Regional Conclaves in Uganda and Mozambique Build Closer Ties

Representatives of 32 Indian companies met over 300 African delegates at Kampala and 200 in Maputo to new opportunities for creating long term sustainable partnerships

India-Uganda business ties have grown in recent months in the wake of government and business delegations from both countries exploring opportunities for joint ventures. The CII Conclave on India Africa Project Partnership 2007, held in the Ugandan capital, Kampala, on 29 June, was a significant opportunity for businesses on both sides to forge ahead with joint project partnerships.

Mr Yoweri K Museveni, President of Uganda, in his inaugural address, acknowledged the strong Indian presence at the conclave. Noting that Indian businesses have played a catalytic role in Uganda's economic progress, he said the country would welcome fresh investments from Indian corporate. Mr Museveni assured the visiting delegates that the Ugandan government would continue to provide an enabling environment for overseas investors. The President's observations were endorsed by senior Ugandan ministers who were present at the conclave.

Highlighting the strong India-Uganda project partnership in the making, Mr Anand Sharma, Union Minister of State for External Affairs, observed that both sides needed to identify the areas of partnership and push ahead with the implementation. He applauded CII for promoting the dialogue between India and African nations, and underlined the positive fallout from similar conclaves held last year in Zambia, Ethiopia and Ghana. He felt these conclaves were central to emerging India-Africa business relations.

Mr Sibabrata Tripathi, High Commissioner of India to Uganda, urged business delegations from both sides to take decisive steps for joint ventures. Enumerating the

Yoweri K Museveni, President of Uganda with Indian delegation opportunities available for partnerships, he said a focused approach would bring beneficial results to both countries.

Earlier, Mr. Sanjay Kirloskar, Chairman, Kirloskar Brothers Ltd, in his welcome address said, "India-Uganda relations form an important sub-set of the growing India-Africa economic partnership. Centuries ago Indians traveled to Africa on compulsion, to build rail networks and to work at the sugar plantations. But, today Indian professionals and entrepreneurs visit the African continent on their own accord, encouraged by the huge business opportunities in the African nations".

He added that major Indian IT/ITeS companies are now scouting the world for new locations to conduct their global operations. "Uganda could emerge as a favourable destination for Indian infotech companies. After all, the Commonwealth Business Council (CBC) is already working on a proposal for developing Uganda as the Bangalore of Africa, to leverage the capabilities of the English-speaking local population and the strategic time zone of the country vis-à-vis the West," he said.

Citing key areas of cooperation, Mr Kirloskar described physical infrastructure development as an area where Indian companies could contribute in a major way. Several Indian infrastructure companies have already established big footprints in African nations. "Here, I would like to highlight two segments: (i) transport infrastructure, and (ii) constructions. We know that freight and transportation systems are integral to a country's global competitiveness. Effective logistics could reduce the overall cost of production by 10-15%. I am happy to note that Indian core sector companies today command rich experience in building roads and railways," he said.

Focusing on the SME sector, he said micro-enterprises help to generate huge employment and promote decentralised growth processes. The SME sector in India houses 1.3 million industrial units that provide employment to 27 million workers. Further, SMEs account for 95% of the total industrial units, 45% of the industrial output, 48% of the industrial employment, and manufacture more than 8,000 different products. Given the strategic importance of this sector, India's SME experience could be highly relevant to Uganda's development strategy, he said.

Mr Kirloskar noted that Uganda has placed virtually no restrictions on foreign companies operating in the country. In addition, the country follows an open trade policy, enjoys political stability, and has an effective judiciary system and a special commercial court to deal with trade and industry cases. These factors make a compelling case for Indian industry to enhance its footprint in the country, he said.

The recent India visit of Mr Ruhakana Rugunda, Minister of Internal Affairs, Uganda, had made a favourable impact on the bilateral relations, he said, noting that Indian industry views Uganda as a key trade and investment partner. "Apart from bilateral trade, Uganda is also geographically placed to provide access to North and North Eastern African countries like Sudan, Kenya, Tanzania, Rwanda and Congo. This probably explains the significant growth in India-Uganda trade in recent years," he said.

The delegates also participated in technical sessions where funding agencies like EXIM Bank of India, East Africa Development Bank and IDC South Africa presented ways and means of accessing funds for projects in Africa. A presentation on the Indian SME model drew special praise. Similarly, the presentation by Executive Director of the Uganda Investment Authority generated considerable interest among the delegates. The one-to-one meetings between business groups too saw high-level participation. The presence of delegations from Kenya, Burundi, Rwanda and Congo gave the conclave a strong regional flavour.

Ties with Mozambique

The CII Conclave on India Africa Project Partnership 2007 held at Maputo, capital of Mozambique, on 2 July, underlined the growing India-Mozambique bilateral ties.

Mr Salvador Namburete Minister of Energy, Republic of Mozambique, in his inaugural address, said, "Mozambique has become one of Africa's prime destinations of foreign investment from different parts of the world, notably South Africa, Great Britain, Mauritius, Ireland, Portugal and the US. India is gradually increasing its investments in Mozambique and in 2006 positioned itself among the top 10 investors."

The minister noted that the government was taking steps to reduce the cost of doing business in Mozambique through decentralisation and de-concentration and streamlining of licensing procedures, removal of rigidities in the labour market and improvement in basic infrastructure such as energy, roads and telecom.

Mr Anand Sharma welcomed the unique opportunity to interact with the leaders of the country and welcomed

Anand Sharma, Union Minister of State for External Affairs addressing the Inaugural Session in Mozambique the ministerial delegations from four SADC countries—Namibia, Swaziland, Zambia and Zimbabwe. In all, six delegations participated in the regional conclave including Madagascar and South Africa. Four African banking institutions also made their presentations at the conclave.

Mr Sanjay Kirloskar described how India and Mozambique have also been working together in various international fora like the Commonwealth, the Non-Aligned Movement and the Indian Ocean Rim Association for Regional Cooperation. "With our background of close cooperation, we are uniquely placed to strengthen Afro-Asian solidarity on all important global issues," he said.

Addressing the delegates from Mozambique, he said, "Your country has abundant mineral resources like gold, diamond, base metals, minerals, sands, graphite and coal. I see a great investment opportunity for Indian mining and exploration firms in this sphere."

"Tourism is a focus area in India and both government and industry have adopted highly innovative methods to attract international and domestic tourists. I believe this sector is tailor-made for meaningful bilateral project partnerships," he observed.

The delegates also engaged in one-to-one meetings to identify key areas of project partnerships. Projects in the areas of agriculture and ago processing, water management, power and energy and healthcare were discussed in detail. They also had an opportunity to visit Mozal that showcases a giant aluminum smelter.

Both the Regional Conclaves had a large participation of 32 Indian companies and over 300 African delegates at Kampala and 200 in Maputo. The regional conclaves have maximized their purpose of opening up new opportunities for creating long term sustainable partnerships.

Investment Opportunities in Tanzania, Uganda

African countries like Tanzania and Uganda are rapidly emerging as the flavour of the month where the Indian business community is concerned. From Tata Coffee (U) Ltd., which is in the process of setting up an instant coffee production plant in Uganda to Britannia's foray there in the biscuits segment, there is a marked increase in interest levels and exploring of investment opportunities.

Highlighting the growing interest in Africa among the investment community across the world and India in particular, CII and the Asia Africa Investment & Technology Promotion Centre (AAITPC) organised sessions on Investment Opportunities in Tanzania and Uganda, in New Delhi and Mumbai on 17 and 19 July, respectively.

Addressing the seminar in Mumbai, Mr. R Balasubramaniam, Member, CII Western Region Council, and President, Tata International Ltd, spoke about the increase in bilateral trade between India and Tanzania-Uganda. Emphasizing on the untapped opportunities in sectors including mining, agriculture and construction, Mr. Balasubramaniam declared the potential as 'immense' and announced that an Investment Promotion Mission with Indian delegates would visit both countries later this year.

Mr. Balasubramaniam pointed out that Indian trade with both Tanzania and Uganda had, during 2005-06, increased by 18.88% and 15.62% respectively over the previous year.

Providing details about the Investment Promotion Mission to Tanzania and Uganda, Masato Tsukiji, Project Manager, AAITPC, urged Indian businessmen who have not yet visited these countries to acquire insights into their investment climate. "The Mission will visit Tanzania on 29-30 November and Uganda on 3-4 December this year. We will arrange one-to-one meetings for Indian delegates with potential investment partners during these visits," he explained.

Ms Patricia Mhondo, Investment Promotion Manager (Foreign), Tanzania Investment Centre, provided an overview of the Tanzania investment environment, incentives and opportunities. Senior managers from eminent Indian companies evinced interest in setting up wind energy projects and acquiring land for agriculture.

Mr Issa Mukasa, Director, Uganda Investment Authority, cited India as Uganda's fourth-largest source of FDI and provided details of Indian companies who are already successfully doing business in the country. He cited coffee, food processing and hydro power as potential areas for investment.

Both the presenters stressed that investments would need to emphasise on value addition and not just exporting raw materials.

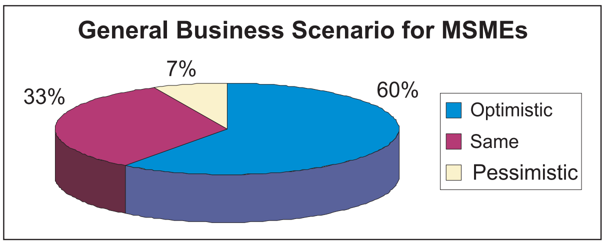
19th Business Outlook Survey

The CII's 19th Business Outlook Survey (2nd in the 2007 series) on "General Business Prospects" for Micro, Small & Medium Enterprises (MSMEs) was undertaken to gauge the impact of various economic parameters on the MSMEs. The purpose of this survey was to analyse the future trends & projections, related to capital investment, production growth, employment, capacity utilisation, interest rates, turnover etc in the MSME sector.

The principal findings of the survey are based on an analysis of a broad spectrum of industry groups and activities, of the Micro, Small and Medium industry members of CII, all over the country.

Current Business Prospects

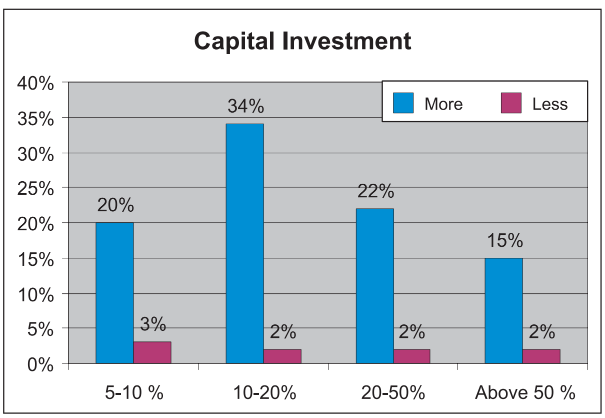
According to the second (2nd) in the 2007 series of the CII Business Outlook Survey for MSMEs, 60% of the respondents are optimistic about the general business scenario, 33% expect the business situation to remain the same with a continued trend for low to moderate demand, while only 7% of the respondents expect a downtrend in the general business scenario in comparison with previous year.



Capital Investment

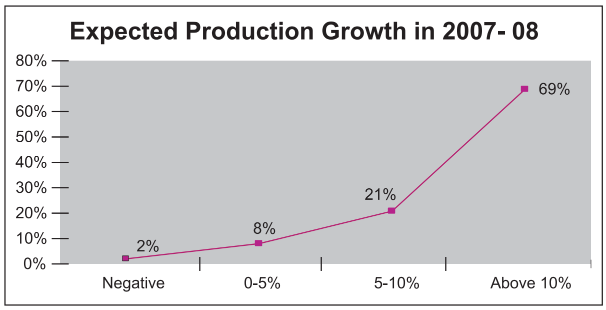
As per CII Business Outlook Survey, 91% of the surveyed respondents plan to authorize more capital investment in comparison with previous year. Out of these (91%), 20% of the respondents plan to authorize between 5-10% more capital investment, 34% of the surveyed respondents expect to authorize 10-20% more capital investment, 22% of the respondents expect to authorize 20-50% more capital investment and only 15% of the respondents expect to authorize capital investment more than 50%.

The remainder 9% of the surveyed respondents, plan to authorize less capital investment *vis-a-vis* the previous year.



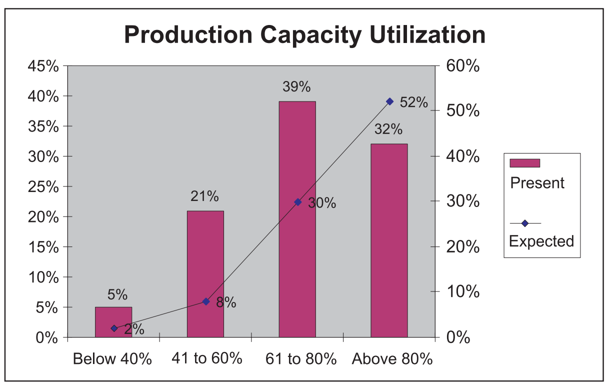
Production Growth

According to survey findings, the production growth expectations of the surveyed respondents reveal that 69% of the respondents expect more than 10% growth in their production and 21% of respondents expect their production growth between 5-10%, 8% respondents expect the production growth for their company to be between 0-5% while only 2% of the respondents foresee a decline in their production growth.



Production Capacity Utilisation

According to survey findings, at the present, 32% of the surveyed respondents are using more than 80% of their

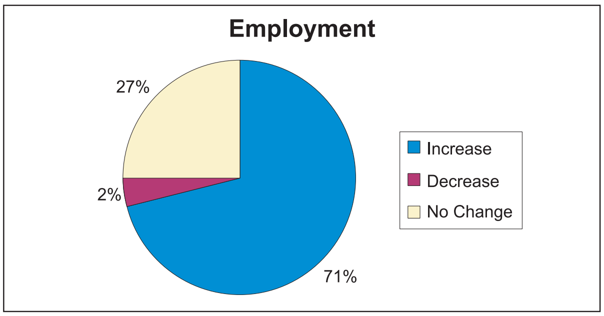


production capacity, 39% of the respondents are operating between 61-80%, 21% are using of their production capacity in the range of 41 to 60%, while 5% of respondents are using less than 40% of their production capacity. 3% of the surveyed respondents have not responded to this question.

As regards the expected level of utilization over the next six months, 52% of the respondents expect it to be more than 80%, 30% expect it to be between 61-80%, 8% of respondents expect it to be between 41 to 60%,while 2% of the respondents expect it to be below 40%. 8% of the respondents have not responded to this question.

