale employment in the region. We are trying to convince them that the uranium farming is 100 percent safe.

**What are your plans to develop tourism?**

I think we need proper infrastructure to develop tourism in this region. We first have to develop good roads and hotels and ensure enough electricity generation. Also, we are trying to



Dr. Dethwelson Lapang, Chief Minister, who is spearheading the initiatives.





start flights from and to for Shillong from other destinations. At the same time we are trying to increase the number of flights from kolkata.

## Are you satisfied with the agro industry scenario of the State?

The agro industry of the state is quite promising as we have good potential in horticulture and strawberry farming. The State gets good amount of rainfall. So the availability of water is abundant in the state. The power industry is also doing well as the government policy of promoting the Public-Private-Partnership model has been initiated. Many private investors are coming to the state to take advantage of this. I think this is a very good sign and will bring economic growth for the state.

## What is your opinion about the safety in Meghalaya as its neighbouring states face various kinds of internal and external threats?

I think we are safe as compared to the other states of the northeast. So there is nothing much to worry in this regard.

## One of the sectors on which the Meghalaya government is placing special stress is education. Do you think what the state government has achieved so far in this regard is satisfactory?

We are trying our best to develop the school level education of the state. We are on the verge of establishing new medical and engineering institutes in this region. We have already increased the number of seats in polytechnic institutes. I think we are on the right track and soon



# India, Korea Ink CEPA to Boost Trade in Goods & Services

India has signed a Comprehensive Economic Partnership Agreement (CEPA) with the Republic of Korea in a bid not only to promote trade of industrial and farm goods but also boost exchanges of manpower, particularly in the services sector between the two countries.

An official statement issued here said that the CEPA was signed by Korean Trade Minister Kim Jong-hoon, and visiting Minister of Commerce and Industry Anand Sharma in Seoul.

Billed as India's second comprehensive pact with any country, the first being with Singapore in 2005, the CEPA with Korea is also India's first free trade agreement (FTA) with an OECD country.

Korea is the fifth largest investor in India, with a raft of big brands such as Hyundai, Daewoo, LG and Samsung having a robust presence here. Steel major Posco's proposal to invest \$12 billion in an integrated plant in Orissa with option to buy ores and ship back the finished product to India is a notable investment.

Under the CEPA, tariffs would be reduced or eliminated on 93 percent of Korea's tariff lines and 85 percent of India's tariff lines.

Reports from Seoul quoting the two Ministers said the CEPA almost the same as an FTA but with tariffs reduced in phases would boost bilateral trade and open wider the two nations' services and investment markets.

The de facto FTA would allow computer engineers, consultants, scientists, public relations experts, English teachers and other professionals in various services domain to freely enter each other's markets.

India, on its turn, agreed to open its telecommunication, accounting, medical, advertising and banking sectors to Korea.

The Indian Government contends that the CEPA would facilitate trade in services through additional commitments made by both the countries to ease movement of independent professional and contractual service suppliers. Both countries have committed to provide national treatment and protect each other's investments to give a boost to bilateral investment



in all sectors save those specifically exempted from it.

## Duties on Auto Sector

The Korea Institute for International Economic Policy said the deal would boost bilateral trade by \$3.3 billion a year. Under the CEPA, duties on Korean auto parts, one of the country's most traded items, would be slashed from the extant average of 12.5 percent to one percent over the next eight years. Korea has excluded fisheries and some agricultural products from the tariff exemption, as India has on certain goods of vulnerable nature.

On rules of origin, both countries agreed that the level of foreign content should be a maximum 65 percent. India would also allow South Korean firms to invest in the machinery, auto manufacturing and electronics sectors, sources said.

While the CEPA would be put up for the Union Cabinet approval, Seoul officials expect the pact to go into effect next January following ratification by the Korean National Assembly.

## Benefits for Both Sides

"We hope a bilateral trade agreement will help us be price competitive both in exports and imports in the long run. However, a zero duty regime will take time, we don't see an immediate impact," said Rajiv Mitra, Head, Corporate



Communication, Hyundai Motors India.

"I am yet to see the details of the agreement. ...Indian industry, as far as steel is concerned, is capable of meeting all competition and I don't foresee any issue. While protection is quite low currently, this agreement also gives us an opportunity for foothold since South Korea also imports steel," said S.K. Roongta, Chairman, Steel Authority of India Ltd.

The signing of CEPA will boost economic co-operation between both countries said Do Youp Kwon, vice minister, ministry of land, transport and maritime affairs, Republic of Korea.

"The economic co-operation between India and Korea has been constantly growing. The total trade between these two nations stood at US\$ 15.6 billion last year,

which is seven times higher than the volume of business registered in 2002", he told reporters in Gandhinagar, the capital city of India's western state of Gujarat..

"After the signing of CEPA, economic co-operation between the two countries will sharply increase. Currently, 300 Korean companies are doing business in India. Post CEPA, the number will further rise", he said.

Ahead of the signing of CEPA, Korea Land Corporation (KLC) has inked tripartite memorandum of understanding with Gujarat government to set up Korea industrial park/technology zone in Gujarat. The park has been conceived in the backdrop of the free trade agreement.

"The proposed industrial complex will further enhance social co-operation between both the regions and development of human resource", he stated. ■

## Canada to Ink Investment Promotion Pact with India

India and Canada will sign the Foreign Investment Promotion and Protection Agreement (FIPA) in 2009, according to Gerald Keddy, Parliamentary Secretary to Minister of International Trade, Government of Canada.

This would be followed by the signing of the proposed Comprehensive Economic Partnership Agreement (CEPA), he said in Kolkata, adding that the agreements were aimed at boosting bilateral trade between the two countries to \$14 billion in five years from \$5 billion.

Addressing media persons on the sidelines of a conference organised by the Confederation of Indian Industry (CII) to announce the opening of the Canadian Trade Office in the city recently, Keddy said, "While negotiations towards signing of the two agreements are on separate tracks, the FIPA seems to be the first logical step before the CEPA comes up."

FIPA would be the building block towards the inking of the CIPA, he added. "We discussed the issue with the Indian Government Ministers in New Delhi and India too is eager to seal the agreements," he said.

### Investment Climate

The FIPA, through the establishment of a framework of legally binding rights and obligations, is expected to facilitate investors from both the countries to invest in the respective markets. The CEPA, on the other hand, is aimed at securing competitive terms of access in each others' markets.

The negotiations towards the FIPA and CEPA were initiated in June 2007 and January 2009 respectively.

Canada would like to extend cooperation with India in sectors such as mining and minerals, agri-processing, oil and gas, and pharmaceuticals, said High Commissioner of Canada to India Joseph Caron.



Nirupam Sen, West Bengal Industries Minister, said the State was rich in mineral reserves and agricultural production. Joint ventures between the two countries in mining and food processing would be mutually beneficial, he pointed out. On the possibilities of returning of Tata Motors returning the Singur land, he said, "There should be a political solution before any decision can be taken on the land."

The Canadian Government has planned to open trade offices in Hyderabad and Ahmedabad, Keddy said. Currently, it has trade offices in Delhi, Mumbai and Kolkata. ■

# India Lifts Tariffs on Imports of 2202 Items from Singapore

India has knocked off import duties on 2,202 items as part of its tariff elimination commitments under the Comprehensive Economic Cooperation Agreement (CECA) with Singapore.

The 2,202 items on which tariffs have now been eliminated include sail boats, ships, trawlers and fishing vessels, dredgers, golf clubs, wrist watch, wall clocks, percussion instruments, musical keyboards, flutes, ultrasound scanners, aircraft parts, optical fibre, helicopters, railway coaches, instant print film, photographic paper, new tyres for aircraft, used tyres, ice-cream, pasta, and fish.

Ever since the CECA came into effect in August 2005, the rupee has depreciated about 30 percent against the Singapore dollar, making imports into India costlier. This may to an extent nullify the advantages of tariff removal on these products.

The CECA with Singapore was India's first comprehensive agreement with a trade partner. The bilateral merchandise trade has seen a near five-fold increase in the three years post-CECA from about \$3.6 billion in 2005 to \$19.11 billion in 2008.

Meeting its other commitment under the CECA, the Centre has reduced tariffs on 2,413 items. These can now be imported into India at tariff equivalent to 50 per cent of the most favoured nation (MFN) applied rate, according to Finance Ministry sources.

As for the 539 additional items, mostly manufactured products, on which India had taken newer tariff liberalization commitments in December 2007, the Finance Ministry has now taken the next step by slashing import tariffs.



Of the 539 tariff lines, tariff elimination is to be achieved in five equal cuts between January 15, 2008 and December 1, 2011 for 307 items. The 307 items are mainly articles of base metals, machinery and mechanical appliances, chemicals, and textiles and textile articles.

For another 97 products, the tariff elimination is to be achieved in nine equal cuts between January 15, 2008 and December 1, 2015. These 97 items comprise mainly machinery and mechanical appliances, plastic and rubber articles and textile items.

For 135 products, the tariff reduction to five per cent duty is to be achieved in nine equal cuts between January 15, 2008 and December 1, 2015. ■

## Britain Looks at Tier II Indian Cities as Investment Avenues

Britain, India's long-standing business partner, is seeing a new vista of opportunities for improving its trade and business presence in the country: To go beyond the metro cities and tap emerging opportunities in smaller cities and towns in India.

"We are looking to reach well beyond the metros in India to take our trade and business relationship forward in the country", Jane Owen, Director of UK Trade and Investment (UKTI) in India said in Thiruvananthapuram, the capital city of the southern Indian state of Kerala.

Stating that there were about 500 UK companies that had presently invested in India, she added, "India is a large market and we need to reach out to new markets in the country."

Ms Owen stressed that the UK-India trade and business partnership was a two-way affair, with UKTI helping as many as 3,000 companies from the UK to explore and venture into the Indian market.

Dispelling fears that it may be a bad time for doing business with the UK in the backdrop of the ongoing



economic slowdown, she pointed out that the UK had historically been an open economy, with as much as 50 percent of its GDP continuing to be contributed by international business.

Ms. Owen said it was a moot point that some of the sectors hardest hit by the slowdown comprised a small percentage of the total economic pie. The financial services sector accounted for 12 percent of UK's GDP, while the ICT and manufacturing sectors respectively made up 10 percent and 15 percent economy, she said.

What was less evident, Ms Owen said, was the strong growth that the UK had achieved in sectors like hi-tech intermediate products that often went unnoticed. An A-380, for instance, had a third of its parts including the avionics from the UK, and other hi-tech manufacturing including mobile phone and the pharma sector, too, had a significant contribution from UK companies in their manufacturing.

Robert Kelly, Deputy Head, the British Deputy High Commission, Chennai said the UK offered the shortest time for starting a business in Europe, with a time frame of only 13 days, as against the European average of 32 days, and that the World Bank had ranked the UK as the second best, only behind Denmark, on the labour flexibility aspect.

Kelly said half of all Indian FDI in Europe went to the UK, and that there were good prospects for Indian companies in the UK particularly in the R&D sector considering the large number of leading education and research institutions there.

Meanwhile, Britain has opened a British Deputy Commission in the southern city of Bangalore, capital city of Karnataka state to explore opportunities in tier II cities in the region.

The new centre would cover a whole range of British government activity in the State, including business, trade and investment and science and technology, British Deputy High Commissioner Richard Hyde, said. The Deputy High Commission will not issue visas, but will only facilitate relationships in science, BT and technology.

Hyde said the British High Commission has had a presence here for 15 years, establishing the British Trade Office in 1994 and developing a strong commercial relationship.

As part of the efforts to understand the tier II cities in the state, Hyde has visited the smaller cities like Mangalore, Hubli, Belgaum among other cities to understand them and check out the investor-friendliness of the cities.

"The British government sees them as 'lands' of opportunities. Britain is keen on getting investors to look at tier II cities in Karnataka," Hyde said.

The huge number of engineers produced in the state is a big draw, said an official from the high commission.

According to officials in the High Commission, the Indo-UK bilateral trade which was around Pound 10 billion in 2008, may see a decline this year, because of the global slowdown. Hyde said, "It's been a difficult year. In the present market environment, anything is an achievement. But we want to increase the trade," he said. ■



# Japan's Astellas Looks for Marketing Tie-Up in India

Astellas Pharma, the second largest pharmaceutical company in Japan, is eyeing marketing alliances in the Indian pharmaceuticals sector.

The company is also likely to conduct clinical trials in India for development of molecules under trials.

The company, which has announced entry into India by setting up own subsidiary, is likely to enter marketing alliances with major Indian players, for drugs in areas of urology, diabetes, central nervous system, oncology and pain management drugs.

Earlier, Eisai, the first Japanese company to enter India, had entered into marketing alliances with Wockhardt and GlaxoSmithkline India.

Teruo Yasufuku, MD, Astellas Pharma India, said, "In India, we are a start-up company. The possible alliance with an Indian player having strength in various therapeutic areas will help us to establish our drugs in India. However, we are exploring such a possibility but not made any decisions on it."

The parent player also wanted to explore the potential clinical trial segment in India for the further development of molecules under trials. It has about 12 molecules under various phases of trials in Europe, US and Japan. Another five molecules are locally developed in Japan and eight in the US.

The Indian subsidiary aims at establishing business with a capitalization of around JPY 320 million in an Indian market through developing sales and marketing activities of in-house products. The company had sales of 965 billion Yen in FY 2008 and 159 billion Yen for R&D spending (16.5 percent of sales).

Astellas with its presence in transplant and urology areas plans to first introduce prograf, a leading drug among immunosuppressants, used after organ transplantation.

The market for drugs in transplant area in India comes about Rs 160 crore.

Novartis (Neoral), Roche and Panacea Biotech market similar products in India. The company has other major urology products in areas such as overactive bladder (OAB) and Benign Prostatic Hyperplasia (BPH).

The market for OAB and BPH drugs in India comes about \$6 million and \$31 million respectively.

Astellas Pharma Inc. located in Tokyo, Japan, was formed through the merger of Fujisawa Pharmaceutical Co., Ltd. and Yamanouchi Pharmaceutical Co., Ltd in April 2005. ■



astellas  
Leading Light for Life

# Biocon in Tie-Up with Mylon to Make & Market Biologic Drugs

Bangalore-based Biocon Ltd has announced an exclusive collaboration with the US-based generic drugs major Mylan Inc to develop, manufacture, supply and commercialize many high-value generic biologic compounds for the global markets. It did not disclose the financial terms or product details.

"Mylan and Biocon will share development, capital and certain other costs to bring products to market," Biocon said in a press release.

"Mylan will have exclusive commercialization rights in the US, Canada, Japan, Australia, New Zealand and in the European Union and countries of the European Free Trade Association through a profit-sharing arrangement with Biocon. Mylan will have co-exclusive commercialisation rights with Biocon in all other markets. All other financial terms and product details remain confidential."

The tie-up comes at a time when Biocon has been working towards the regulated Western market; and at a time when the US is pondering a law to allow biogenics into the market.

Biogenics or biosimilars are similar-acting copies of original biologic medicine and can enter the market when the originals go off patent; they are said to cost much less than the innovator drugs.

The Obama Administration wants to reduce the patent period of original biotech drugs from 12 years to 5-7 years to bring in the biosimilars.

Biocon Chairman and Managing Director Kiran Mazumdar-Shaw said, "Through this partnership we hope to deliver high quality, affordable biogeneric antibodies and biologics, thereby addressing a critical need to lower spiraling healthcare costs in both the developed and emerging economies."

Robert J. Coury, Chairman and Chief Executive Officer of the \$ 5.1-billion Mylan (2008 sales), described the pact as "one of the more comprehensive and high quality biologics initiatives reported within the industry to date."

## Patents

An estimated \$25 billion worth of biologics are due to lose patent cover by 2016 and this would create a significant market opportunity for protein or biotech therapeutics, Biocon said.

These include insulin and its analogs, erythropoietin, human growth hormone and monoclonal antibodies or MABs that are used to treat cancer, rheumatoid arthritis and post-transplant cases and that lead the bio-pack.

(Biocon launched its novel cancer drug BioMAB in 2006.)

Biocon Chief Operating Officer Arun Chandavarkar, termed it an important deal for Biocon that involved "a complex formula of risk- and cost sharing that goes beyond the more common licensing" mode for drug molecules.

He said that though Biocon was working on its own novel drugs in some of these areas, the pact would touch only complex biogenics required against cancer, auto-immune diseases and rheumatoid arthritis, etc.

The tie-up would involve resource commitment from both



sides and cost-sharing on all aspects except for marketing.

"Almost all work would happen at Biocon. It would definitely warrant recruiting specialists with experience in areas like MABs," Chandavarkar said.