Employment Scenario

The findings of the survey indicate that 71% of respondents expect an increase in employment by their company as against only 2% respondents, who foresee decline in employment, while 27% respondents expect a status quo as regard the employment in their company.



Limiting factors for Growth

Key limiting factors for the growth of the Micro, Small and Medium enterprises, as revealed by the survey are-

Threat from domestic & international competition and the resulting decline in demand whether from the exports or government or the private sector, assumes the top position. It is followed by Cost (comparatively higher) of funds and lack of working capital finance.

Cost of Credit

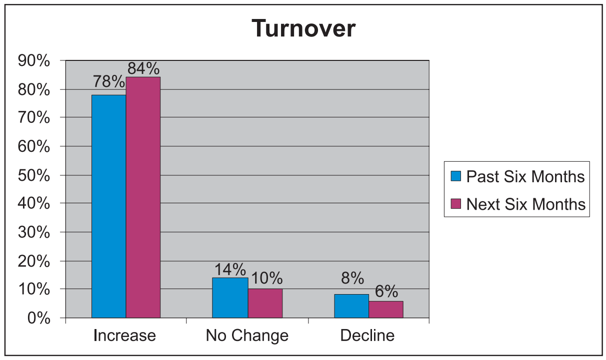
According to survey, there has been a steady increase in the interest rates for the industry. In the year 2005, 70% of the respondents were availing credit from bank. Out of these (70%), 46% were availing credit at the rate of 9-11%. In the year 2006, 77% of the respondents were availing credit from bank. Out of these (77%), 50 % were availing credit at the rate of 10-12%. In the year 2007, 78% of the respondents are availing credit from bank. Out of these (78%), 45% are availing credit at more than 12% of rate of interest.

Impact of Cost of Credit on Production & Profit Margin

As regards the impact of cost of credit on production & profit margin, 25% of the surveyed respondents foresee an increase in their production and profit margin, 46% of the respondents expect decrease in their production and profit margin while 16% of the respondents foresee that there is no change in their production and profit margin. 13% of the respondents have not responded to this question.

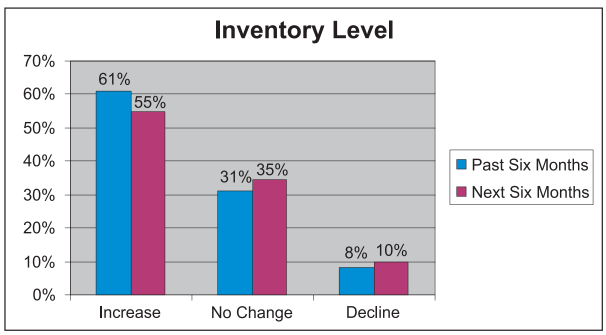
Turnover (Trends–Actual & Expected)

As per survey, 78% of the respondents exhibited an increase in the turnover over the past six months, 14% of the respondents registered there was no change in turnover while only 8% of the respondents registered a decline in turn over. In the next six months a majority (around 84%) of the respondents expect growth in their turnover.



Inventory Level (Trends–Actual & Expected)

Anticipating increase in demand, 61% of the respondents registered an increase in inventory level over the past six months, while 31% respondents reported no change and only 8% respondents registered a decline in inventory over the past six months. Projection for the next six months reveal that 55% of the respondents foresee an increase in their inventory level, 35% of the respondents expect no change while 10% of the respondents foresee a decline in inventory level.



Future Plans

According to survey, three important areas that would assume prime importance as regards the future plans of survey respondents would be Capacity Expansion, New Market Initiatives and Modernisation, in order of priority.

CII –Cluster Programme Enlarges its Scope

CII - Clusters for Competitiveness has been imparting training to SMEs on adopting good manufacturing & shop-floor practices and carrying out handholding visits to help them actually implement it successfully. CII now feels that it is about time to enhance & enlarge the scope of it intervention for SMEs to include Energy saving techniques & its management, Cost Management, Environment & H R Management.

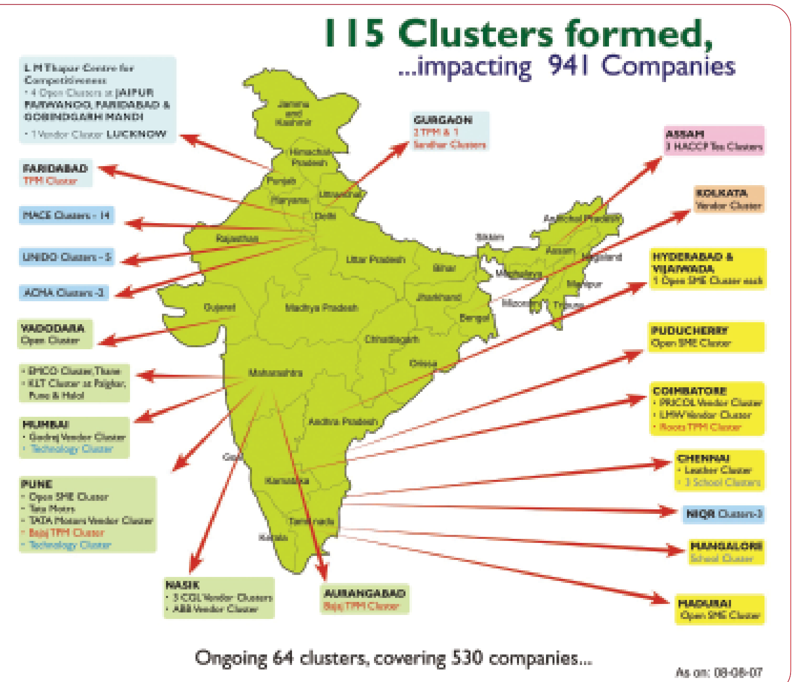
The broad areas planned to be covered is given at the table below:–

Energy Management	Quality Management	Cost Management	Environment Management	H R Practices
Identification of avoidable energy losses	Improvement in Quality & Productivity	Improving the cost information and building decision support system	Identification of significant environ-mental aspects and impacts	Role of HR in business strategy for enhancing competitiveness
Quantification of losses	Waste elimination	Understanding the present cost structure of the company	Evaluation & priorit-ization of significant environmental aspects	Performance Manage-ment System for objective evaluation
Recommendations for Minimizing / Eliminating the identified losses	Breakdown reduction	Identification of all costs	Programmes & procedures to control significant environ-mental aspects	Human relations – conflict management
Monitoring support in implementation	Changeover time reduction	Classification into Value-added and Non-Value-added costs	Identification & Evaluation of applicable environ-mental legislation	HR Information System - Role of IT in strategic HRM
Training & guide line for implementation	Improvement in Inventory turn ratio	Reduction and Elimination of the non-value-added costs	Options for waste use and recycling through 3 R	Discipline and Grievance Procedure
Vendor identification	Lead Time reduction		Improvement in eco-efficiency	Strategy for Employee Motivation
	Training on World-Class-Manufacturing practices			Corporate Social Responsibility

Our Elite Partners in Cluster Programme

CII has invited Maruti Centre for Excellence (MACE), Automotive Components Manufacturers' Association (ACMA), National Institute of Quality & Reliability (NIQR) & UNIDO to share their cluster initiatives to enable us to consolidate the industry effort & initiative in support of the SMEs.

Thus, there are 115 Clusters formed covering 941 companies, out of which 64 clusters impacting 530 companies are in progress.



Poka Yoke

Mistake Proofing for Increased Efficiency

Poka Yoke devices avoid inadvertent errors through behaviour–shaping constraints, in order to force the correct completion of the operation, says Dr Surinder Kapur, continuing our **CEO's Guide to Innovation** series

The term "Poka Yoke" was coined in Japan during the 1960s by Dr. Shigeo Shingo, an industrial engineer at Toyota. Dr. Shingo is also credited with creating and formalizing Zero Quality Control (poka-yoke techniques to correct possible defects + source inspection to prevent defects = zero quality control). He also contributed to the Toyota Production System and developed the SMED (Single Minute Exchange of Dyes) and the Just in Time (JIT) concepts.

Poka Yoke is Japanese for mistake-proofing; Yokeru means 'to avoid' and Poka means 'inadvertent errors'. Poka Yoke devices thus enable avoiding inadvertent errors through behaviour-shaping constraints. They help prevent errors by putting limits on how an operation can be performed in order to force the correct completion of the operation.

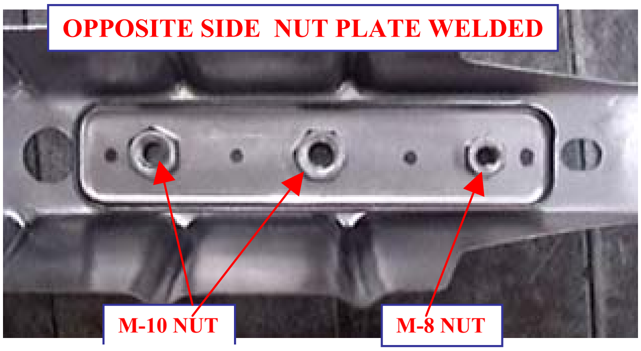
The basic philosophy behind Poka Yoke is that people are human and cannot be expected to do everything like a machine, exactly the same each time. A simple distraction can lead to a part of their work being done wrong. It may not necessarily be their fault, as poorly-designed processes that require a great deal of attention can contribute severely to problems. The basic principles of Poka Yoke therefore advocate designing or developing tools, techniques and processes that make it impossible or very difficult for people to make mistakes. They are simple principles that can lead to massive savings. Dr. Shigeo Shingo said "mistake-proofing I think, is the quickest road leading to attainment of zero defects."

For example, Sona Koyo has devised its differential chamfering machine in such a way that, if the setting is not done according to required model, the machine auto cycle will not start.

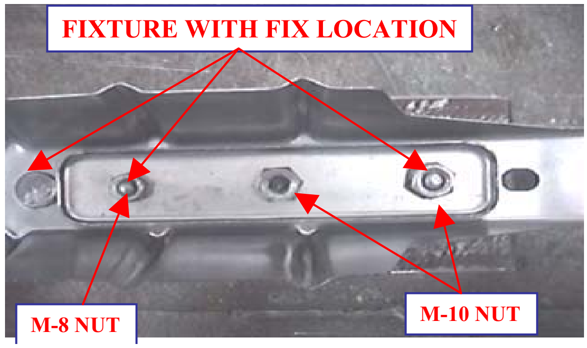
Poka Yoke is based on the premise that everyone must work together to achieve zero defects. It assumes that the quality of products starts from product design and must be built into the manufacturing process. Each step of the manufacturing process must be evaluated by the manufacturing and/or quality engineer for potential human errors. Traditional engineering processes are designed to increase the efficiency of an operation by enabling people and machines to work faster. Poka Yoke doesn't violate or negate good engineering practices. Instead it expands on those practices to include ways to help people and machines do the job right as well as quickly. Error proofing must be implemented to prevent human errors.

For example, in a weld shop at Rojee Tasha Stampings Private. Ltd., during the welding of a bracket, it was observed that the nut plate got welded in reverse direction. This problem was highlighted by a customer complaint. A fixture was then designed with fixed locations, thus avoiding reverse/opposite side bracket welding. While this was a small improvement it led to error proofing, thus saving time and reduction in customer complaints.

Poka Yoke relies on source inspection, detecting defects before they affect the production line , and working to eliminate the defect cause. Statistical quality inspection will ultimately no longer be required, as there will be no defects to detect –



Before Improvement



After Improvement

"zero defects". It thus helps people and processes work right the first time and refer to techniques that make it impossible to make mistakes. These techniques can drive defects out of products and processes and substantially improve quality and reliability. They can be used to fine tune improvements and process designs. The use of simple Poka Yoke ideas and methods in product and process design can eliminate both human and mechanical errors.

When a Poka Yoke is designed in a way that it helps the operator recognise the defects before it is about to occur, it is called prevention or prediction type of Poka Yoke. Prevention-based mechanisms sense an abnormality that is about to happen, and then signal the occurrence or halt processing, depending on the severity, frequency or downstream consequences. There are two approaches for prevention-based Poka Yokes:

- Control Method
- Warning Method

In many situations, it is not possible or economically feasible to prevent defects, particularly where the capital cost of the Poka Yoke mechanism far exceeds the cost of prevention. For these situations, defects are detected early in the process, preventing them from flowing to downstream processes and multiplying the cost of non-conformance. Such Poka Yoke is called detection type Poka Yoke.

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There are three approaches to detection based Poka Yoke:

- Contact Method
- Fixed Value Method
- Motion Step Method

Following the Poka Yoke philosophy requires an organization to build a strong foundation in total quality management. Organizations must learn to be customer-focused. They must promote quality ownership at the source, and need to ensure that their people are truly empowered. Organizations must adopt Pre-, Self-, and Post-Inspection at source. Poka Yokes require real-time feedback and corrective action. All these are the building blocks of an effective Poka Yoke effort. After installation, the functioning of the Poka-Yoke must be verified as per the prescribed standard method and predefined frequency using a Daily Poka-Yoke check sheet.

Mistakes happen in organisations for many reasons, but almost all of them can be prevented, if people make the effort to identify when problems happen, define root causes, and then take the proper corrective actions. The objective is to prevent, or atleast, detect and weed out defects, as early as possible in the process. The use of simple Poka Yoke mechanisms and other safeguards can also prevent mistakes from becoming catastrophic events.

This article was contributed by Dr. Surinder Kapur, Chairman, CII Mission for Manufacturing Innovation & CMD, Sona Koyo Steering Systems Ltd

Strategies for Agro Industries in India

Enterprise Resource Planning (ERP) has been extensively applied in the manufacturing sector because this sector's business processes have been studied and standardized. Although many issues are common to both Agro and manufacturing sectors, there are many differences as well. The key difference is the seasonality (3 months) of purchase and round the year sale of agro products. Therefore, huge inventory and material handling is required while purchasing raw material. Moreover, agro products require special handling due to their perishable character and because they fulfill the basic needs of society.

Agro based industries, although very old in India, have not been given due attention and inputs in terms of research and studies. Business process features of agro based industries are very different, and have not been standardized because of the lack of industrial engineering and supply chain studies.

For ERP implementation, the industry needs to be mature in terms of designing the processes and executing them. Others factors like economic, cultural, and basic infrastructure of the industry also affect ERP implementation. SAP AG has released an ERP template for automotive, chemical, banking industry etc. but not for agro industry.

The reasons for this include historical development, geopolitical development, agro Industry specific peculiarities and perspective.