Biocon would have a role at all levels up to the regulatory process; and even co-market the drugs coming out of it in emerging markets. Biocon has already laid an early foundation for the R&D and infrastructure that this agreement requires. Mylan brings in its regulatory and commercialization capabilities in the US and Europe. "We should be ready when the large US market opens," he said.

Over the next five years, emerging markets, too, are

expected to see biogenerics grow at over 20 per cent a year from the current \$1.5 billion. "Biocon is well positioned to capitalise on these opportunities through its early investments in research, development and manufacturing of high quality protein therapeutics for novel biologics and biogenerics."

Biogenerics is a complex and costly game that allows only a few players into the highly regulated markets of Europe and the US. Ms Mazumdar-Shaw said, "A partner as strong as Mylan will accelerate our work in generic biologics and take it to the next level around the world, especially in regulated markets."

Mylan owns Hyderabad's Matrix Labs with a 71.5 per cent stake it acquired for Rs 3,367 crore two years back. ■

## India's Veeda to Open Clinical Research Unit in Malaysia

The Gujarat-based Veeda Clinical Research has announced in Ahmedabad the opening of its facility for phase-I and Early Clinical Development Unit at Ampang Hospital in Kuala Lumpur, by the year-end.

At the National Conference for Clinical Research, held recently in Penang, Malaysia, Veeda and the Malaysian Ministry of Health had announced the setting up of the facility in South-East Asia as a collaborative agreement.

The unit, to be opened in one of the hospital's wards, provides a 28-bed facility equipped for Phase-I studies and also Experimental Medicine Studies in selected populations. The unit will initially have 12 monitored beds with telemetry and access to the digital storage system for electro cardiographic studies, according to a press release.



The Ampang Hospital is the principal Malaysian centre for haematological disorders providing general clinical service to the local district. Veeda's analytical facility in Ahmedabad will provide bio-analysis and pharmacokinetic services as required. The Ministry of Health in Malaysia has promoted the formation of clinical research (CR) offices in all major Malaysian hospitals. Teck-Onn Lim, Director, said the new facility is the first move to place Malaysia in the forefront of early CR in the Asean region. ■



# German, UK Biotech Firms Eye India for Outsourcing Avenues

German and UK-based biotech companies plan to outsource more work, transfer technology as part of the cost-cutting measures to combat global recession, and tap India's burgeoning biotechnology market.

"We will see more collaborations in industrial enzyme technology, bio-food technology, renewable energies and regenerative medicine. Several companies plan to bring in over \$100 million investments to India this year and set up production facilities here," said Martin Pohle, consultant Bio Mitteldeutschland GmbH, which works towards strengthening the BT industry in Anhalt, Central Germany.

The Indian bio-tech industry is poised to grow by 18 percent in fiscal 2009 to Rs 12,137 crore from Rs 10,274 crore in the previous year, said CMD of Biocon Kiran Mazumdar Shaw. This year, more partnerships are likely to be struck between Western and Indian companies, she added.

Germany's Biobase GmbH, which provides biological databanks, will be bringing more work to India and expand its infrastructure. "We have more than 50 percent cost advantage in India, and now only 10-15 percent of

our work is done in Germany, 85 percent of the work is done in India," said Biobase CEO, Michael Tysiak.

Companies like UK-based Oxygen Healthcare (O2H) are setting up new labs in Ahmedabad SEZ. It will source molecules from India because of the cost advantage here and market them in Japan, US and Europe. These molecules will be used for drug discovery procedures for diseases such as cancer.

"The Indian base makes us competitive. We are able to deliver the same kind of quality as in the UK and US, where you pay three times more compared to India," said Ekta Ahuja, Manager (business development), O2H.

Britain's Institute of Pharmaceutical Innovations (IPI) is looking at a joint venture with Indian companies and will transfer technology through its two spin-outs Crystec Pharma and Lena Naoceutics. "With Crystec, we have a plant in China and now we want to set up a plant in India. We will collaborate with Indian partners through Lenananoceutics. A total investment of £20 million is required for these ventures," said Anant Paradkar, Professor at IPI.



# India Inc Broadening Quest for Investment Avenues Abroad

Gone is the phase when India was content with just receiving foreign direct investment (FDI). Now, an ambitious India Inc. is pumping back foreign investment in a bid to expand its horizon beyond the domestic market. A number of companies, both big and small, have succeeded in this endeavour, establishing their global footprints. Today their number is on the rise. These include Hindalco-Novelis, Tata Steel-Corus, Suzlon-REpower, Wipro-Infocrossing, United Spirits-Whyte & Mackay are some of the major acquisitions by the Indian Inc. Abroad.

According to the RBI's data for the year 2007-08, the total outward investment from India, excluding that made by individuals and banks, rose 29.6 percent to \$17.4 billion, largely due to acquisitions. A large part of this was through the equity route. In the sectoral spread of India's investments abroad, manufacturing topped the charts followed by the non-financial service sector.

Within the manufacturing sector, investments were in industries such as electronic equipment, fertilisers, agricultural and allied products and gems and jewellery, while within non-financial services, investments were targeted at telecom, medical services and software development services.

The data for the number of overseas investment proposals, which almost doubled in the first half of 2008-

09 (from 1,049 proposals in in the same period the previous year to 2,000), reveals that Indian firms are still looking forward to investing abroad.

The direction of investment proposals reveals that the US, Singapore, Netherlands, Mauritius and Britain together accounted for more than 60 percent of the proposed outward investment from India as against the first half of 2008 when Netherlands (largely used as an investment route by Indian firms to invest in Europe) led the charts followed by Singapore among other nations.

Lately France and Canada have also entered the fray as they offer attractive investment opportunities for the India Inc. For instance France represents a market of 63 million consumers and is situated at the heart of the worlds' biggest market, the European Union, with some 493 million citizens.

In 2006, France was the 3rd leading economy in Europe and the 5th leading economy worldwide. It is the 4th leading exporter of services and the 5th leading exporter of goods. Similarly, Canada's prudent fiscal policy, low inflation, interest and unemployment rates, and a corporate tax framework is among the best in the world.

According to the World Economic Forum's 2008-2009 Global Competitiveness Report, Canada has the soundest banking system anywhere. Canada's well-regulated financial institutions, banks, trust companies, cooperatives, insurance companies and stock exchanges, have demonstrated a stability and competitiveness that has made their services popular around the world.

However, to enable the Indian industry to flex its muscles abroad, constructive measures were taken by government agencies that resulted in the actual outward FDI in JVs during the quarter July-September 2008 rise to the





tune of US\$3,134 million, showing a growth of 5.4 percent over US\$ 2,972 million during the corresponding period of the previous year. Of the total investments, 84 percent were in the form of equity and the remaining 16 percent were loans.

The introduction of FEMA in 2000 brought about significant policy liberalization. The limit for investment up to US \$50 million, which was earlier available in a block of three years, was made available annually without any profitability condition.

Permission was granted to the companies to invest 100 percent of the proceeds of their ADR/GDR issues for acquisitions of foreign companies and direct investments in JVs and WOSs. Automatic route was further liberalized in March 2002 wherein Indian parties investing in JVs/WOSs outside India were permitted to invest an amount not exceeding US\$100 million as against the earlier limit of US\$50 million in a financial year. Also the investments under the automatic route could be funded by withdrawal of foreign exchange from an authorized dealer (AD) not exceeding 50 percent of the net worth of the Indian party.

In order to promote Indian investment abroad and to enable Indian companies to reap the benefits of globalization, the ceiling of investment by Indian entities was revised from 100 percent of the net worth to 200 percent of the net worth of the investing company under the automatic route for overseas investment. The limit of 200 percent of the net worth of the Indian party was enhanced to 300 percent of the net worth in June 2007

under automatic route (200 percent in case of registered partnership firms). In September 2007, this was further enhanced to 400 percent of the net worth of the Indian party.

In the UK, India is now the second largest 'foreign direct investor' in the UK in terms of the number of projects, outdone only by the US, according to the UK Inward Investment Results, 2008-09, released recently.

With 108 projects, the number of Indian FDI projects rose 44 percent in the year, replacing Japan as the largest Asian supplier of FDI projects in the UK.

Dr Reddy's Labs, Hemair Systems, Zanec Soft, IMI Mobile, Value Labs, Sri Jugal Kishore Jewellers, Virtual Marketing, Virinchi, Emsyne, Northgate all from South India are part of record-high new FDI into the UK, says a press release issued by the British Deputy High Commission, Chennai.

Dr Reddy's Labs, Hyderabad acquired a small molecules business. Chennai-based Zanec Soft set up an European Union headquarters in London. IT products/services firm Virinchi Technologies, Hyderabad has opened an office in Edinburgh. Emsyne, a Kochi-based IT firm, has also set up an office in London, while Northgate Technologies acquired Reuters' high-end data centre infrastructure, through its London-based subsidiary Axill Europe.

"The UK is an obvious base for these firms looking for a springboard to global markets. They are also attracted by the UK's blend of high-tech, high-skill and high-end industries. To cite the example of life sciences, a fifth of all medicines globally are made in the UK and 35 per cent of Europe's biopharmaceutical clinical trials take place in the UK," Mr Mike Connor, British Deputy High Commissioner in Southern India, said in the release.

The new investors in 2008-09 join a long and growing list of FDI projects from the South into the UK: Sify, Polaris, Ma Foi, Shasun Chemicals, Orchid Pharma, Apollo Hospitals, Aurobindo Pharma, Clintox, Ocimum, to name a few, Mr Connor said.



# EEPC Guides Engg. Exports 'thru Meltdown, Helps Find New Markets

Intense competition has thrown up several world class entrepreneurs in the field of engineering across India. No wonder, despite the current global economic slowdown, India's engineering exports are doing well, thanks to untiring efforts of the Engineering Export Promotion Council (EEPC), the facilitator and catalyst. Bhaskar Sarkar, Additional Executive Director & Secretary of EEPC, Kolkata, spoke to Amrita Chatterjee on various issues concerning Indian engineering exports the advantages they enjoy and the challenges they face. Excerpts.



## INDEE: International Exhibition of EEPC

EEPC has been organizing exclusive Indian engineering exhibitions, branded as INDEE in various focused markets in order to showcase India's rapid progress in the engineering sector and provide a platform to Indian Exporters to highlight their technological achievements to overseas buyers.

EEPC has successfully organized INDEEs in countries such as Singapore, Indonesia, Thailand, Kenya, Nigeria, Sri Lanka, Egypt, Venezuela, UK, Australia, Ethiopia, Brazil, Kazakhstan, Indonesia, Mexico, Egypt again in 2006, Johannesburg, St. Petersburg, Kuala Lumpur & Shanghai. These exhibitions are primarily meant to project to the overseas buyers about transformation of the Indian engineering industry from a supplier of low value, labour-intensive products to technologically advanced items comparable with products from developed nations.

## Participating in Global sphere, HANNOVER MESSE

Established 60 years ago, 'Hannover Messe' is an ideal place to obtain the latest industrial technologies. Today it ranks as the leading international showplace for industrial technologies, materials and product ideas. It's the world's leading technology event. EEPC India has organized India pavilion at 'Hannover Messe', in Germany in April this year. There were 61 other countries participating, displaying more than 4000 new products. India headed the topmost rank among other foreign exhibiting countries, such as China, South Korea, and Turkey.

Hannover Messe has been increasingly chosen by Indian companies to showcase their latest offering as it provides them the best and most focused global platform. It is also one of the few global events where the quality of visitors and exhibitors is high. The Indian pavilion at 'Hannover Messe' has been among the best in the past and a

representative sample of Indian skills, as global corporations take advantage of high quality scientific talent and skilled work force in both engineering manufacturing and service sectors.

### Global Recession, an Undeniable Challenge

India's engineering exports accounts for 8.0 percent of total employment generated by export-oriented industries across the country. In a survey carried out by EEPC India recently, it was found that there was to be a reduction in work force by nearly 37 percent by June 2009 over the previous year. It is, therefore clear that the global economic slowdown has affected Indian engineering exports considerably because about 40 percent of these go to the US and EU markets.

A revival of the engineering sector and exports can lead to the generation of large scale employment. The next budget should include policy measures to revive engineering exports from the country. In this context, EEPC expects the government to devise fiscal and monetary policies in a manner as to provide a cutting edge to the Indian engineering industry.

### Advantages

The Indian engineering industry remains cost competitive in world markets thanks to an enabling environment

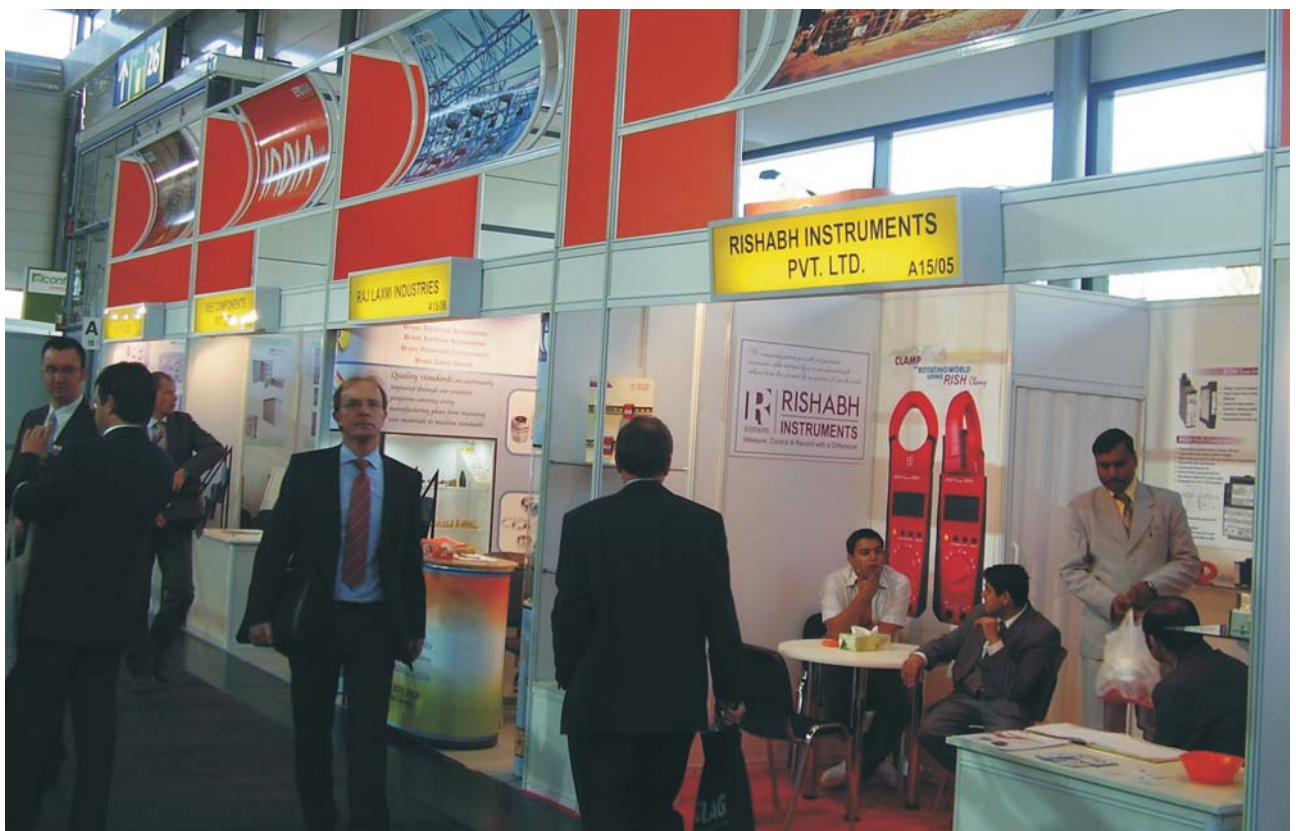
existing in the country. The industry invests in new and environment friendly technologies so that it can move up the value chain; and Indian engineering industry has the proper policy framework to enable it to look for newer markets and lessen its present dependence of few advanced country markets.

### Diversification

EEPC India has been encouraging its members to diversify into new markets. Many FFPC members are actively venturing into countries like Iran, Turkey, Saudi Arabia, UAE, Chile, Brazil and Myanmar among other countries for their products. In this process, they face a number of problems and the Government is expected to take measures in order to lessen the impact of the barriers to facilitate entry into these markets.

Due to the global recession, we have observed that the number of footfalls in major exhibitions held in advanced countries has decreased to a substantial extent, order booking has fallen, and the organizers are getting a lukewarm response.

Though the response wasn't overwhelming this time, but even then it was far better than our expectation. Most importantly, now the challenge is to explore new countries and create new markets.