Historical Development: Historically, manufacturing industries in their current form took shape in Europe around 1600 BC. Since then many scientists, professionals, engineers and scholars have been instrumental in evolving manufacturing and business process. Japan has been playing a very prominent role in developing manufacturing and business processes. It introduced the concept of Lean Production, TQM, Quality tools, Kaizen, Value Engineering, Poka Yoke, QFD, Kanban, JIT, 3G, 3K, 5S etc. America and Europe have stressed more on supplying manufacturing technology.

Globalization has led to a significant amount of uniformity, standardization and simplification of the core processes across the industry. Now people are interacting and sharing their knowledge about best practices that would further develop and standardize the processes. For example Automotive Industry is highly evolved and standardized across all the manufacturers across the globe. Toyota Production System, which started in Japan in 1950, today has been embraced by various manufacturers, as Lean Manufacturing.

Overall, enterprise Systems–ERP, Customer Relationship Management (CRM), Supplier Relationship Management (SRM), Supply Chain Management (SCM) systems – provide a source of information for mapping out Lean strategies, a mechanism for implementing new and more effective processes and a measurement system to track progress and document gains.

Unfortunately, Agro industry has not been able to keep pace with the other sectors of industry despite being the oldest profession of man. Agro processes differ significantly across the world.

Geopolitical view: Agriculture, being the oldest profession on this earth, has developed differently in different countries. Government policies for Agro-industry differ from one country to another, for example, the US gives heavy subsidy to their farmers on agro-inputs which may not be possible for India because of differences in their GDP. Due to such constraints, agro-industry is yet to reap the benefits of globalization. There is no significant interaction between farmers of different economies, which has scuttled the proliferation and refinement of best practices in this field.

Agro Industry Specific Features: There are certain features peculiar to agro industry, which makes it so different. India has the Mandi System for sale and purchase of agricultural harvest. The sale and purchase has to be through some broker and auction procedure, as per government rules and regulations. So, the industry has to keep the record of every moment price variation, daily total sale and purchase in all the Mandies. Unfortunately, this is not the feature of any available ERP package. Normal purchase cycle elements in agro industry are:

- Instruction from purchaser in the plant to HA (Handling Agent) to purchase paddy, stating price range, variety, quantity, quality
- HA (Handling Agent) updating purchaser about auction price, variety, quality and quantity arrival
- HA purchases paddy as instructed by purchaser
- HA sends the paddy to the Plant

Unlike other manufacturing sector, in agro industry the purchase of raw material i.e. agricultural harvest is more critical as compared to sales. Sale would happen in the market because agro products are essential commodities for everybody. To produce the best product, purchasing decisions have to be very strategic and competitive. In order to do so, the various methods followed are as follows:

1. Satellite imaging of country's agricultural fields to know what is being grown where.
2. Mandi purchase, through auction and broker
3. Contract farming, in which an open contract is done with the farmer.
4. Organic farming, a type of contract farming but input, guidelines and techniques are different

In order to get, best paddy from the farmers, agro industry goes into one sided contract with the farmers. As a part of contract, organization has to provide seed, fertilizers, pesticides techniques to the farmers but the farmer is not bound to sell the paddy to the millers. Organic farming, which is one step ahead from contract farming, is also not found in any ERP packages as well as other purchases process features of Agro Industry.

In case of manufacturing sector, purchase is scheduled and regular, throughout the year, unlike agro industry, which is very seasonal i.e. only for 3 months.

Since the purchasing season is only for 3 months and sale is for throughout the year, the inventory of raw material is very huge. For example a miller has storage capacity of 30 lakhs bags of paddy of 55 kg each, on a land area of 400 acre. Inventory turnover ratio for raw material is very low, less than one. Ageing of paddy is another factor of making inventory turnover very low.

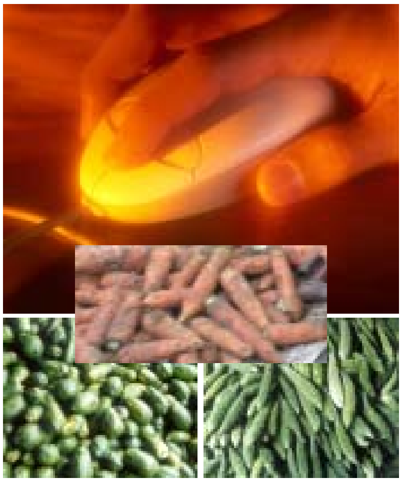
S. NO.	AGRO INDUSTRY	NON-AGRO INDUSTRY	IMPLICATIONS ON ERP IMPLEMENTATION
1	Localized	Globalized	ERP template is not available for agro industry Agro best practices are not available
2	Government control over policies of sale and purchase	Independent companies have their own policies	Purchase and sale processes are not same across the globe Hence, purchase process is not mapped in any ERP Mandi data as a master data is not available in any ERP
3	Contract Farming/ Organic Farming	Contracts for job work	Contracts for job work is standard feature of ERP, but not organic/ contract farming Hence this has to be developed while implementation
4	Less research/automation in material handling	Highly researched/automated material handling	Material handling is very huge and it involves additional process in movements which are not the feature of SAP
5	Seasonality	Uniformity	Number of users increase all of a sudden System gets loaded heavily
6	Locally standardized processes	Globally standardized processes	Difficulty in choosing standard ERP package All requirements may not meet, which affects the speed of the system
7	Non-standard filling of Gunny bags	Standard filling of pallets or packaging	It is difficult to design of warehouse capacit utilization model Calculation of labor involved is also difficult because its on weight basis
8	Quality parameters are regarding the grain size, moisture etc. subjective at time of purchase	Quality parameters are objective at the time of purchase	Its difficult to specify right quality parameters at the time of purchase in ERP This makes purchase process very confusing as H1 bought in Mandi becomes H3 in plant. H1 and H2 are paddy varieties. This makes warehouse design difficult
9	Farmer driven business	Customer driven business	ERP provides tracking of sale process to the point of sales person but doesn't provide tracking on purchase beyond vendor Purchase process is very strategic and varied every year Tracking in purchase process beyond vendor up till farmers is required which is not the standard feature of any ERP
10	Paddy and Rice are tracked by the harvesting year i.e. Crop year Older the crop costlier is the finished rice	Material are not tracked by the year of manufacturing unless it is a perishable material Older the material, lesser is the value	To take care of crop year of agricultural produce, yearly generation of material code is developed, having calendar year as a prefix to material code. So, every year same material having different crop year has a different number. As soon as the stock of

Other manufacturing sectors have implemented JIT, KANBAN etc. which emphasize on zero inventory and high inventory turnover ratio. In these sectors, there is no concept of warehouse for raw materials.

Purchases Process of raw materials in agro industry involves huge man-power, for cleaning, filling into bags, loading, unloading and transportation to the plant. These activities further escalate the cost of purchasing to the extent of 70% of the selling price.

All the peculiarities characteristic to agro industry have to be studied and researched to develop better methods of material procurement and handling so that inventory could be reduced and movement of goods become faster. For instance, natural ageing of paddy or rice takes one or two years, under certain other artificial conditions, it may take just a few months. Material handling, which is labor intensive, could be automated. Material handling equipments could be customized to suit material and it's packing to reduce the number of people working. Table describes the implications on ERP implementation due to non-standard practices and business characteristic practices of Agro Industry.

IT Perspective: When it comes to information technology to develop information systems, the system should be applicable across the various industries. The system should have common manufacturing and business processes features across the industries. ERP is one of those information systems.



ERP software packages are customized to use, unlike Tally (Financial and Inventory Management Software Package), which is ready to use. Since customization is done to implementing ERP, it is easy to do for non-agro sector, because of common practices among the industries. ERP implementation life cycle for non-agro sector as compared to agro industry may vary to the extent of 1:2.

Since computer is a logical machine, only those processes, which are logical and legal, can be mapped into ERP. Any process that is being controlled by human instinct and dependency is not possible to map into the ERP.

ERP Implementation in agro industry is a difficult project. To come up with some standard processes is also very difficult. Generally, ERP's are multi lingual and multi currency, hence, ERP vendors cannot make the templates for agro industry processes as they may match processes of only one or two countries. Scope of standardization of processes in agro industry is very uncertain, in the threatening environment of globalization and free trade, especially in developing countries. Industrialists and academicians have to contribute in the field industrial engineering and establishing scientific processes for agro industry. Since the farmers would remain uneducated about farming management for at least a decade, government policies should be protective towards them. So, until then contract farming and organic farming would provide some standard process of agri produce sale and purchase.

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CII deposes at Parliamentary Standing Committee Meetings

CII was invited by two Parliamentary Standing Committees, one on Finance and the other on Food, Consumer Affairs and Public Distribution to depose on the 'Limited Liability Partnership Bill, 2006' and 'Price rise of Essential Commodities-Causes and Effects'. These meetings were held concurrently, in the Parliament House Annexe in New Delhi on 18 July.

CII was represented by the following membership representatives and secretariat officials:

At the Standing Committee on Finance:

- Mr Nishith Desai, Managing Partner, Nishith Desai Associates
- Ms Gowree Gokhale, Senior Associate, Nishith Desai Associates
- Mr. Rajesh Menon, Senior Director, CII
- Ms. Abha Seth, Deputy Director, CII
- Mr. Vikram Badshah, Head Public Policy, CII

At the Standing Committee on Food Consumer Affairs and Public Distribution:

- Mr Anil Rajput, Vice President (Corporate Affairs), ITC Ltd.
- Mr Siraj Chawdhari, Managing Director- Refined Oils India, Cargill India Pvt Ltd.
- Ms Indrani Kar, Senior Director, CII
- Mr C S Sundaresan, Consultant, Agriculture & Food, CII
- Ms. Jayashri Singh, Director, CII

The CII Vision on Skills

'Making India the Skills Capital of the World'

With the new wave of economic development and an aspired growth rate of over 10%, India is among the fastest growing economies in the world. The country is simultaneously preparing to counter socio-economic challenges, particularly high unemployment and school drop out rates and obsolete skills training, helping the large unorganized sector workforce to become employable and self reliant. In addition, the demographic dividend represented by India's young population presents a unique opportunity to complement the ageing world with what it needs the most-productive workers.

CII conceived and launched the Skills Development Initiative in 2004 to become a catalyst in creating a skills movement in the country. The objective is to promote social inclusiveness and provide the socially and economically vulnerable population a chance to be part of the mainstream economy. The initiative proposes to harness India's 'Demographic Dividend' and make the youth employable for employment/ self employment in India or abroad.

National Initiatives

Projects: Skills development projects are running across the length & breadth of the country with 20 projects already being successfully completed. Projects cover both rural & urban areas. Currently, projects are running in rural areas in Maharashtra, Andhra Pradesh, Rajasthan, Haryana, Tamil Nadu & Punjab.

- Project Swavlamban sponsored by HPCL is an example of skills for employability through CSR initiatives. Bhiwadi, Rae Bareilly and Dehradun were successfully covered in the first phase in 2006. In the second phase, training has commenced in Bhiwadi, and training partners have been identified in Bhatinda, Vizag and Mumbai, benefiting over 1100 school drop outs.
- After putting 400 candidates in 2005 through external assessment for certification in Krishna district of Andhra Pradesh, the project has been further expanded to skill over 2500 young men & women. Recently, an MoU has been signed with the District authorities for this.
- One of the first projects of the Skills Initiative at Pravranagar in rural Maharashtra entered the third phase, enrolling 800 candidates for multiple trades in 17 different institutions this year. This is a unique model, engaging many institutes in a single project.
- The efforts to build new partnerships and excite the industry continued. LPS Bossard Pvt Ltd re-focused their efforts in setting up a vocational training institute by establishing a Skills Development Centre in Rohtak to provide training in multiple skills required in the local area under the CII Skills Initiative.

- A focused skills training for plant operators has commenced with Schwing Stetter in Chennai. Currently, 6th batch is under training.

Skills Gap Studies: CII is also conducting "Skills Gap" studies across the country through credible partners. These studies have been successfully completed in Tamil Nadu & Maharashtra, while those in Jammu & Kashmir and Punjab are nearing completion. The study projects the skills needs & gaps of the states by 2015. Such an analysis helps understand the dimensions of the problem & opportunity within. Based on the findings CII works to create mechanisms to fill these gaps and address the needs of both the organized and the unorganized sector.

Advocacy: As part of the continued efforts to advocate contemporization of skills development in India, CII has been actively interacting and spreading the message both to industry and the government on a regular basis. The CII-led Task Force on Skills Development has already tabled its recommendations.

ITI Upgradation: After meaningfully contributing to the World Bank funded ITI upgradation project and to the Modular Skills Employment programme of the Government of India for the unorganized sector, CII is actively working for upgradation of ITI's. Responses from CII members have been received from across the length & breadth of the country, covering all regions. Member organizations from over 17 states have expressed their interest in joining hands for the scheme. Companies like Hero Honda, ITC, L&T, Ashok Leyland, BHEL, Coca Cola, HCL, Wipro, Kirloskar & Tatas have shown interest in adopting ITI's for upgradation.

International Initiatives

WorldSkills International: CII is all set to lead India to WorldSkills International 2007 at Japan. The youngest member of the organization, we have built a strong delegation of 25 participants for the mega–event. The Indian delegation shall comprise of participants, observers, VIPs & other delegates from Industry & government. The focus this year is to take maximum number of observers as part of the delegation to provide first hand insight to stakeholders on the functioning of WorldSkills. Those interested may contact the skills division for participation information.

Afghanistan: CII successfully trained a batch of Afghan trainees in construction skills with the use of power tools. A project is now under way jointly with the MEA to set up a training institute in Kabul to initially train 1000 Afghans and thereafter hand over the facility to the Afghan Government for further use. This intervention is part of the Government of India's assistance for reconstruction of Afghanistan.

The Way Ahead

As an organization dedicated to the cause of promoting Skills, CII is working towards creating a system for engaging stakeholders in skills development meaningfully. After successfully stirring government interest on the issue, CII is all set to encourage the private sector to participate. Through focused efforts, it plans to synergize industry to work for the issue. With the huge pool of expertise available, our agenda is exciting private partners/stakeholders into assisting in delivery of globally benchmarked skills. For industry, skills development is the most actionable CSR opportunity. CII has advocated at length the above and is ready to assist corporates in making a sustainable & long term contribution to the country's social development through skilling programs.

CII initiatives to galvanize public & private support for the program will be key towards its successful implementation in the future. We are thus in talks with various ministries – central & state level, corporate foundations & international agencies - for making skills delivery benchmarked & output oriented. Despite the short duration of the intervention, CII's contribution to the Skills Panacea is immense and for us the journey has just begun.

Those interested in contributing to the Skills movement may contact the Skills Division and partner CII in realizing the skills dream for India.