## EEPC International events for year 2009

### Events participated:

HANNOVER MESSE	20-24 April 2009	Hannover, Germany
China Cycle show	04-07 May 2009	Shanghai, China
INTERMACH	13-17 May 2009	Bangkok, Thailand
SAUDI ELENEX	24-27 May 2009	Riyadh, Saudi Arabia
PAACE Automechanika :	15-17 July 2009	Mexico

### Upcoming events:

CAITME	15-17 Sep 2009,	Tashkent, Uzbekistan
EMO	05-10 Oct 2009,	Milan, Italy
INDEE	20-23 Oct 2009,	Brazil
THE BIG FIVE	23-27 Nov 2009	Dubai
MIDEST	17-20 Nov 2009,	Paris, France
INDEE	02-05 Dec 2009,	Jakarta, Indonesia

### The Need of the Hour

China has created its own infrastructure of international standard in Bangladesh, I strongly feel that the Indian government should create similar infrastructure in Africa, Cambodia etc, this way we can facilitate business and spread our export frontiers.

The problem faced is that there is a lack of infrastructure in developing countries, even though great potential exists there, proper promotion activities are quite impossible in such countries. Facilities like, Market Development Assistance (MDA) can't be used to its fullest potential, as the basic infrastructure is lacking. It is essential for the Indian government to come forward and create infrastructure in developing countries.

We expected more relaxation in taxes in this year's budget, some tax relief has been given but it's less than our expectation.

### New Innovations Needed

**In a separate interview, Rakesh Shah, a former EEPC Chairman who has been responsible for introducing reforms to make the Council an outstanding facilitator of Indian engineering exports believes that innovations are essential for further boosting them. Shah, currently Chairman of Publicity & Exhibition Committee, speaks about EEPC's promotional activities in this regard. Excerpts.**

EEPC has evolved with time and has incorporated new innovations in its varied activities. I have always felt that if EEPC has to survive, it has to provide services. Thus it was necessary to emancipate EEPC from habitual activities and innovations were necessary. Any out of the box thinking takes time to take off, as happened in the reform movement. I started the concept of sponsorship and was

criticized with a misconception of selling EEPC. It took me three years to initiate this concept and today EEPC is earning a great branding value. EEPC organizes international exhibitions, fairs round the year and has promoted a lot many companies.

### Role of the Government

The Government has been very supportive, without which we could not have achieved anything. But yes, now we have to be more service oriented and facilitate a lot many companies, as our potential customers are not lost. The government has to focus more on the bilateral friendship with prospective countries, and instead of spreading out the resources across a vast area; it should select 10 countries and make big impression by making maximum impact of the resources.

We will continue to work hard and I am concentrating on the upcoming events. There are major exhibitions to be held in the forthcoming months, this exhibitions will go a long way in taking Indian exporters to new markets and at the same time will help them fight the global meltdown. These events are important as it brings out the potential markets.

### Major Promotional Activities

EEPC objective is to provide services to the exporting community at large. There are exhibitions that are product specific and few are general. EEPC promotes activities like Buyers sellers Meets (BSMs) with the help of respective local chambers of commerce and Indian embassies. There is also another activity promoted is RBSM (Reverse Buyer Seller Meet), that brings buyers and sellers to India at EEPC's cost and so that they can meet here in India, it's far more economical and effective too. ■



# EXL Buys European Logistics Firm Schneider

Nasdaq-listed EXL Service has acquired the operations of European logistics provider Schneider Logistics in the Czech Republic.

The facility currently provides transaction processing services to Schneider and its clients in Europe and the US. Schneider has 220 employees who will be transferred to EXL as part of the transaction. Analysts peg the transaction value at about \$3-5 million (Rs 15-24.5 crore).

"The Czech Republic presents significant growth potential enabling our clients to leverage the labour pool there to expand and diversify their outsourcing operations," said EXL President and CEO Rohit Kapoor.

The Olomouc facility will serve as EXL's third outsourcing service delivery location outside of India and the Philippines. With this acquisition, the BPO will have 12 delivery centres across the globe. This win represents EXL's third client in

the transportation vertical.

Schneider Logistics is a \$3.7 billion (Rs 1,800 crore) company and provides end-to-end supply chain management, warehousing, transloading, transportation management and international logistics services.

Besides, EXL has also signed a multi-year outsourcing agreement with the company. "This is a new deal for us in the transportation and logistics vertical and we will provide business processes, including European freight audit and payment, logistics engineering, carrier contracting, co-ordinating shipments and brokerage business to them," said Kapoor. The company had been scouting for acquisitions in Europe for a long time and has about \$112 million (Rs 550 crore) of cash on the balance sheet.

This is EXL's second acquisition after it acquired Inductis, a strategy and analytics company, in 2006. ■



# Hong Kong Firm Buys Stake in Future Logistics Solutions

Hong Kong-based Li & Fung Group, a global supply chain manager, has picked up more than 26 percent stake in Future Group's logistics arm Future Logistics Solutions for around \$30 million.

Future Group CEO Kishore Biyani and Future Logistics Solutions chief executive Anshuman Singh signed an investment contract with Fung Capital, the private equity investment arm of the families of Victor Fung and William

Fung that controls Li & Fung, in Hong Kong.

"We want to further our relationship with Li & Fung towards building a massive entity in the logistics space," Biyani said. Li & Fung manages the entire sourcing and distribution from Asia for many multinationals including Wal-Mart, Tesco, Nike and Tommy Hilfiger. It even holds a minority stake in Tommy Hilfiger.

Future Group is also proposing to rename Future

Logistics Solutions as Future Supply Chain Solutions as a recent Madras High Court order restrained it from using the trade name 'Future Logistics' on a petition filed by Chennai-based Future Logistics.

The proceeds raised through the deal will be used to part-fund the company's expansion plans that include setting up warehouses across the country and building a nation-wide transportation network, officials close to the development said. The company is also looking to tap the debt market to raise funds for its expansion, they added.

"We want to capture a dominant share in this segment as a third party logistics (3PL) service provider," Biyani said.

The logistics firm currently services over 1,100 retail outlets across the country through a warehousing network spread over three million sq ft in 30 centres, 2.6 million stock keeping units and a fleet of more



than 500 vehicles. The company is estimated to close the current financial year with a turnover of Rs 300 crore.

Li & Fung, which has a sourcing network covering over 40 countries, is the largest supplier of clothes and toys to Wal-Mart Stores and Target with garments making up a large part of its business. It also deals in fashion accessories, furnishings, gifts, handicrafts, home products, promotional merchandise, toys, sporting goods and travel goods.

The Indian logistics market is estimated at about \$100 billion with organized players accounting for just 6.0 percent of the total market. The market is also expected to grow 25-30 percent over the next couple of years as the industry has begun attracting private equity investments of late. ■

## McNally Bharat Buys German Mineral Processing Firm

Kolkata-based McNally Bharat Engineering Company Ltd has acquired the worldwide coal and minerals processing business and equipment manufacturing facility of KHD Humboldt Wedag, a German engineering company, for an undisclosed amount.

McNally has informed the BSE that the company's wholly-owned Singapore-based subsidiary, MBE Holdings Pte Ltd, entered into purchase agreements on August 20 for the acquisition of unlisted KHD Humboldt Wedag's global coal- and minerals-related business and its manufacturing facility in Cologne.

In May, McNally had signed an MoU for the acquisition. KHD Humboldt Wedag has proprietary technologies, equipment and engineering/design services for cement, coal and minerals' processing with an annual turnover of \$50 million. ■



# LDA & ABG Ports in Logistics JV to Serve Indian Port Clients

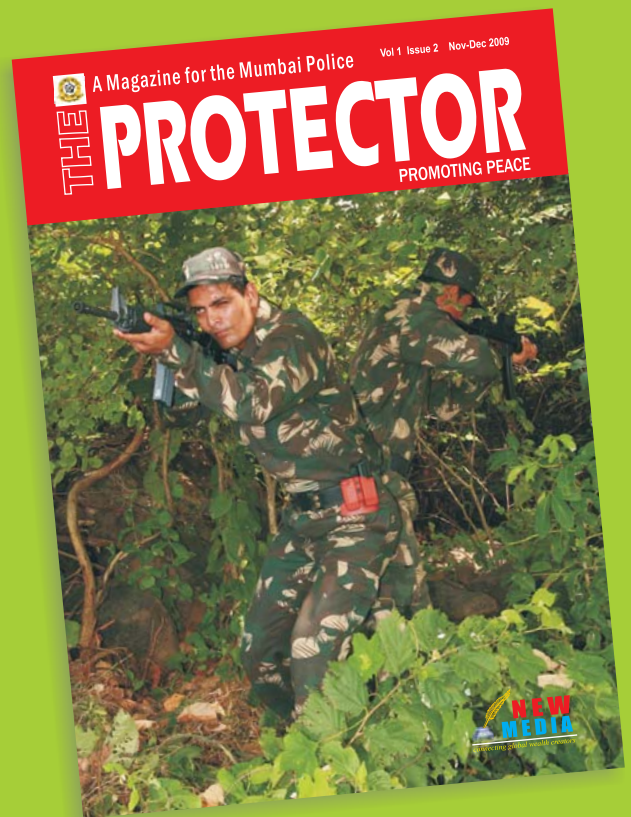
French shipping & logistics firm Louis Dreyfus Armateurs (LDA) and Mumbai-based ABG Ports Pvt Ltd have inked a 49:51 joint venture for offering efficient port and logistics services to customers and Indian ports. ABG also plans to transfer the ABG group's bulk handling division to this new JV.