Contribute to the Skills movement. Contact CII Skills Development Initiative at pooja.g@ciionline.org for more details

CII's Initiatives for Quality & Safety of Street Food

The CII Food Safety and Quality Division is working on a plan to Improve the quality, hygiene and safety of street food in India

The National Policy for Urban Street Vendors/ Hawkers notes that street vendors constitute approximately 2% of the Indian population of metropolises which is roughly estimated at around 10 million. A majority of these are street food vendors. The socio-economic role of Street Food, in terms of serving food at affordable prices to the lower and middle-income groups and its employment potential is well known. Understandably, it has been growing rapidly all over the world. India is no exception, as it also provides a social support system for the under-privileged urban population.

In India, though educated consumers are quite aware of the questionable food safety aspects of street food, it continues to remain extremely popular, meeting a much-felt need that neither the municipalities nor the larger retail outlets can provide. In the wake of its popularity, it is imperative to:

- Ensure and endorse hygienic aspects in street food through appropriate design of vending machines (by reducing the risk of contamination by food hazards) and education to vendors on safe food
- Provide infrastructure and facilities like potable water and
- appropriate waste disposal systems to the street vendors.
- Promote consumer awareness on food safety

Against this backdrop, the Union Ministry of Food Processing Industries (MoFPI), has taken a progressive initiative for upgrading the Quality of Street Food in India. Mr Subodh Kant Sahai, Union Minister of Food Processing Industries, floated a visionary idea during a meeting with CII. He asked the CII – Food Safety and Quality Division in December 2005 to work out a plan for Improving the quality and safety of street food in India.

CII responded by presenting the first Comprehensive Plan to Mr. P. Suvrathan, Secretary, Ministry of Food Processing Industries, incorporating the whole gamut of activities needed for implementing hygienic practices amongst the street food vendors across the country. Mr. Suvrathan, while appreciating and critically reviewing the Plan, supplemented it further with his valuable inputs on street food status across the continents and the Codex status. He advised CII to develop standards bearing in mind the ethnic food of India. This marked the beginning of a series of actions and initiatives to operationalise the Project "National Programme on upgradation of Quality of Street Food in India".

The detailed components of the CII Plan comprise :

Phase 1

Identification of locations across India, implementing agencies, surveys by the implementing agencies, development of survey questionnaire, sensitisation of the surveyors regarding the questionnaire and survey, baseline survey by the surveyors for profiling target vendors, development of project logo, identity cards of the vendors, data consolidation and report preparation, development of hygienic cart design, development of cart prototypes and project launch ceremony

Phase 2

1. Based on the Survey, identification of training needs for vendors
2. Development of training modules and manual on hygienic practices
3. Identification of trainers
4. Development and manufacturing of hygienically designed and constructed food vending carts
5. Training of trainers and assessors
6. Training of vendors by trained persons
7. Implementation of hygienic practices by the vendors
8. Identification of health checks and health insurance companies
9. Health checks and health insurance of the vendors
10. Development of assessment and certification schemes
11. Assessment and certification of vendors
12. Monitoring and surveillance for sustenance
13. Reward and recognition scheme

A food vending cart design incorporating food safety features was also prepared by CII with the help of students of the Indira Gandhi Institute of Technology, Delhi, and Mr. Ram Mohan, Consultant, CII, and presented to the Ministry of Food Processing Industries.

In the several subsequent meetings held between MoFPI and CII, the plan underwent further refinements and 5 other organisations (VOICE, AIIHPH, CAG, FRESH and Sulabh International) were inducted to supplement the implementation of the project which needed huge resources.

On 26 July 2006, Mr Sahai, at the CII Seminar on Packaging, in New Delhi, declared that the government was "planning to start a campaign across 15 cities to modify the street food business and to motivate vendors to have a hygienic approach to selling their products, where vendors would be provided with cubicles through bank tie-ups under the initiative, to be launched with industry body CII."

This Scheme, developed by the Ministry of Food Processing Industries, is aimed at laying down standards, quality upgradation and capacity building of street food vendors in 50 cities in the country in the first

phase. It is proposed to introduce 1,000 modern food carts in each identified city leading to up-gradation of at least 50,000 food-vending units in the country during the 11th Five Year Plan.

It also envisages capacity building activities which include training street food vendors to learn and adopt hygienic and safe food handling practices, and form viable micro finance linkages and regulatory mechanisms in association with local authorities. Bank financing of the carts through micro-finance linkages would also be taken up by the project management agencies. Assessment of the health insurance needs of the street food vendors would also be undertaken by these agencies. Standards will be developed for food safety and certification and an accreditation mechanism will be put in place. These project management agencies would be non-government organisations with strong capacities to develop training manuals, train the vendors, and take follow-up action on the process.

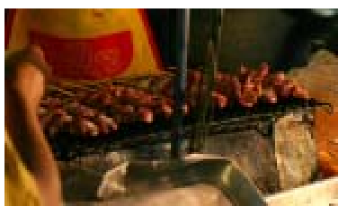
The scheme would provide for funding of integrated projects which include bringing together of food vendors, development of training tools, sensitization and training programmes for vendors and introduction of modern food-vending carts.

The benefits from this project would be

- clean and hygienic food at affordable prices
- assurance on clean and hygienic aspects of food preparation and service to tourists
- a source of employment for the urban poor as a sole or alternate source of income
- addressing the changing socio-economic needs of an increasing number of working women little time to cook at home

The aim of the project is to ensure clean and hygienic food from street vendors (mobile and stationary) and






small restaurants in India through a national programme driven in a public-private partnership mode with the following objectives:

- To reduce risk of food-borne diseases in food vending
- To promote clean and good sanitary food service in tourist areas
- To support local authorities in regulating food vending/hawking and establishing food streets
- Upgrade quality, taste and safety of processed/ unprocessed street food

Implementing CII's Comprehensive Plan, the Ministry, in April 2007, decided to initiate Phase 1 of the project i.e. the "Baseline Survey" of street food vendors. Accordingly, a Pilot Study on "Baseline Survey" has been conducted in 9 cities at 10 locations across the country as detailed below.

	City	Implementation Agency	No. of vendors covered in the Pilot Study
1	Kolkata	AIIH&PH/Sulabh	500
2	New Delhi (East)	Sulabh/AIIH&PH	500
3	New Delhi (South)	CII/VOICE	500
4	Mumbai	VOICE/CII	500
5	Chennai	CAG	500
6	Bangalore	FRESH	500
7	Jaipur	VOICE/CII	300
8	Agra	Sulabh/AIIH&PH	500
9	Guwahati	Sulabh/AIIH&PH	250
10	Agartala	Sulabh/AIIH&PH	250
	Total		4300

CII has already completed the survey in Delhi (South) and submitted the draft report to the Ministry of Food Processing Industries.

The survey was done with the primary objective to assess the socio-economic status, health, current knowledge, attitude, practices and expectations of the street food vendors. The aim is to draw up an implementable and sustainable 'Action Plan' of capacity building for mobile street food vendors, and upgrading the hygiene, safety and quality of food served to the customers by the vendors.

The survey questionnaire, prepared jointly by the partner agencies, kept the in mind the personal, business, economic , environmental , hygiene , buying and storage profiles of the vendors. Observations of the surveyors and recommendations from the vendors themselves were also incorporated.

The Survey recommendations have been made under the following categories

- Financial
- Infrastructure
- Capacity-building
- Implementation
- Monitoring and control

The Draft report of CII and other agencies are being reviewed by the Ministry of Food Processing Industries. The report from the 9 centres will be consolidated and further action will be taken as suggested in the comprehensive plan given by CII.

CII has been advised to prepare training manuals for the trainers and street food vendors. We are in the process of preparing these manuals.

For more details on this project please contact deepak.mathur@ciionline.org or indrani.ghose@ciionline.org

Industry Tastes the Flavour of

Best Practices in Food Safety and Quality

Third Party Auditor Course

CII Institute of Quality in collaboration with British Retail Consortium, UK launched a 4-day, high impact, Third Party Auditor training module on BRC Global Standards, Food, during 17-20 July, 2007 at New Delhi. It provided the Food Industry, retailers, their suppliers, certification bodies and industry associations with an in-depth understanding of the practical implementation and audit of the standard.

Unlike HACCP and ISO 22000, The BRC Global Standard is a comprehensive standard covering a wider scope of Food Safety and Quality, with detailed requirements on Good Hygiene, good Manufacturing Practices and relevant technical and legal aspects which could be implemented by food chain producers and packers in spirit even if they do not plan to go in for certification.

The first batch of participants, all experts in their field of work, undertook the intensive course and the series of examinations as a part of their continuous assessment with a written examination on the last day.

The Course was provided in India at about 35% of the total cost compared the cost of the course in UK. With a positive response from Industry, CII-IQ would plan to hold another course at Bangalore shortly.

For more details, please contact anju.bist@ciionline.org

THE RETAIL B®AND 2007

Building Retail Brands for Competitiveness & World Class Quality

In the world's emerging markets, an exploding Indian middle class which is becoming richer, more aspirational, and more sophisticated is giving rise to new retail formats. As the consolidation in the retail space continues, such emerging markets are throwing up various questions as well as opportunities.

To present a road map to achieve world-class excellence in this segment, the CII Institute of Quality hosted a two day Summit - The Retail Brand 2007–Building Retail Brands for Competitiveness & World Class Quality on 5-6 July in Mumbai. The Summit providing a platform for internationally reputed companies to present their case studies, discuss the special challenges facing retail development and management. Various examples were cited from the food, fashion, mobile communications, DIY and Mall sectors.

More than 23 eminent speakers addressed over 150 delegates. While Mr Jamshyd N Godrej, Past President, CII & Chairman & Managing Director, Godrej & Boyce Manufacturing Company Ltd, delivered the keynote address. Mr Harish Bijoor, well known Management Consultant was the Summit President and Chairman.

The learnings from the Summit included the current and future trends in retail branding, key growth areas, best practices in the area of branding besides quantifying the amount of opportunities and the vision for industry. Delegates who attended did not fail to realize that retail branding was an altogether new subject which required relatively new competencies which needed to be generated in an economy poised to be shortly dominated by a new shopping revenue and experience.

For more details on
THE RETAIL B®AND 2007,
please contact
greeta_varughese@ciionline.org

Jamshyd N Godrej, Past President, CII & Chairman & Managing Director, Godrej & Boyce Manufacturing Company Ltd, delivering the keynote address

Legal Metrology's Impact on the Economy of A Developing Society




Kenneth Arrow, Nobel laureate in Economics, commented:

> "Virtually every commercial transaction has within itself an element of trust, certainly any transaction conducted over a period of time. It can be plausibly argued that much of the economic backwardness in the world can be explained by the lack of mutual confidence..."

From its beginning, measurement was recognized as a provider of objective information. However, when used in trade, transactions where the measurement process lacked transparency and there was asymmetry of information between the trader providing the measurements and the trader accepting these measurements (usually the purchaser in retail transactions, the producer in farm produce transactions and the smaller business in commercial transactions) then there was considerable scope for uncertainty, dispute, transaction costs and market inefficiency. These transaction costs can result from concerns about the accuracy of the measurement [e.g. short measure] and the consistency of the measurement [e.g. paying more than other customers].

The World Bank in its 1997 World Development Report on "The State in a Changing World" made the point that *"an effective State is vital for the provision of the rules and institutions that allow markets to flourish. Without it sustainable development both economic and social is impossible".*

Consumer protection

Measurement, and goods packed by measure, has generally replaced number and simple measures (bucket, plate etc.) as the basis of transaction for a wide range of consumer commodities and products. The increased consistency of these measurements, when adequately controlled, has significantly reduced disputes and fraud and increased the efficiency of the marketplace.

Level playing field for commerce

Metrological control ensures fair trading by eliminating the use of short measure to obtain commercial advantage over competitors in the market place and through pattern approval of measuring instruments ensures that measuring instruments that are manufactured and sold are fit-for-purpose and are to internationally recognized standards. Pattern approval and certification also ensures that the design of measuring instruments do not facilitate fraud.

Full collection of government excise and taxes based on measurement

Governments of both developed and developing nations collect significant amounts of revenue through excise and resource rent taxes based on measurement.

Full national benefit for commodity exports

Export income from the sale by measure of bulk and pre-packed commodities is a significant component of both export and national income. Often for reasons of jurisdiction or lack of technical capability these measurements are not metrologically controlled by the State with a consequent risk of loss of national income.

Developing countries have even greater concerns. To meet the short measure requirement of trade contracts, commodity export countries give away value to the extent of the uncertainty of the measurement.

Regulatory Metrology

Governments now use measurements in a wide range of government regulations, particularly for the environment, health and safety, traffic control and medicine. The benefits of legal metrology in these applications include

a) **Increased compliance**
Legal measuring instruments are able to provide continuous monitoring and greatly increase the probability of apprehension. The objectivity of the measurements also provides enhanced acceptance by industry and the community.

b) **Sound evidential basis for the measurements**
The legal metrology authority provide a sound evidential basis for regulatory measurements by providing for certification of standards, measuring instruments, measurements and reference materials under National Measurement Legislation. Without such certification the measurements may be incorrectly interpreted.

c) **Benefit/cost of metrology regulation can be greater than other policy options**
Regulation by legal metrology can provide cost effective solutions to a wide range of community issues by "social engineering" e.g. the application of radar speed devices and breath analyzers have had a marked impact in changing the behavior of car drivers and markedly reduced the road toll. An alternative policy option of road construction to avoid accidents would be much more costly.

d) **International Recommendations provide level playing field for sale of appropriate measuring instruments**
OIML International Recommendations provide confidence in the instrument being fit for purpose and establish a level playing field for the manufacture and sale of these instruments. OIML International Recommendations provide confidence in the global consistency of a wide range of environmental and health and safety measurements that are referenced in International Treaties, e.g. Greenhouse Gas Emissions.

e) **Support of a Civil Society**
As mentioned above, measurement has been an important component of the culture of all civilizations. However when measurements are used in trade, transactions or government regulation, there is a lack of transparency and imperfect information about the measurements. This is overcome by government legislation that establishes the rules of the measurement system and by Government enforcement of these rules. This system reduces disputation over trade transaction and government regulation and is an important component of the social capital of a society. As such an effective measurement system supports a civil society.

Indian Situation

Looking at the situation in India, organized measurements in trade is under regulation since 1956 and the coverage was increased since 1977 when the Standards of Weights and Measures Act 1976 was brought into force. The transaction of commodities in packaged form has increased manifold in the last few decades so that now 60% of the total transaction of retail goods in groceries, cosmetics, etc takes place in packaged form. The number of retail shops in the country is of the order of a few lakhs and retail market is getting strengthened in the new economic situation in the country. The number of weighbridges in use in the country is estimated to be around 40 thousand, an equal number of dispensing pumps delivers petroleum products across the country. The weighing machine market alone is estimated to be around Rs. 1500 crores with a growth rate of 10-15%.