The new JV company, christened ABG-LDA, is looking at an investment of \$80 million by October 2009 and is looking at a first full year income of Rs 180-300 crore. Investment will include buying barges as well as cranes for its operations. "We hope to register a total tonnage of about 10-30 million tonnes during 2010-11. And with handling rates of at Rs 75-100 per tonne we are looking at a first year revenue of Rs 180-300 crore," said Saket Agarwal, Director ABG Bulk Handling.

"Having established a formidable presence in the growing infrastructure space of the economy, being one of the two largest crane rentals company in the country, and a presence on both the coasts of the country for container terminal operations at Kandla and Kolkata, it was only logical that ABG entered into the business of handling bulk cargo. Currently ABG is handling bulk cargo at three ports. It is operating mobile harbour cranes at New Mangalore, Paradip and Vizag ports," said Agarwal.

Additionally, ABG-LDA proposes to offer customized barging solution to bring back volumes and thereby provide stimulus to steel and power sector and other economic activities in and around Haldia. The Haldia port has been suffering due to lack of draft.

LDA is a worldwide specialist in bulk transportation and logistics. With a 40 unit fleet of capsize, panamax, floating cranes, barges and tugs, LDA offers a wide variety of services. The company handles about 60 million tonnes of dry cargo transportation and logistics. During 2008 the company registered a revenue of Euro 1 billion. ■



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Further details contact:

**Vinay Kargaonkar**

Additional Commissioner of Police

Tel: +91-22-2261 1569, or

**Satya Swaroop**, Managing Editor New Media

Tel: +91 22 29208888

Email: [satya@newmediacomm.biz](mailto:satya@newmediacomm.biz)



# With the Worst Getting Over, Bengal Awaits Better Times



The worst phase of the global economic meltdown seems to have passed. The Indian economy, which has also been affected by the world financial crisis and resultant recession, is looking up. Special Correspondent **Subhajit Bhattacharya** spoke to two leading business tycoons of eastern India, **Harshvardhan Neotia**, Chairman of Ambuja Realty and to **Sanjay Budhia**, Managing Director of PATTON Group to find out how the India Inc. is coping with the situation.



**Mr. Neotia, how acutely do you think the recession has affected the Indian economy?**

The effect is quite significant in India because we are living in an era of global economy. So it has a chain effect. But I think we are fortunate enough that the economic meltdown has not affected our economy so badly. The only reason for that is that the Indian economy still follows a very orthodox path. But right now the situation is developing and we are moving towards a positive end. Confidence is building up in the market. But I believe the market will take a good amount of time to regain its previous position.

**During the current crisis period the economy has shown considerable resilience and is expected to grow 6.5 to 7.0 percent by the next financial year. Do you think it is possible?**

I think it is possible because of our strong economic fundamentals and also because of our conservative approach in exposing our markets to global financial developments.

**As one of the realty giants, how would you assess the current situation in this sector?**

As other sectors, the realty sector is also affected badly because of recession. Many major realty companies have adopted different means to fight this crisis. We as a company also tried our best to cope with the current economic crisis. We followed a very conservative approach throughout this extreme economic meltdown. We restricted our business to a limit and also controlled our investment. I think the reputation which we have established in the last 15 years has also helped us to a large extent. Our customer's deep faith in our products and strong bond with them helped us to combat this economic meltdown.

**You have been doing business in the eastern part of India for a long time. During the last couple of years Bengal's economic and political scenario has undergone some ups and downs. Do you think that after all this Bengal still has the potential to attract investors?**

If we observe this part of India keenly, we can easily witness a wind of change that is there in the air. This issue is very much highlighted in this area because West Bengal has not seen a change for the last 35 years, which has become very common in other parts of India.

We have to keep in mind that we are living in a democratic country so we have to be very compatible to any kind of new change. I think today development is the mantra of any government whether it is left or right. I also strongly believe that the investors will have to come to this part of India as the market here is huge. There is a 10 lakh-strong customer base in this region. Also at the same there is a huge skilled work force which is also cheap. Besides, good infrastructure is also available. So I believe one or two scattered incidents cannot stop the economic growth of the region. As India is growing very fast so automatically all the regions will grow; it is just a matter of time.

**If a new government comes in Bengal as a member of the business community what would be your expectation from it?**

We as an organization believe in development and as a multinational cement manufacturing company we have our plants in seven parts of India and we extensively worked with different governments under 'the Badals', the Shiv Senas, the Akalis, etc. We also worked with the Narendra Modi government in Gujarat and here we worked with the Left front government. I think every party



has their own way of working and we only have to understand that process. Apart from that everything remains the same.

**What do you think of the land acquisition policies in India?**

We have to handle this issue very carefully. We have to make the process more transparent and participative. The farmers should get good amount of money for their land and the process has to be more inclusive than threat-oriented. We also have to use more emotional tools rather than laws to solve this kind of sensitive issues.

**Mr. Budhia, how badly do you think the recession has affected the Indian economy?**

The effect of recession is very evident in the Indian market. Today every sector is dependent on the international market. So if the US economy fails then automatically the Indian economy will also feel the vibration. But I believe we have performed very well during this time of crisis because of our conservative approach. We have a common tendency to save two rupees if we earn ten rupees. We don't live on plastics which is very prominent in other parts of the world. All the major banks of the west have been badly affected but the banks in India have comparatively done well because of their stubborn policies.

**To what extent do you think the infrastructure and steel sectors have been affected during this crisis?**

The infrastructure industry is the back bone of any country and is growing fast in India. The power industry is also growing as the government policies have changed for the better by allowing private players into this sector. The steel industry is also progressing. This kind of recession is just a hick-up which we have to combat in a proper way. I believe we can do that because the government is focused and we are moving in the right direction.

**What is your opinion about the present business and political scenario in Bengal?**

I believe in development and we are always looking towards development. I have deep faith in all the parties and leaders of India I don't want to predict anything right now about the future but I believe all are now moving towards the development and we are in support of that.

**As an Hon. Consul General of Malaysia what is your current focus area?**

I lay extreme stress on tourism. We need a proper for our state and marketing and promotion for it. Also I would urge upon the government to encourage the private sector in this area so that they can woo more foreign tourists. We are also inviting Air Asia to kolkata. They will very soon open their offices in Kolkata. They are waiting for the permission from DGCA. It will give Bengal tourism a great boost and will generate huge revenues for the state.

# Israeli Farm Tech Firm Starts Operations in Andhra Pradesh

Makhteshim-Agan, an Israel-based farm technology company, commenced its operations in Andhra Pradesh recently.

The company, with a turnover of \$2.5 billion in 2008, is proposing an investment of Rs 450 crore in the coming years, generating direct and indirect employment to 2,000 people. Besides sales, the company is exploring the possibility of setting up a research centre in Hyderabad and later look at industrial capacity building in the state.

It will formulate environment-friendly pesticides in the country. The company has already recruited 300 professionals for enhancing economic productivity of Indian farmers. It has already established a retail customer and warehouse network.

Another Israeli company, ELBIT, is setting up a dairy with 10,000 cows at Palamaneru in Chittoor district.

The company will also set up a research facility at Pulivendula in



Kadapa district.

Israel's Ambassador to India Mark Sofer said Israel and Andhra Pradesh were widening their trade relationships. ■

## Potential for Tie-Ups in Haryana

Meanwhile, in Chandigarh, Haryana Chief Minister Bhupinder Singh Hooda said that there were ample opportunities of mutual cooperation with Israel, especially in the fields of water management, horticulture, agriculture, food processing, animal husbandry and industries. These views were expressed recently when Israeli Ambassador Mark Sofer, along with a delegation, called on the Chief Minister.