Under this scenario, if we look at the statistical figures of enforcement machinery, it is very pathetic. 2000 and odd enforcement officials with skeletal standard equipments verify the entire gambit of measuring instruments, which are increasing every year at almost 20%. Except one, none of the 100 & odd Secondary Standard Laboratories and 2000 and odd working standard laboratories under the enforcement agencies in the country have been accredited under the National Laboratory Accreditation Scheme [NABL]. Hence, there is lack of confidence in the measurements made at enforcement level.

The large number of prosecution cases booked across the country for violation of legal metrology laws is also an indication of the lack of credibility in measurement and this has lead to stakeholders losing their confidence in measurement results. With the growth rate of the Indian economy poised at around 9%, its reliability on accurate measurement made on the weighing and measuring instruments is a very big contributing factor for realizing the objective.

There is therefore an urgent need to review the weights and measures legislation in India to meet the economic and social needs of the society. A well crafted legislation with least dependence on the government exchequer and more public private participation will enable the country to create an atmosphere of credibility in measurements made in trade and industry leading to fair trade practice, acceptance of measurement results to all stakeholder, realistic information on the production, distribution cost, etc.

Mr. P. A. Krishnamoorthy is Adviser with CII Institute of Quality & Former Director, Legal Metrology, Dept. of Consumer Affairs, Govt. of India.

For more details on Legal Metrology please contact the Author pa.krishnamoorthy@ciionline.org

Open to All and Open Source

www.shikshaindia.org

Shiksha India, a non-profit initiative by CII working towards assisting schools in integrating technology in teaching-learning, signed an MoU with the Navodaya Vidyalaya Samiti (NVS), an autonomous government body having around 520 schools in rural areas. The MoU was signed on 4 July by Ms. Sharmila Dalmia, Founder Executive Trustee, Shiksha India and Mr. O.N. Singh, Commissioner, NVS.

Shiksha India has been working towards empowering teachers with various pedagogy-based and web-based e-tools to help them get started with e-teaching. The partnership between CII-Shiksha and NVS would ensure the following:

- introduction of various open source tools in NVS schools
- capacity building of teachers on various e-tools and technologies.
- Training teachers on using Shiksha's free portal (www.eshikshaindia.in)
- Training teachers on various web based tools and techniques.

Five ALL's Motto

- COVERING ALL – catering to all categories of academic institutions
- OPEN TO ALL – sharing of source code with interested partners for translation and modification
- All Languages
- All Subjects
- All States

"Simplifying Education through Technology"

Dr. Niranjan Singh, Joint Commissioner, NVS, H N S Rao, Dy. Commissioner, NVS, O N Singh, Commissioner, NVS, Sharmila Dalmia, Founder Executive Trustee, Shiskha India and Prof. Y S Rajan, Principal Adviser, CII

Industry –University Synergy for Strengthening Human Capital

CII's theme for the current year Building People, Building India" relates to people and ways and means of making them efficient, entrepreneurial and innovative – with the aim of making India and Indian industry even more competitive.

In view of the above, a new partnership project between select CII membership and Delhi University has been initiated by the Task Force on University-Industry Synergy under the CII National Committee on Education. The project aims to develop and train students with requisite skills for employability and subsequent performance in industrial sectors.

Three industry sectors have been selected in the current year for the University-Industry Synergy Project, namely, IT & ITeS represented by IBM, retail represented by Pantaloon Retail (India) Limited and automobile represented by BOSCH. The companies elaborated on their requirements in terms of manpower, training programmes designed and run by them to upgrade the skills of workforce, and ways in which they could integrate their resources and expertise with the existing frame work of University.

Delhi University representatives from across various academic streams were enthusiastic to partner with industry in the project. The aim is to develop relevant courses that could be implemented by integrating with existing course in the 3-year system by adding a paper, in 3+1 mode, as a short-term course or in open schooling system. University also looks forward to upgrading the existing syllabi with industry's help; developing capsule courses to train the teachers; and set up state-of-the-art laboratories and research centres with IT industry. It was unanimously perceived that soft skills and organizational aspects should be an integrated part of all the courses developed in association with industry.

Industry-University interaction: Prof. S. K. Thakur, Pro Vice Chancellor; Prof. Deepak Pental, Vice Chancellor, Delhi University and Vijay K. Thadani, Chairman, CII National Committee on Education & CEO, NIIT Ltd.

Prof. Deepak Pental, Vice Chancellor, Delhi University, emphasized that the University is open to engagement with industry at intellectual level. He mentioned that the aim of the University is to make its average students more employable by skilling them accordingly. He also expressed his desire to have all bachelors' courses integrated with computer science.

It was decided to form a task force each for the three sectors that would comprise of select members from University and Industry, ideally three from each. About 6 short-term courses would be developed in next 3 months and industry would start mapping the existing university curriculum.

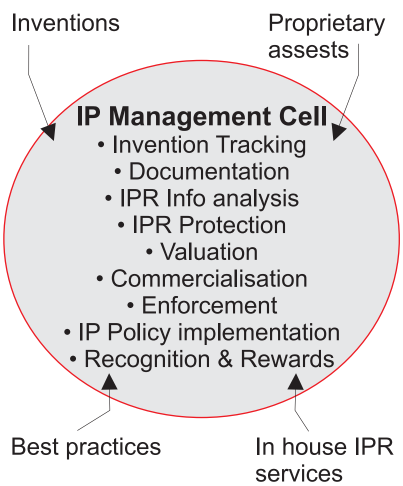
Thus, the interaction paved the way for fruitful association between the University and Industry to make higher education practically relevant to industrial and business applications, and as a result build and strengthen the human capital of India.

IP Management Package for SMEs

APTDC shows SMEs how to adopt an IP–centric approach towards R&D

A team of professionals from APTDC and ELICO, the first electronics company in Andhra Pradesh, located in Hyderabad, have come together to nurture a favorable eco system for "Innovation & IP Culture" within the company by:

- Mapping innovations currently existing within ELICO, and developing IP Protection for them
- Creation of a resource team for IP Management
- Developing in-house IP policy and its implementation
- On-the-job training programmes in IP Management



IP Awareness and Training

The Andhra Pradesh Technology Development & Promotion Centre (APTDC), with the support of TIFAC PFC, conducted workshops to impart the basics of patent search to ELICO personnel. An in-depth training programme taught the team about the various data bases present and the search engines used for patent search.

Several in-house sessions were taken by the APTDC team to introduce the nuances of Intellectual Property Management to the team at ELICO though a series of presentations and talks.

Ramesh Datla, MD, ELICO addressing

IP Policy

To foster a climate of creativity and innovation in the organization, APTDC worked closely with the company to initiate its Intellectual Property Policy.

The policy is a formal framework to structure and streamline ideas, innovations and new creations into intellectual property rights which are proprietary assets. This policy aims to lay down the processes for promotion and support available to innovators at the firm O for translating their creative works into IP for commercial exploitation and to achieve the widest common good.

ELICO has constituted an Intellectual Property cell and an IP evaluation committee, each with clearly defined functions, to bring further clarity to the role of IP for its employees.

IP Protection

R&D being the backbone of ELICO, the scientists there have brought out several noteworthy inventions which are already in the process of being protected. APTDC has been instrumental in filing five patents over a period of just one year for ELICO, with a few others in the pipeline. Having realized the importance of IP, ELICO has sought protection for its logo under trademarks. It also has a design patent and copyright protection for the design of two of its instruments, to its credit.

Future Course of Action

APTDC has been working closely with ELICO for a year now and has been successful in inculcating within ELICO an environment which encourages innovation and creativity. It has been a robust and continuous effort which has borne fruit for both the parties involved. ELICO has set a great example for all SMEs and shows the way to adopt an IP-centric approach towards R&D in an organization. In future months, APTDC will focus towards evaluating ELICO's IP assets and enforcing its IP Rights.

Though a start has been made, a lot of work and effort has to be put to continue to maintain the progress.

The Intellectual Property Management System

- Reduces risk, cost and process lifetime
- Discovers new source of revenue

Components

1. Thorough inventory of the company's intellectual property (IP)
2. Mapping of each IP asset to the company's products and services, in order to determine how much value each IP asset brings to the company-how much revenue and profit it generates
3. Structure for the IPM system and transfer of the company's IP assets
4. Valuing IP and determining appropriate royalty rates

Transforming
Business Environment: Government as a Facilitator

To acknowledge the successive regulatory developments initiated by the Ministry of Corporate Affairs, CII organised the National Conclave on Corporate Governance in India on the theme "Transforming Business Environment", under the aegis of the National Foundation for Corporate Governance on 30 July at New Delhi.

The Conclave offered a platform to the industry to interface with the policy makers and bring to fore the issues concerned with corporate governance in India. While the Ministry has undertaken a series of initiatives, which have revamped the business environment in India, transforming business environment is a collective endeavour and all stakeholders have to work in partnership with each other and fulfil this shared responsibility so that the regulatory framework is maintained dynamically responsive and provides a conducive environment for the growth of corporate sector.

The Conclave was graced by the Hon'ble Minister of Corporate Affairs, Mr Prem Chand Gupta as the Chief Guest. Delivering the inaugural address, Mr Gupta said that the government would like to introduce better transparency in the functioning of corporates and fixing accountability towards shareholders. On the issue of independent directors, the Minister said that the number of directors in a company cannot bring good corporate governance but it is the intention, commitment and the mind-set that is going to make the difference.

Mr Gupta also stated that the remarks of Dr Manmohan Singh, Hon'ble Prime Minister of India, were distorted and misinterpreted and Ministry does not intend to regulate the corporate salaries.

Sunil Bharti Mittal, President, CII, with Prem Chand Gupta, Minister of Corporate Affairs, releasing "Ministry of Corporate Affairs - Transforming Business Environment" a compendium of Ministry's initiatives at the National Conclave on Corporate Governance in India

On the occasion, the Minister also released a Compendium of New initiative of the Ministry of Corporate Affairs.

The keynote address at the inaugural session was delivered by Mr Sunil Bharti Mittal, President CII and Chairman and Group CEO, Bharti Enterprises. The President, CII lauded the recent initiatives of the Ministry of Corporate Affairs especially the MCA21- the e-governance project of the government as it enabled greater outreach to the SMEs in rural & semi – urban areas. It is a highly successful and much appreciated effort, as entrepreneurs need simple rules and procedures to run a company, he added.

Mr Anurag Goel, Secretary, Ministry of Corporate Affairs said that Public Partnership Private model should be the way forward for the industry and the ministry.

Chairing the session on the emerging trends in regulatory framework Mr. Arun Maira, Chairman, CII National Council on Corporate Governance and Regulatory Framework said that CII has been aggressive in corporate governance endeavors and facilitates regulatory compliance.

An improved understanding of the impact of regulation and implementation of regulatory strategies was offered by Mr Jitesh Khosla, Joint Secretary, Ministry of Corporate Affairs and Mr O P Vaish, Vaish Associates and Chairman of the Expert Group set up by the Ministry on Streamlining prosecution mechanism under The Companies Act, 1956.

S S Mehta, Director General, CII, Anurag Goel, Secretary, Ministry of Corporate Affairs, Prem Chand Gupta, Sunil Bharti Mittal, and Mr Arun Maira, CII National Council on Corporate Governance and Regulatory Framework and Chairman, The Boston Consulting Group

Focusing on the role of technology as the key enabler of compliance, Mr Y S Malik, Joint Secretary, Ministry of Corporate Affairs expounded the features of the MCA21 project which has repositioned the Ministry as an organization capable of fulfilling the aspirations of its stakeholders in the 21st century by providing anytime, anywhere services. Mr Sandeep Kanwar, CFO, HCL Infosystems Limited spoke on the need for harnessing the right technology enablers.

Mr. S Mahalingam, CFO, Tata Consultancy Services, chaired the session on Corporate Governance – Trends in Disclosure Practices. Delivering the keynote address, Mr Mahalingam emphasized the need for adopting voluntary disclosure practices. Speaking at the same session, Mr T N Manoharan, Immediate Past President of ICAI stressed on the need for credible disclosure practices. Mr Rajendra Prasad, President and CFO, SRF Limited discussed the voluntary vis-à-vis the prescriptive disclosure trends and their effectiveness.

ICT

sectoral synergies

3rd Meeting of the Indo-US ICT Working Group

The Indo-US ICT dialogue was announced by Prime Minister Manmohan Singh and American President George Bush on July 18, 2005 during his state visit to the United States. The objectives of the ICT Dialogue are (1) to support the goals of the broader Indo-US Economic Dialogue; (2) facilitate better coordination of bilateral discussions and activities; (3) solicit the support of private sector stakeholders; and (4) complement the work of the existing High-Technology Cooperation Group and the Cyber-security Forum.

Under the present structure of the dialogue, industry discussions take place within 3 subgroups: telecommunications, information technology, and media & broadcasting. The Information and Communications Technology Working Group supports the overall objectives of the broader US-India Economic Dialogue which include better coordination of discussions and activities between the two governments.

For the third meeting of the Working Group, CII led a large Indian delegation consisting of Government officials (Ministry of Communications & Information Technology) and Indian ICT industry leaders to participate in the bilateral meeting that took place from 11-13 July 2007 at Washington, USA. The U.S. side saw representation from Federal Communications Commission, Department of Commerce, Office of the US Trade Representative as well as U.S. Industry associations (Telecommunications Industry Association, Information Technology Association of America, and the U.S.-India Business Council).

During this meeting, the U.S. and Indian industry had extremely useful discussions on a number of issues of concern to each side that included issues such as IT Law amendments, Software Tax and WTO related issues.

Consensus was reached on a series of recommendations for government action and continued industry cooperation. US and Indian industry recommended and encouraged Indo-US ICT Collaboration in the areas listed below.

- Partnership between India's Telecom Centers of Excellence and American Universities/ Centers of Excellence
- Applications development for catalyzing Broadband growth
- Collaboration in respect of FTTH & FTTC activities for India, including the development and growth of GPON technologies
- Sharing of experience in the area of Infrastructure Sharing
- Collaboration on research issues and projects
- Tax Issues – Continued focus on creation of Software Technology Parks and Special Economic Zones in India and reduction in excessive CVD and Excise Duties/Taxes on Packaged Software
- Global Workforce Mobility
- Cyber Security Cooperation
- Consideration of a Totalization Agreement
- Achieving clarity on B2C (Business to Consumer) Electronic Commerce
- Amendments to the IT Law 2000
- Formulation of a Free Trade Agreement.

Indian Defence

looks at PPP and indigenous development of armaments

Indigenous development of armaments is an opportunity for private sector, but for which quality, safety, reliability and measurability are the criteria to qualify, said Mr. A K Antony, Defence Minister, at the inaugural ceremony of NAVARMS 07, "Indigenous Armament – Challenges and Opportunities." He was the chief guest at the international seminar and exhibition on naval armament, jointly organised by CII and the Indian Navy in New Delhi on 19-20 July.

A K Antony, Defence Minister inaugurating the Exhibition at NAVARMS also seen Admiral Sureesh Mehta, PVSM, AVSM, ADC, Chief of the Naval Staff and Sunil Bharti Mittal, President, CII

Mr Antony urged domestic companies to come together to compete with global players in the defence sector. "Self reliance is our motto and government is willing to pursue this aggressively", he said, urging Indian companies to improve their project management and designing skill to take advantage of the opportunity. The Minister said that the government is initiating high level development in the defence procurement procedures to facilitate private companies. Private companies can partner public enterprises to fulfill the requirement of the defence force, he added.

India is going through a major transformation and Indian defence should acquire technical strength to have global edge, he said. The minister advised private companies to spend more on R&D and contribute towards the building of nation by providing high quality technical equipments to the Armed Forces.

Industry involvement should be at the planning and designing stage. Self reliance and development of armaments in India should not be limited to domestic market but also focus on making the nation a global hub, said Admiral Sureesh Mehta, PVSM, AVSM, ADC, Chief of Naval Staff, Indian Navy Guest of Honour. India's maritime security interest lies in the import of oil through the marine route and vast undersea resources, he said.

India spent $10 billion on defence imports last year, said the Chief of Naval Staff, observing that advanced skilled manpower and world class institutes would help India develop armament technology indigenously. The construction of first indigenous aircraft career is in the process, he said.

Life cycle support for the development of the concept, manufacturing and maintenance of armaments has to be done by private Indian companies, said Vice Admiral Nirmal Verma, AVSM, Vice Chief of Naval Staff, Integrated Headquarters of MoD (Navy). He said that the total defence budget outlay of Rs. 96,000 crore for 2006-07 has significant provision for private companies to participate. Indian Defence is actively encouraging self sufficiency in developing capability of missile technology, he added.

The combined aim of Public-Private Partnership (PPP) should be to develop competitive high quality defence products, said the Vice Admiral. He said that Indian industry has to facilitate collaboration and take initiatives in privatisation. The procurement of defence armament involves a lot of capital and Indian Defence has witnessed various influx of high technology, added the Vice Admiral.

The initiative of Defence Ministry to involve private companies in procurement of armaments is first of its kind, said Mr. Sunil Bharti Mittal, President, CII. He said that Indian industry both public and private will build linkages, imbibe high levels of

M M Pallam Raju, Minister of State for Defence; Vice Admiral Nirmal Verma, AVSM, Vice Chief of Naval Staff and Lt Gen (Retd.) S S Mehta at the Valedictory Session of NAVARMS 07

technology and be partners in designing, developing, manufacturing and marketing state of the art armaments. Mr. Mittal said that CII has a strong vision of PPP and would assist Indian companies to explore prospect with Indian defence as well as global market.

Defence procurement market of India is $20 billion and Indian companies should rise to qualify for the requirements of the Indian defence, said Mr. Mittal. The process of granting Raksha Udyog Ratna (RUR) should be hastened by the government to encourage PPP, he said. Private companies should participate in the armament procurement procedure of the Indian defence and contribute to the nation building process, added Mr. Mittal.

Defence expenditure can be seen as an exponent of growth, said Lt. Gen S S Mehta, Director General, CII. He said that Indian industry should prove its capability and commitment to the growth by creating partnership for life cycle support. CII has been a catalyst of change and envisions that change in the procurement procedure in the defence sector, concept of RURs and offset policy has driven the defence expenditure towards the growth of the nation, he added.

At the Valedictory Session on day 2 the Chief Guest, Mr M M Pallam Raju, Hon'ble Raksha Rajya Mantri said "We are in the midst of an ambitious military modernisation program that, in business terms, equates to billions of dollars in defence acquisitions". He said that government has taken measures to promote greater civil sector participation in the defence industry which should facilitate the strategic partnership between armed forces and the private industry.

"The achievements of private sector in the field of Information Technology, which are recognised internationally, need to be exploited for strengthening defence capabilities of the country", said Mr. Pallam Raju.

The new offset policy will translate into opportunities for manufacturers and encourages small, medium and large enterprises to participate in defence production, he said.

"The focus should be on self reliance in the areas of spare parts of specific weaponry, life extension of existing weaponry by developing critical subsystem domestically and increasing the indigenous development and production of high technology armaments", said the Raksha Rajya Mantri. India has also realised the importance of technological interdependence and have entered into mutually beneficial partnership with friendly countries in the field of transfer of technology and production of armaments, he added.

Mr. Pallam Raju mentioned that India's armament strategy is to acquire systems that can meet the harsh and diverse climatic conditions of the Indian subcontinent. He said that industry must consider specific requirement of the Navy in the initial stages of design, development and production.

A K Antony releasing the technical journal.
Also seen Admiral Sureesh Mehta and Sunil Bharti Mittal

Rear Admiral Deepak Taneja, Director General, Directorate of Naval Armaments and Inspection, Integrated Headquarters of MoD (Navy) said that a consensus decision has to be taken on the indigenous development of the technology. He said that private manufacturers should synergies navy with equipments that can be termed as best of the armaments. Rear Admiral Taneja said that awareness should be created for greater partnership with both Indian and foreign companies.

The seminar was attended by over 200 industry representatives both national and international besides 200 senior officials from the Indian Navy and other defence establishments.

India & the World

China report

Hu writes to Pratibha on firming up ties

Chinese President Hu Jintao has offered to work with the newly elected President of India, Pratibha Patil, to strengthen the Sino-Indian strategic cooperative partnership. "On the occasion of your swearing-in as the Indian President, I wish to extend my warm congratulations and best wishes," President Hu, said in his message.

China's GDP grows 11.5% in first half year, CPI rising

China's economy expanded 11.5% in the first half of this year, up 0.5 percentage points from a year earlier, the National Bureau of Statistics (NBS) said this morning. Other economic indicators are as follows:

- GDP: US$ 1,405 billion (10,678.8 billion yuan)
- Added value primary sector: 947 billion yuan (growth 4%)
- Added value secondary: 5.55 trillion yuan (growth 13.6%)
- Added value tertiary sector: 4.18 trillion yuan (growth 10.6%)
- CPI: 3.2% (growth 4.4%)
- Fixed-asset investment in urban areas soared 26.7%,
- Total foreign trade: US$ 980.93 billion (growth 23.3%)
- Exports: US$546.73 billion (growth 27.6%)
- Imports: US$434.20 billion (growth 18.2%)
- Trade surplus: US$112.52 billion (growth 84.3%)
- FDI: US$31.89 billion, up 12.2%
- Foreign exchange reserve: US$ 1.33 trillion, up 41.6% (total reserves till June end)

China revises GDP growth for 2006 to 11.1%, highest in 12 years

China has revised its GDP growth in 2006 to 11.1%, up 0.4 percentage points from the preliminarily calculated growth rate, to become the highest of the past 12 years. The GDP in 2006 was revised to 21.09 trillion yuan (US$2.79 trillion), 146.4 billion yuan higher than the preliminarily calculated figure.

China stops encouraging exporters to remit forex

China has scrapped a set of rules that provided incentives for exporters to bring home as much foreign currency as they could from July 1, signifying another step in its efforts to ease capital inflows. China's capital and current account surpluses have soared, and it is now trying to reverse the situation to ease the upward pressure on the yuan created by such inflows.

China's high-tech industry focuses on innovation

China's top economic planner has adopted a fresh strategy for high-tech industry, with the emphasis shifting from expansion to beefing up the capacity to innovate. The transformation has been written into the 11th Five-year Plan for High-tech Industry (2006-2010) released on July 6, 2007. Industrial expansion has been demoted to fourth rank with the new top three priorities being innovation, optimizing industrial structure and going international.

China's uranium deposits sufficient for nuclear power development by 2020

China has enough uranium reserves to develop its nuclear power industry by 2020, said Wang Zhongtang, a senior official with the State Environment Protection Administration. A recent survey on 4.3 million square km of the country's territory indicated the annual exploitations of uranium would be able to meet demand in the years up to 2020, he said.

China abolishes foreign exchange reward system for exporters

China has scrapped a reward scheme set up eight years ago that gave preferential treatment to domestic companies, which earned the largest amounts of foreign currency in the latest attempt to keep tabs on its soaring trade surplus and foreign exchange reserves. The regulation took effect on July 1.

China to increase resource tax on ores

China will raise the resource tax on lead and zinc mines, copper mines and tungsten mines as of August 1 this year.

3G tech to help China build nuclear reactors

China on July 24, finalized a contract with a consortium, led by the US-based Westinghouse Electric Co, to build four nuclear power reactors in the eastern part of the country.

Insurers to pour $39 billion into overseas market

More than $39.5 billion is ready to flow into the international market with China's insurance companies getting government approval to invest abroad. The new rules effective from July 25 raised Chinese insurers' overseas investment ceiling from 5% of their assets to 15%.

Lenovo to produce two million units of desktops and notebooks

Lenovo has announced the setting up of a second manufacturing plant in India at Baddi in Himachal Pradesh at a cost of $11 million. The new plant will have a capacity of two million units of desktops and notebooks a year. The plant, which is expected to be operational in the third quarter of the current year, will enable Lenovo to optimise its supply chain, improve competitiveness and direct management control in the Indian market. The company has a plant in Puducherry with a capacity of one million units annually. Lenovo opened an innovation centre in Mumbai last year and announced a worldwide marketing hub in Bangalore in July this year.

Reliance Comm awards China's Huawei US$ 200 million network expansion

Reliance Communications Ltd has awarded a network expansion contract worth over US$ 200 million to China's Huawei Technologies Co Ltd.

South East Asia report

South East Asia

Heads of State of the Association of Southeast Asian Nations (ASEAN) member countries hope to sign its first ever charter of standards, which would accord the regional bloc a legal identity, when they gather for the 13th ASEAN Leaders Summit in Singapore in November, to mark the 10-member group's 40th anniversary since its founding in 1967. The covenant, intended to pave way for the bloc's economic integration by 2015, is seen as a milestone for the grouping because it would create a more responsive, rules-based community that will honour obligations among its members and be held responsible by their commitments. Until now, ASEAN has operated without a constitution, choosing to rely on diplomacy and consensus. Ambassador Rosario Manalo of the Philippines who chairs the High Level Task Force (HLTF) responsible for drafting landmark constitution, expressed confidence that the signing of the Charter will be held as scheduled. The HLTF is expected to submit a final draft at a special meeting for approval by the foreign ministers in the first week of September.

ASEAN foreign ministers have also agreed to include a provision that mandates the creation of a human rights body in the upcoming ASEAN charter, during their 40th meeting in Manila. This initially met fierce resistance from Cambodia, Laos, Vietnam, and most notably Burma. Having broken deadlock on the issue and reaching a consensus, the diplomats are hoping to have details worked out by the time that ASEAN leaders hold their annual summit meeting in November, when they plan to approve the charter.

Dr Surin Pitsuwan, former Foreign Minister of Thailand, will succeed Mr. Ong Keng Yong as Secretary General of ASEAN, whose term ends this year. His appointment will be formally announced by ASEAN leaders at their 13th summit in November. Dr Surin was nominated unopposed during the 40th Asean Foreign Ministers Meeting in Manila in July.

Dr Surin, currently a member of Thailand's National Legislative Assembly, pledged to put forward the efforts to resolve problems regarding economic disparities among ASEAN member states and to set up the so-called East Asia Community which will not only include the current ASEAN states but also Japan, South Korea and China.

Dr Surin has proposed the possibility of a US$500-million ($757-million) fund, drawn from Asean countries, which could be used to fund infrastructure projects in the region. He said the fund could be beneficial to Asean countries in terms of "infrastructure, education, human resource development, environmental protection and creating institutions that will be friendly to the market".

Asean has adopted the action plan for the Southeast Asia Nuclear Weapon Free Zone (SEANFWZ) at a meeting of the SEANFWZ Commission in Manila. This has come 10 years after the ratification of the treaty by the grouping, to review the operation and implementation of the treaty. Under the action plan, the parties will pursue compliance with the undertakings of the SEANFWZ treaty, including the completion of their accession to the International Atomic Energy Agency's (IAEA) safety agreements and the Convention on Early Notification of a Nuclear Accident. They will also consider accession to other related international instruments such as the Comprehensive Test Ban Treaty, the Convention on Nuclear Safety and the IAEA Additional Protocol. Among others, SEANFWZ obligates ASEAN countries not to develop, manufacture or otherwise acquire, possess or have control over nuclear weapons, station nuclear weapons or tests or use nuclear weapons anywhere inside or outside the treaty zone.

Asian Development Banks (ADB) study on the Asia-Pacific Region

Singapore may be the second-largest economy after Brunei in the Asia-Pacific region. But when it comes to economic well-being, the Republic lags behind Hong Kong and Taiwan, according to a recent study by the Asian Development Bank (ADB), based on 2005 figures.

In a poll of 23 economies, the Republic was ranked third, at HK$99,706 ($19,262) per capita – behind Hong Kong (HK$125,303) and Taiwan (HK$109,108) – based on the "actual final consumption of households" (AFCH).

An indicator of a population's state of economic well-being, the AFCH calculates what households actually consume, including what they buy and what they are supplied by their governments, such as healthcare and education.

Rounding up the list of top five cities in the survey are Brunei and Macau. At the bottom, are Nepal, Bangladesh, Laos, Cambodia and Vietnam.

Upcoming powerhouses China and India came in 15th and 17th respectively, even though together, they account for 64 per cent of the total real gross domestic product (GDP) of the respondents.

Singapore was found to be the fourth-costliest place to live in the region, based on the ratio of the purchasing power parities to the exchange rate. Topping the list were the Fiji islands, Hong Kong and Macau, with Taiwan coming in fifth after Singapore.

The cheapest places were Laos, Vietnam, Iran, Cambodia and Nepal, the study reported.

Singapore also emerged as the region's second-richest economy, in real GDP per capita terms.

The study estimated that it would take China almost 30 years to catch up with Brunei – the region's richest economy – based on an annual per capita growth rate of 9.2 per cent. And India would need nearly 50 years to catch up with Brunei, if the former continues to grow at an annual per capita rate of 6.5 per cent.

The Asian Development Bank (ADB) recently completed a cross-country comparison of key macro-economic indicators across 23 economies in the Asia Pacific region, based on 2005 data.