Hooda told Sofer that the state had made phenomenal development in the recent years and the state was the second-largest contributor of foodgrain in the Central pool. Besides this, the state had got first position in the per capita investment.

The state had also got second position in terms of per capita income after Goa. He maintained that Haryana was interested to have a collaboration with Israel, especially in the field of veterinary science as the state was planning to set up a veterinary university at Hisar.

He was of the opinion that scientists and farmers of the state and Israel could exchange latest technology in horticulture and agriculture. He said Haryana was also the first in milk production in the country and was exporting Murrah buffaloes, which yield 20 litres of milk per day.

The chief minister stressed upon the need for better water

management on the pattern of Israel. Referring to the power availability in Haryana, he apprised Sofer that 5,000 additional MW of power was being generated in the state and in the years to come, Haryana would become a power-surplus state. He said drip irrigation was being used in most areas of southern Haryana and there was a need to use this technology on a larger scale. He said trade between India and Israel had increased 20-fold during the 12 years of opening of diplomatic relations between the two countries.

Sofer lauded Hooda's role in development of the state. He said Haryana was an agrarian state which produced a large quantity of foodgrain for the country. He said Israel was setting up two centres of excellence for fruits and vegetables in Haryana. The Centre of excellence for fruit would be set up at Mangiana in Sirsa at a cost of Rs 9.70 crore and the centre of excellence for vegetables would come up at Gharounda in Karnal at a cost of Rs 6 crore. The projects have been approved by the Centre.

Sofer invited Hooda for participating in a seminar to be held from November 15 to 17 in Israel, which specifically focuses on water management in India and would be attended by several Indian companies. He assured that training would be imparted to scientists and farmers of Haryana through an exchange programme. ■



# Areva & Astonfield to Build Biomass Power Plants in India

French nuclear group Areva SA's green arm, Areva Renewables, has recently announced it has signed a strategic partnership with Astonfield Renewable

Resources Ltd to develop biomass power plants across India.

The venture would invest about €100 million for producing a biomass capacity of 100 MW. Work on the first plant is scheduled to begin in the last quarter of 2009 at Gangarampur in West Bengal.

"Areva Renewables and Astonfield Renewable Resources have entered into a strategic partnership to implement 100 MW of biomass power plant in the country at an estimated cost of Rs 550-630 crore," a company statement said.

Under the terms of the agreement, Areva's Bioenergy unit in Chennai will be responsible for plant design, construction and commissioning. ■



## Moving Towards Nuclear Pact

With nuclear cooperation with France set to intensify, Prime Minister Manmohan Singh expressed hope that his visit to France would lead to building up the partnership in atomic energy.

Singh in his departure statement was clear that India was looking forward to building a strong civilian nuclear partnership with France, which was the first country India signed an agreement with after casting off the nuclear apartheid status.

"We would like to build upon our partnership in the areas of trade and investment, high technology, space, nuclear energy, defence, education, culture, tourism and scientific research and development," said Singh in a departure statement. He left for a five-day tour that will first take him to France and then to Egypt for the 15th Non-Aligned Summit.

Singh, who is visiting Paris at the invitation of French President Nicolas Sarkozy, said that being chief guest at the National Day celebrations of France "is an honour for the people of India."

Apart from nuclear issues, increasing defence

cooperation is also likely to figure prominently in talks between the two leaders. "India and France enjoy a close and wide ranging strategic partnership. Our relations with France encompass a large number of areas, and have served our national interests well," he added.

The Prime Minister's visit also takes place in the backdrop of the G-8 bid to put curbs on transfers of sensitive enrichment and reprocessing technology and items to countries that have not signed the NPT. There is concern the G-8 position would affect India's civilian nuclear cooperation with France which is a G-8 member.

However, it is not expected to affect the sale of nuclear reactors or fuel. At the moment India is in negotiations with France to set up two nuclear reactors of 1,650 MW each in Maharashtra.

French company Areva and the Nuclear Power Corporation of India Limited (NPCIL) are in the process of preparing the agreement for two advanced EPR nuclear reactors, which are considered to be safer and less susceptible to terrorist attack. At the same time, France is also waiting for Parliament ratification of the India-France civilian nuclear agreement.



Meanwhile, Singh in his departure statement also said India would play its part in helping on the NAM Summit regain its "moral high ground" to address issues which are of direct concern and relevance to developing countries."

This, he said, includes issues such as "sustainable development, climate change, food security, energy security, terrorism and reform of the architecture of international governance." Targeting criticism that NAM summit hasn't evolved past the post Cold War era, Singh said, "Non-alignment has been the bedrock of India's foreign policy since it was enunciated by Pandit Jawaharlal Nehru. Non-alignment remains an article of faith for us."

He added that the world is no longer divided into two military blocs, but the Non-aligned Movement has a "renewed role to play in the emerging world order."

## US & European Investors Favour Green Indian SMEs

Investors from the US and European countries are keen to invest around Rs 2,000 crore to promote and equip small and medium enterprises engaged in green business, according to New Ventures India (NVI).

NVI, set up by the Confederation of Indian Industry (CII) in association with the World Resources Institute, Washington, acts as a facilitator between the Indian SMEs and foreign investors, who support SMEs operating in environmental or green sectors such as advance technologies for water management, agriculture/organic products, clean technologies, ecotourism, renewable energy, green building materials, among others.

Hemant Nitturkar, consultant, CII, said since 2006 NVI had facilitated investments for nine companies amounting to around Rs 80 crore in sectors like bio pesticides, environmental-friendly air-conditioners, low-cost automation systems and organic products.

Some of the key investors include ICICI Bank, ATE Enterprises, Denmark-based Best Seller, Canara Bank, Nexus India Capital, Sequoia Capital, the Netherlands-based Cordaid and Acumen Fund.

NVI also provides mentoring and technical assistance to entrepreneurs through a network of business consultants, business school students and technical experts and helps them market their products by identifying potential markets.

CII Principal Counselor K. S. Venkatagiri said NVI was planning to reach out to the SMEs, which are in need of capital, through CII's offices across the country and also planning to tie up with various industrial associations across various industry clusters in the country.

The minimum investment in a company will be Rs 1 crore and the maximum could go up to Rs 15 crore. The investor will stay with the company for 3-7 years. The fund option can be debt, equity and hybrid.



# Major Investment in Strategic JVs

Areva, the French nuclear reactor maker, is broadening its business plan for India with major investments in its strategic joint ventures with Bharat Forge, Tata Group, Bharat Heavy Electricals (BHEL) and Nuclear Power Corporation of India (NPCIL), though it is exiting from the power transmission and distribution (T&D) business in the country.

Areva, which is planning a large scale nuclear reactor forgings facility in India with Bharat Forge, will invest over Rs 2,000 crore in two shell companies, Sushil Kumar Chadda, advisor (energy) for Bharat Forge said.

Also, the company said in a statement from Paris, "Areva has finalized the terms of a framework agreement with the Indian engineering company TCE Consulting Engineers (TCE), a subsidiary of Tata Sons. This agreement for the supply of engineering services will be signed shortly."

In its JV with Bharat Forge, the Indian company will have 51 percent stake in the first shell company, which will manufacture steel smeltings and forgings, while Areva will own a majority stake of 51 per cent in the second shell company, which will set up assembly lines for the finished nuclear forgings. Both the facilities will come up together at a coastal area. The partners have shortlisted Dahej in Gujarat, and Krishnapatanam and Visakhapatnam in Andhra Pradesh, as locations for the JV, which requires an area of about 200 acres, he said.

The JV will start production by 2012 and the partners are expecting to supply 8-10 forgings in the first year of operations. "We are working out the final details and the joint venture agreement will be signed within a month," he said.

The French major announced new development plans for India, including a proposal to build two new European pressurized reactors (EPR) each, with an output in excess of 1,600 Mw. It is in

discussion with the Indian government to supply reactors for setting up a nuclear power park at Jaithalpur in Maharashtra. The government plans to build five such parks, each with an investment of Rs 40,000- 50,000 crore.

India's civil nuclear power programme is ready for a takeoff following the country's entry into the Nuclear Suppliers Group (NSG) after a three-decade ban. The nuclear power programme offers an opportunity worth \$60 billion for the global nuclear industry, as India plans to add about 60,000 mw capacity by 2032.