The results of the study - the International Comparison Programme for Asia-Pacific – gave the following finds:

In terms of economic well-being :

- Countries in the top 5 rankings were Hong Kong (US$12,742 per capita), Taiwan (US$16,014 per capita), Singapore (US$13,944 per capita), Brunei and Macau
- Countries in the bottom 5 were Nepal, Bangladesh, Laos, Cambodia and Vietnam.
- China and India came in 15th and 17th respectively

(Based on actual final consumption of households or AFCH, which calculates what households actually consume, including what they buy and what they are supplied by their governments, such as healthcare and education)

In terms of cost of living:

- Fiji Islands, Hong Kong, Macau, Singapore and Taiwan were the costliest places to live in the region
- The cheapest places were Laos, Vietnam, Iran, Cambodia and Nepal

(Based on the ratio of the purchasing power parities to the exchange rate)

Singapore also emerged as the region's second-richest economy, after Brunei, in real GDP per capita terms.

Cambodia

The Cambodian economy has been expanding rapidly in recent years, but GDP per head is still low in comparison with other countries in the region. There have been some structural shifts in the economy over the past decade, with the importance of agriculture diminishing and manufacturing accounting for an increasing share of GDP. However, the manufacturing base remains narrow, with the garment sector accounting for around 75% of manufacturing output; and that of total exports (including re-exports). This raises the risk of serious economic problems should the garment sector fail to become more competitive. The government is heavily dependent on foreign grants and aid to meet its expenditure budget, and as a result, public sector's external debt has continued to rise in nominal terms in recent years. However, external debt has fallen slightly in relation to GDP, to an estimated 51.2% of GDP at end-2006. The current account has been in deficit in recent years, but capital inflows have been sufficient to prevent serious financing problems.

Cambodian Prime Minister Hun Sen made a 4-day state visit to India (5-8 July) to beef up bilateral economic and energy ties. The prime minister met with President Abdul Kalam and held official talks with his counterpart Manmohan Singh. According to a press release issued by the Cambodian government, both sides signed an agreement on the transfer of the sentenced persons, a memorandum of understanding on foreign office consultation, an agreement on defence cooperation, a memorandum of understanding in the field of water resource management, a memorandum of understanding on cooperation and technical assistance between the National Petroleum Authority of Cambodia and the Oil and Natural Gas Commission of India, and a work plan under memorandum of understanding on agriculture cooperation for 2007 and 2008.

Indonesia

The Indonesian economy is estimated to have grown by 6.04% in the first half of 2007 amid improving conditions in June, said the Finance Ministry. It is expected that the economy will expand 6%-6.1% in Q2, and 6.3% and 6.5% in Q3 and Q4 respectively to realise the government's 6.3% growth projection for the year.

The Finance Ministry reported economic growth in June had hit a six-month high, with the real sector showing 'signs of very positive development'. Tax

receipts grew 50% year-on-year in June. Overall, tax receipts in the first half of the year grew 20.8%.

Data from the fiscal policy board also showed public consumption in the second quarter grew by 4.9%. This was contributed by growth in car sales (7.46%), motorcycle sales (61.9%), electrical power consumption (8.2%), consumer credit (18%), VAT on resident taxpayers (20%) and VAT on imports (28%). Government consumption grew 8.9% with state employee expenditure contributing 55.8%, goods expenditure - 10.1%, other spending - 47.2% and regional spending -4.9%. Overall, investments grew 11% over the period. Exports rose by 9.4%, and imports 11.99%. Inflation was expected to fall short of the government's target of 6.5% to 6% owing to a decline in the rice price and the government's decision to raise export on crude palm oil which was expected to keep down cooking oil prices.

Export of completely-built-up cars by Indonesian automotive industries in the January-May period in 2007 reached a volume of around 21,000 units, up by about 90% year-on-year. Industry Minister Fahmi Idris was optimistic CBU car exports would continue to grow in line with improving infrastructure facilities, especially following the construction of a special car port which was expected to officially operate in September, and said CBU car exports in 2007 may reach 50,000 units or increase by around 50% compared to 2006.

According to data from the Association of Indonesia Automotive Industries, the increase in domestic car sales in the first half of 2007 increased 31.3% from 150,000 units over the same period last year. Internationally, the export market for Made-in-Indonesia cars has continued to develop in ASEAN, the Middle Eastern and the African regions. Indonesian auto firms are now eyeing Latin America.

Indonesia and Australia will decide in 2008 on whether or not to conclude a Free Trade Agreement (FTA) after they have conducted a joint feasibility study starting in August 2007.

India-Indonesia Business News

TVS Motor Company Ltd launched its US$50 million plant in Indonesia on 16 July. Called PT TVS Motor Company Indonesia, it is TVS' first production unit outside India. With an annual production capacity of 300,000 units of motorcycles, and is set to be the production base for TVS motorcycles in Southeast Asia. TVS says it will increase investment in the unit to US$100 million in 2010.

Malaysia

Malaysia's industrial output increased by 3.1% in May from a year earlier, its strongest performance this year, after a particularly poor showing in the previous four months. Output growth was led by a 13.9% surge in mining activity, the largest increase in four years, and a 6.8% gain in electricity output. However, output growth in the large manufacturing sector remained muted, at just 0.1% compared with 0.2% in April.

Despite the upturn in headline industrial production growth, output remains weak and reflects external trade data: although merchandise exports gained a little momentum in May, export growth averaged just 1% year on year in February-May. This is a result of weaker demand from the US for electronics and electrical items, which has hit output in Malaysia's export-oriented industries. These account for 80% of total manufacturing output. A full breakdown of industrial production for May is yet to be released, but the latest data show that output in the export-oriented industries edged down by 0.2% in the first quarter of 2007 and fell by 1.5% in April. Production of electronics and electricals dropped by 5.6% in the first quarter and by 6.3% in April.

Export growth by value edged up to 2.7% year on year in May, from just 0.9% a month earlier. Merchandise exports totalled M$49.6bn. Revenue from shipments of electronics and electrical items, which account for 44.9% of total export revenue, dropped by 2.1%. However, exports of palm oil and iron and steel surged by 44.6% and 17.3% respectively, on the back of high commodity prices. Shipments to Malaysia's two biggest export markets, ASEAN and the US, dropped by 5.1% and 14%. By contrast, exports to the EU, Japan and China expanded by 14.4%, 25.2% and 11.8% respectively. Import growth also picked up slightly in May, to 3.5% from 2.6% a month earlier. The merchandise trade surplus narrowed to M$7.9bn from M$8bn a year earlier.

Malaysia has been ranked 5th in the world's most preferred locations for shared services and outsourcing (SSO), up from sixth last year, in a study conducted by Frost & Sullivan.

In the study, India maintained its top ranking, followed by China, Ireland and Singapore which also retained their second, third and fourth position respectively.

The Malaysian International Chamber of Commerce & Industry has put forth a proposal for the government to scrap the 30% bumiputra equity requirement (under the New Economic Policy-NEP) for companies whose parent has complied with the condition. Complying with this at both parent and subsidiary levels could result in direct and indirect bumiputra stake in the subsidiary reaching 51%.

Prime Minister Abdullah Ahmad Badawi defended the NEP, in his speech at the Economist Intelligence Unit Business Roundtable, as still necessary to narrow the income gap among ethnic groups and ensure national unity.

(The NEP gives a host of privileges in jobs, education, business and other areas to ethnic Malays to give them an economic boost)

India-Malaysia Business News

The Civil Aviation delegations of India and Malaysia met on 12-13th July, 2007 in Kuala Lumpur to discuss matters relating to air services between the two countries.

As per this MOU, the provision of "Multiple designation" has been agreed to enabling the aeronautical authorities of both the sides to designate any number of airlines as they wish to operate on the India - Malaysia route. The capacity entitlement for the designated airlines of both sides has been significantly liberalized, which will lead to progressive enhancement of traffic rights over the next two years.

It is further decided that the designated airlines of both sides can operate any number of services to/from 18 tourist destinations in India. Also the designated airlines of India are now entitled to operate unlimited direct services from any point in India to Johor Bahru in Malaysia.

In order to enhance the air services operations and to make the operations commercially viable, provision of a code-share arrangement has been agreed to.

Another important outcome of these discussions is reflected in the form of agreement on an Open Sky Policy without any restriction for all cargo services between the two countries, which will pave the way for the improvement of trade and commerce.

This Agreement will pave way for growth in air operations between India and Malaysia. As a direct outcome of these talks, the operations of Air India Express on India-Malaysia route are likely to commence soon.

After two years of intense negotiations, Asian Gateways Construction Sdn Bhd (AGC) signed the power purchase agreement with PTC India Ltd, paving the way to build and operate a staggering RM5.48 billion (US$ 5.48 billion) thermal coal-fired power plant in Krishnpatnam in Andra Pradesh. It is 100 per cent Malaysian project. This project is classified as a mega project by the Indian government and AGC will enjoy tax-free status. The duration of the project is 25 years with an extension of another five years and the total capacity of the plant is 1,600 megawatts (MW). The contract is projected to generate about RM1.028 billion (US$300.8 million) in annual profit for the company.

NIIT has partnered with the Ministry of Human Resources of Malaysia to foster skilled IT manpower in the country. As part of the understanding, NIIT will implement its 'NIIT Inside' model in Arumugam Pillai Industrial Training Institute (APITI), under the aegis of the Ministry of Human Resources.

Malaysian oil, gas and engineering company UMW Holdings Bhd said its unit UMW India Ventures (L) Ltd will pay RM66.8 million (US$19.26 million) for a 51% stake in India's United Seamless Tubular Pvt Ltd (UST). The latter has been granted all the necessary licenses and approval for the manufacture of high-grade seamless tubular green pipes for both oil and gas and industrial applications.

Malaysian construction firm Sunway City Bhd's (SunCity) Indian unit has formed an equal joint venture with India's Opus Developers & Builders Pte Ltd (Opus) to develop a 35-acre freehold land in Andhra Pradesh. The proposed venture – Sunway Opus Grand Residency - affords SunCity India the opportunity to develop prime land in India and gain direct access to property development experience in the country.

Myanmar

A bio-gas project in Myanmar, implemented with the help of India has been completed. The construction of the Pesinngone bio-gas plant in Mingyan township by India's Tele Corporation is aimed at the most effective use of energy in the seven-member countries of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) comprising Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal.

Philippines

The Philippines' import bill dropped by 3.4% in May from a year earlier to US$4.3 billion, the largest decline since September 2003. The value of imports totalled US$4.3billion. Spending on foreign-produced electronic items, which accounted for more than 40% of the import bill and are a leading indicator of future export performance, fell by 10.9% to mark the second consecutive month of decline. The bill for imported mineral fuels, lubricants and related materials also contracted by 10.9%, after jumping by 74.1% in May, as the value of imported crude petroleum fell by 13.7%.

Export data, showed that merchandise exports rose by 6.1% in June, better than the 5.1% growth in May, but still below the double-digit pace of expansion seen over 2006. Shipments of electronic products shot up by 11.8%, while the value of exports to the US, the Philippines' biggest export market, fell by 7.1% in June and by 2.2% over the first five months of the year. The merchandise trade deficit narrowed to US$173.5m in May from US$562.7m a year earlier.

Singapore

The Singapore government will be setting aside S$10 million over the next 4 years to support 2000 individuals by 2010 in developing in-depth business knowledge of key markets, under the International Business Fellowship (formerly the Asia Business Fellowship). Singapore-based companies will be able to receive funding under the fellowship to train its executives in markets such as China, India, Vietnam, and the Middle East.

India-Singapore Business News

PSA International is capping its operations at Tuticorin Container Terminal (TCT), saying that the decision by the Tariff Authority for Major Ports (TAMPS) in September 2006 to half TCT's revenues has made the terminal commercially unviable. Its joint venture, PSA Sical, which operates the terminal, said the reduced revenue per box caused by the tariff cuts was not enough to cover operating expense and royalty payment per box that it has to pay the Indian government under the terms of the concession. It will be shutting down one of its 4 cranes to fulfill only the minimum annual throughput of 300,000 TEUs specified in its concession agreement. This represents a 25% cut in handling from the 377,000 TEUs handled in 2006 and is expected to result in delays at the terminal.

PSA was recently awarded concessions for Hazira Port in Gujarat and another in Pipavav. Both are due on-stream by 2009.

Tata Consultancy Services (TCS) announced that it was in talks with casino developers to provide IT services to Singapore's two integrated resort projects, which is valued at SGD10.25 billion.

Ramky, India's largest waste-management firm signed a deal in May with Singapore's Cimelia Resource Recovery to build a $12 million e-waste recycling facility in Hyderabad - the first of its kind in India. Construction is scheduled to begin in August, and the plant is expected to open by the end of the year.

SunTec Business Solutions' office in Singapore has commenced operations. The new office will primarily focus on sales and client support in the Asia Pacific. Its clients in the region include Singapore's DBS Bank and Indonesia's Bakrie Telecom.

Tiger Airways will begin flying to India in October with one way fares (excluding taxes) starting from less than US$39. The budget carrier will operate 4 flights to Chennai and 3 flights to Kochi weekly. The airline has secured rights to fly to 4 other Indian destinations - Goa, Kolkata, Thiruvananthapuram and Kozhikode. Tiger is owned by four shareholders, including Singapore Airlines and Temasek which have 49% and 11% stake in the budget carrier respectively.

Shipping services firm Garware Offshore has incorporated a wholly-owned subsidiary in Singapore called Garware Offshore International Services Pte Ltd for tapping potential business opportunities in the oil and gas space. The subsidiary's main area of business would include "in and out" chartering of ships to Exploration & Production (E&P) companies as well as to provide all marine offshore and logistics services internationally.

In its report "Singapore Banks' Regional Expansion - A Double-Edge Sword for their Credit Ratings", Fitch Rating said the expansion of Singapore banks into Asia's developing markets is a growth imperative that poses new challenges and risks. Given that the regulatory, market and legal infrastructures in such countries as Thailand, India, China and Indonesia are not as sound as Singapore's, the banks' expansion plans are likely to increase their credit and operational risk profiles, which may be further compounded by their decisions to operate with lower capital ratios in the future. All three banks were given "stable outlooks" based on their strong financial conditions, still benign operating environments in most Asian markets, the prudence with which they intend to pursue expansion: and the healthy levels of expected capitalization.

Ascendas India Trust launched its initial public offering of 423.38 million shares priced at S$1.18 apiece in Singapore on 25 July. The Trust's IPO closed on 30 July and trading in its units was to have begun on 1 Aug. Gross proceeds of the IPO, estimated at S$549.50 million, will be used to repay debt and fund certain acquisitions.