"Areva's bid for the construction of two EPR reactors and these various agreements confirm the group's desire to expand its activities in India, one of the world's most dynamic economies which needs to rapidly increase its production capacity to meet its ever-growing energy needs," the company said in a statement.

In June, Areva's supervisory board approved plans to sell its T&D business to bridge a \$15.5 billion funding gap in its nuclear power expansion programme. Areva T&D India, which is listed on bourses in the country, has a market capitalisation of Rs 7,300 crore.

K Ravi Kumar, Chairman & Managing Director of BHEL said the company was in talks with Areva and other leading reactor makers for building nuclear reactors. Further, the company is planning a forging and castings joint venture and is in discussion with Areva and Bharat Forge. BHEL had already roped in UK's Sheffield Forgemasters as technical partner in the venture.

Earlier, Larsen and Toubro (L&T) sources said it was in discussions with four global reactor majors, including Areva, for the engineering, procurement and construction (EPC) business in nuclear power. L&T, however, then signed cooperation agreements with GE Hitachi, JSC Atomstroyexport, Westinghouse Electric Company, LLC (Westinghouse) and Atomic Energy of Canada Limited (AEC).





# India to be Fastest-Growing Economy in 2010

The World Bank has projected an 8.0 percent growth for India in 2010, which will make it the fastest-growing economy for the first time, overtaking China's expected 7.7 percent growth.

The multilateral lender has revised upwards the growth rate for the Indian economy this year to 5.1 percent from an earlier projection of 4.0 percent, according to its Global Development Finance Report released recently. India has consistently outperformed growth forecasts by the World Bank in the past.

The prospects for the global economy remain 'unusually uncertain' despite recent signs of improvement in some parts of the world, the report points out. Barring a few countries, including India and China, the bank has cut 2009 growth projections for all other economies and expects the world economy to contract by 2.9 percent this year.

"Developing countries are expected to grow by only 1.2 percent this year, after 8.1 percent growth in 2007 and 5.9 percent growth in 2008.

"When China and India are excluded, GDP in the remaining developing countries is projected to fall by 1.6 percent, causing continued job losses and throwing more people into poverty," the report said.

The report calls on governments around the world to be vigilant when drawing up strategies to reverse the recent expansionary monetary and fiscal policies once the world economy takes off.

The bank has urged rich countries to boost the flow of credit to developing nations to help speed up economic recovery. "Developing countries can become a key driving force in the recovery, assuming their domestic investments rebound with international support, including a resumption in the flow of international credit," said Justin Lin, chief economist at World Bank.

Despite the gloomy picture for this year, the bank says growth in developing countries, led by India and China, could reach 4.4 percent in 2010 and 5.7 percent by 2011.

Since global growth will only return to its full potential by 2011, the gap between actual and potential output, unemployment and disinflationary pressures continue to build, the report adds.

This World Bank report compares with a more upbeat assessment by the International Monetary Fund, which said last week the decline in global output has moderated and it may raise its 2010 growth forecast for the world economy. ■



# Nissan to Shift Production of Small Car from UK to India

India has beaten China in attracting global automakers, thanks to the small car. In a move that reflects the growing stature of the Indian car industry globally, Japanese major Nissan has decided to shift the entire production of its small car, Micra, from the UK to India. After production of the Micra begins here, Nissan plans to manufacture four more models in India, involving a total investment of over Rs 2,000 crore.

The move underlines the rush among automakers to rationalize production costs and move to locations that offer the best value and quality. "We have decided to manufacture the Micra at our upcoming factory at Oragadam, near Chennai," Nissan India MD and CEO Kiminobu Tokuyama said.

The company's Chennai plant will start production from May next year, and export markets would be catered to from autumn, Tokuyama said. Nissan, he said, plans to meet Micra's requirements for the entire European region as well as some other markets like West Asia from the Chennai plant. "We plan to start with export volumes of 1.1 lakh units, which would be gradually scaled up to 1.8 lakh units as demand goes up," Tokuyama said.

But what prompted the step? "There are many benefits in India, including a high-quality vendor base that is also cost-effective, leading to globally-competitive pricing," Tokuyama said. Nissan will thus emulate companies like Hyundai and Maruti Suzuki, which make small cars in India to export to Europe. ■



# Japan's Hino Motors Plans India Entry

Japanese truck maker Hino Motors expects to sell about 700 trucks this fiscal in India and plans to set up a manufacturing plant in three years in the country. The trucks will be imported as completely built units (CBU) from Thailand.

The body for the tippers will be built by a local company and for buses, it has contracted the body building work to a company based in Chandigarh.

Hino Motors Sales India Managing Director and Chief Executive Officer Hiroshi Nakamura, told newsmen after inaugurating the company's first dealership in Bangalore recently, that Hino Motors expects to sell about 700 units of its trucks in India between now and March 2010.

The dealership is owned by Cauvery Motors, which is also a dealer for Maruti Suzuki and Hyundai cars in Bangalore. The dealership bagged its first order from a local company which has placed order for 10 tippers.

Executive Vice-President for Hino Motors Sales India

Amol Sandil, said Hino Motors has set up an India-specific group in Tokyo, which is headed by Senior Executive Officer of Hino Motors K Ojima.

The group will study opportunities in India and also take a decision on setting up a manufacturing plant in the country.

Sandil said in the first phase, Hino will import trucks as CBUs and buses in SKDs (semi knocked down) format from Thailand. In the second phase, trucks and buses will be imported as CKDs (completely knocked down) and SKDs, he said, adding that Hino Motors would also look at launching mini buses and at a later stage city road transport buses as well.

Homologation certificates for three platforms of Hino Motors have been received. Hino Motors is also planning to set up a captive financing arm with its partner Marubeni Corporation, which has a 35 per cent stake in Hino Motors India. The rest of the stake is with Hino Motors, Japan. ■





# Army Wants Industry to Make Better Security Products



India's security concerns are defined by a dynamic global security environment against the perception that the South Asian region has become vulnerable to terrorist attacks. The continuing presence of terrorist and fundamentalist forces in its neighbourhood has prompted India to maintain a high level of defence vigilance and

preparedness to face any challenge to its security

Thus it has become necessary to have a strong linkage between the Army and the industry for developing the best of the indigenous technologies. Against this background, the Confederation of Indian Industry has organized a session on "Opportunities for Industry Army Partnership" recently in Kolkata. The aim of the session was to provide an opportunity to the industry particularly SMEs, to understand the products and services needed by the Indian Army, and also to be aware of the future potential of doing business with Indian Army.

Speaking at the session, Lt. Gen. V. K. Singh, PVSM, AVSM, YSM, GOC IN-C, Eastern Command, the Chief Guest of the evening, urged the industrial fraternity to come forward and join hands with the Indian Army in their initiatives and activities to make the force stronger and world-class.

He emphasized on the development of material, equipment and technologies that have a bearing on India's security, particularly its defence preparedness through indigenous research, development

and production, especially with regard to overcoming restrictions on the transfer of such technologies.

Lt. Gen Singh said that despite huge resources, industrial support to Army is minimum in the Eastern part of the country. He urged the industry to look at what the defence services are using and how indigenously industry can serve them. Opportunities are high in IT, Telecommunications, surveillance sectors and engineering.

Welcoming the participants, K.C. Shekhar, Chairman, Defence Task Force, CII (Eastern Region) informed that, the Defence Task Force (DEFTAF), one of the first task force under the Defence Division of CII(ER), work towards encouraging and enhancing the participation of the industry in defence production. DEFTAF provides a common platform for Defence and Industry to understand each other's needs and act as a catalyst to stimulate industrial growth of the region.

Referring to his company's association with the Indian Defence Force since the 70s, Shomik Mukherjee, Managing Director, B E Pumps, said that defence business is counter cyclical and the vision of participation has to be a long-term one. He urged more and more industry bodies to get into business with the armed forces where budgets are planned and have greater feasibility. He expressed high hopes that CII(ER) Defence Task force will be a harbinger in that respect.

Dr. Saugat Mukherjee, Regional Director, CII (ER) delivered a vote of thanks. He apprised the session about the various initiatives of CII in the Defence sector including the upgradation of the knowledge of industry for better participation in the defence sector and about CII's national initiatives in this section.

As a continuation of the initiative to bridge the gap between the defence and the industry in this part of the Country, CII also plans to have a dedicated Defence Pavilion in Biz Bridge 2009 exhibition December, this year. There will also be a Conference on "Defence Industry Partnership".