Thailand

According to the Bank of Thailand, the country recorded a US$ 656m merchandise trade balance surplus in May, after reaching a US$ 97m deficit in April. Export revenue rose by 19.9% year on year, the fastest pace in 2007, to total US$12.8bn. Revenue from labour-intensive manufactured items (such as garments and textiles) expanded in May, after a decline in value of such exports in April. Export revenue from shipments of high-tech manufactured items continued to expand robustly. Overall, exports remained resilient despite the slowing US economy. Exports to the US rose by just 1.2% year on year in the five months to May according to data from the Customs Department.

Import growth by value slipped to 6.2% after surging by 11.2% in April, owing to slower growth in spending on imported items across the board. The import bill for oil continued to decline. According to EIU, higher government spending expected in the second half and improved investor confidence (assuming parliamentary elections go ahead as planned in late 2007) should give boost to import demand in 2008.

India-Thai FTA

Thai officials will be travelling to India in mid-August to hold further talks on the remaining 5,000 product items following the Thailand-India FTA's early-harvest scheme, covering 82 product items, which has been in place since September 1, 2004. The rules of origin remain the sticking point in Thai-Indian free-trade negotiations. Thailand requires India to use a six-digit custom system together with a 35% local-content restriction. India, however, wants to use a four-digit custom system and 40% local content. India's offer would restrict Thai exports of 3,000 items from access to the Indian market under the FTA's low tariff rates.

On the ASEAN-India FTA, Thailand is of the view that the regional bloc will discontinue negotiating a bilateral free-trade pact with India, given the latter's strong stance on stricter conditions for tariff reduction, giving Thailand a greater purpose to negotiate further with India.

India ranks as the Kingdom's 18th-largest trading partner with two-way trade reaching US$3.4 billion (Bt114.5 billion) last year. Thai exports to India grew 60 per cent to US$955 million in the first five months of this year, with the full-year total targeted to increase by 20% to US$2.4 billion.

Thailand joined 11 other countries on the US Priority Watch List for countries failing to protect US corporate intellectual property rights in May. The US based its decision to downgrade Thailand's status on the assertion that Thailand had violated IPR in many areas, and that the breach of copyrights and patents on medicines had been rampant. According to the US International Intellectual Property Alliance, US businesses selling copyrighted products and services lost US$368m in Thailand in 2006, up from US$355m in 2005 and US$184m in 2004.

India-Thailand Business News

Tata Motors (Thailand) Co. (TMTC), a subsidiary of India-based Tata Motors, has started its Baht1.3 billion (US$43.77 million) investment in Samut Prakan, Thailand, to build 35,000 one-ton pickup trucks annually. The project is a 70:30 joint venture between TMTC and Thonburi Automotive assembly Plant Co. The pickup trucks will be assembled at the Thonburi plant and use 54% local content worth Baht3.91 billion (US$131.67) per year, including parts for engines, shafts, steering systems, auto bodies and suspension systems. The trucks are estimated to be priced cheaper than other brands on the market, between US$13,470 and US$16,840, depending on the model.

India's ABG Shipyard has won a US$360 million order for the construction of 12 vessels, weighing around 32,000 deadweight tons each, from the Thailand-based Precious Shipping Public Company Limited (PSL). With a fleet of 44 vessels, Precious Shipping is one of the largest shipping companies in the world.

Tata Steel will invest Bt3.5 billion (US$118.24 million) in Tata Steel (Thailand) to construct a mini blast furnace to process semi-finished steel products as raw material for steel bar production. This will enable the 76%-owned subsidiary to increase its production from 1.7 million tonnes to 2.2 million tonnes of steel bars annually.

Vietnam

Vietnam's economy expanded by 8% year on year in the second quarter of 2007, accelerating from 7.7% growth in the first. Over the first half of the year, GDP growth averaged 7.9% compared with 8.2% for 2006 as a whole. Value-added output from industry and construction rose by 9.9% in the six months to June, compared with a 10.4% gain in 2006, to add 3.9 percentage points to headline GDP growth. Services output expanded at an accelerated pace of 8.4% in the first half of 2007 compared with 8.3% growth over 2006 as a whole, to add 3.4 percentage points to growth.

While Vietnam's economy is expected to grow by 8.2% to 8.5% this year, compared with 8.2% in 2006, the country's trade deficit is forecast to reach US$8 billion as demand for machinery, equipment and raw materials remains strong.

Vietnam has come into view as the most attractive location for manufacturing investment, according to a new emerging-market index launched by PriceWaterhouseCoopers. China ranks second after Vietnam and is followed by Poland, Chile, Malaysia, Thailand, India, South Africa, Hungary and Saudi Arabia.

According to PriceWaterhouseCoopers "India and China are undoubtedly important markets but Vietnam and Malaysia are now serious rivals." According to the index, Vietnam is highly cost-competitive, though risks are also relatively high.

India-Vietnam Business News

India's Essar has also linked up with the Vietnam Steel Corporation and the Vietnam Rubber Corporation on a $527 million project in Ba Ria-Vung Tau province that will pump over 2 million tonnes of rolled steel per year into the domestic market.

Aptech Ltd, has signed an agreement with Vietnam's leading IT company, Corporation for Financing and Promoting Technology (FPT), to open 20 new information technology (IT) and multimedia training centers in Vietnam by 2008. Aptech anticipates its total revenue from the education business in Vietnam over the period 2007-09 to hit over US$30 million.

Visit of Vietnam PM

Vietnamese Prime Minister, H.E. Mr. Nguyen Tan Dung, paid a state visit to India from 4-6 July at the invitation of the Prime Minister Dr. Manmohan Singh. His engagements included a call on the President of the Republic of India, Dr. A.P.J. Abdul Kalam. Dr. Manmohan Singh held detailed discussions with the Vietnamese Prime Minister and hosted a banquet in his honour. Noting the achievements in bilateral relations in the political, security, economic, science and technology and cultural fields, the two leaders resolved to strengthen India-Vietnam relations through the establishment of a New Strategic Partnership which would encompass bilateral relations in the political, economic, security, defence, cultural, scientific and technological dimensions and steer their cooperation in regional and multilateral fora.

CII and USA: July Events Update

- India and the US must work towards a comprehensive trade agreement to increase trade levels between the

Dr Ajay Dua, Secretary, Department of Industry Policy and Promotion, Ministry of Commerce and Industry

two countries, said Ajay Dua, Secretary, Department of Industry Policy and Promotion, Ministry of Commerce and Industry, at a Seminar on "US-India Trade and Investment: Issues and Opportunities," organized by CII on July 26. Dr. Dua said both the countries must dismantle trade barriers to strengthen bilateral trade relationship. Considering India's demographic profile and its strong middle-class, there is immense opportunity for further growth in trade relationship between the two countries. Listing some of the trade barriers in the US market, he said India continues to face delays in visa and work permits, prohibition and quotas on foreign providers, non-recognition of India's professional requirements. Though India's poor infrastructure is challenging, it also offers great business opportunities, he said. Mr Analjit Singh, Chairman, CII International Council & Chairman, Max (India) said consumer, technology and markets are changing the way business is done across the world and India-US trade relationship should be built against this backdrop.CII members raised various issues relating to Data protection, FDA approvals for Pharma companies, standards, project implementation in venture capital, rupee appreciation, Defence offsets, manufacturing sector opening, totalisation agreement and movement of professionals in the seminar. A campaign on Capitol Hill was also proposed by CII for Indian companies working in US market during the seminar.

Mr Sanjay Budhia, Managing Director, Patton Ltd and Mr Tarun Das, Chief Mentor, CII also addressed the seminar. There was also a panel discussion with government representatives like Mr Khalid Bin Jamal, Deputy Secretary, Ministry of Commerce and Industry, Mr S K Prasad, Additional Director, Directorate General of Foreign Trade, Ministry of Commerce and Industry and Mr Debashis Dutta, Senior Director, Ministry of Information and Technology .

- With a focus on the Defense & Security, Foreign Policy and Economic issues a session on 'Can the US and India be Strategic Partners?'was organised by the Aspen Institute India. A panel discussion with Mr Phiroz Vandrevala, Executive Vice President, Tata Consultancy Service; Lt General Satish Nambiar, Director, United Service Institution of India and Ambassador S K Lambah, Special Envoy, Prime Minister's Office, India featured in the session. The session moderated by Mr N K Singh highlighted various issues such as the nuclear deal; the building blocks of the US India Strategic Partnership; convergence on economic, political and technological actions for global peace among others.

N K Singh, Former Secretary, Prime Minister's Office

- With an objective to highlight key issues that can help and promote trade and investment between the U.S. and India in IT, telecom and media CII India Business Forum members representing the IT and Telecom sector participated in the Private Sector meeting of the ICT Working Group on 12 July 2007. Issues related to extending tax benefits for Software Technology Parks & SEZs; Excessive CVD duty/tax on packaged software; movement of skilled workers globally and Cyber security & cooperation were discussed in the meeting. Members pressed for a totalisation agreement between the two countries and amendments to IT law 2000 for better security & reduction of piracy.
- Dr Henry Kissinger hosted breakfast for Mr Michael R. Bloomberg, Mayor of the New York City, and Mr Sunil Bharti Mittal, President, CII & Chairman & Group CEO, Bharti Enterprises in New York on the 5 July. Various aspects of India-US relations and CII's activities in India and USA were discussed during the meeting.
- "We should focus more on poverty alleviation than inequality since excessive focus on inequality shifts the center of attention to the people who create wealth", said Dr Arvind Panagariya, Professor of Economics and Jagdish Bhagwati Professor of Indian

Dr Arvind Panagariya, Professor of Economics, Columbia University

Political Economy, Columbia University at a talk focusing on Sustaining Double Digit Growth for Indian Economy, organised by the CII on July 19 in New Delhi.The Professor highlighted various problems like lack of flexibility in labour market. Education and healthcare were considered as focus areas for the development process of Indian Economy. CII members from various sectors participated in the session.

- CII hosted a farewell for Mr Geoff Pyatt, Deputy Chief of Mission, US Embassy on July 12 in New Delhi. The meeting had discussed a wide range of issues ranging from bilateral trade to nuclear proliferation.

Tarun Das, Chief Mentor, CII with Geoff Pyatt, Deputy Chief of Mission, US Embassy

- Prof. Amiya K Chakravarty, Philip McDonald Chair and Professor – Operations & Supply Chain Management, College of Business Administration, Northeastern University MA at a session on “Supply Chain Business Models and Collaboration”, focused on the significance of the coordination of processes that link companies in a network, which is essential for maximizing customer satisfaction and ROI. The session was organized by CII with an objective to understand the relevance of Supply Chain Management in Modern day business on July 23. Prof Chakravarty, Mr Shivinder M Singh, Vice Chairman, CII Delhi State Council highlighted the increasing relevance of effective supply chains, to successfully compete in the global market and networked economy. Mr A K Kaul, Past Chairman, CII Delhi State Council also shared his experience and insights on Supply Chain Management. CII members from Manufacturing, Engineering and Services sector participated in the session.

A K Kaul, Past Chairman, CII Delhi State Council; Prof Amiya K Chakravarty, Philip McDonald Chair & Professor-Operations & Supply Chain Management, College of Business Administration, Northeastern University MA and Shivinder M Singh, Vice Chairman, CII Delhi State Council

- A CII led team participated in US-India Japan Trilateral Meeting from July 27 to 29 in Tokyo, Japan. The Center for Strategic and International Studies (CSIS) facilitates this exchange of views among eminent persons from all three countries to advance the policy debate and establish an agenda for leadership to guide these three major democracies in the years ahead. The meetings addressed the critical issues that drive bilateral relations and to begin shaping a common agenda based on shared values and strategic interests. The discussions focused on Trilateral Security Cooperation, Energy Security, Environmental Issues & Economic Cooperation.

Completion of India and United States Civil Nuclear Negotiations

The United States and India have reached a historic milestone in their strategic partnership by completing negotiations on the bilateral agreement for peaceful nuclear cooperation, also known as the 123 Agreement.

Statements on the conclusion of 123 Agreement:

“This agreement will govern civil nuclear trade between our two countries and open the door for American and Indian firms to participate in each other’s civil nuclear energy sector. The conclusion of negotiations on this agreement marks a major step forward in fulfilling the promise of full civil nuclear cooperation as envisioned by President Bush and Prime Minister Manmohan Singh” Joint Statement by Secretary of State Condoleezza Rice and Indian Minister of External Affairs Mr. Pranab Mukherjee.

“I welcome the conclusion of negotiations on a bilateral agreement between the United States and India for peaceful nuclear cooperation. I commend those from both countries who have worked hard to make this deal happen, and I look forward to working with Congress to realize this important initiative. This marks another step in the continued progress that is deepening our Strategic Partnership with India, a vital world leader.” President Bush on the Conclusion of Negotiations with India on a Bilateral Agreement for Peaceful Nuclear Cooperation.

“So in all respects, we believe this agreement is in the unquestioned national interest of the United States. To put it into effect, there are three remaining steps that need to be taken: first, India will now have to negotiate an IAEA safeguards agreement, and we hope that can happen as soon as possible; second, we will work together, along with many other countries in the Nuclear Suppliers Group, to help India gain access to civil nuclear trade with all the countries of the world; and third, when we have finished those two steps, President Bush will send this agreement to Congress, as he has promised to do, for a final vote by the United States Congress".

R. Nicholas Burns
Under Secretary for Political Affairs.

"We look forward to this prospect. India regards international civil nuclear cooperation as potentially most important for energy security and for an environmentally sustainable pattern of development. India is ready to work with like-minded countries to fashion a new consensus on non-proliferation and realize the goal of a nuclear weapon-free world through universal nuclear disarmament".

M.K. Narayanan
National Security Adviser, India

"Civil nuclear cooperation between the United States and India will offer enormous strategic and economic benefits to both countries, including enhanced energy security, a more environmentally-friendly energy source, greater economic opportunities, and more robust nonproliferation efforts".

Shiv Shankar Menon
Foreign Secretrary, Ministry of External Affairs.

Stringent Wheat Import Rules: US Embassy

The United States criticised India's wheat import regulations as "unrealistic" after strict controls on weed presence, fumigation and inspection barred purchases of US grain in a recent tender."We are very disappointed that the Indian government's committee of secretaries and ministry of agriculture officials have decided against bringing India's unrealistic wheat import phytosanitary requirements in-line with international standards," the US Embassy in New Delhi said in a statement. "India's very low weed seed standard is nearly impossible for any global exporter to meet, raising questions about the reliability of India's import inspection process," the statement added. India requires a lower level of weed seeds in grain than typically requested in international tenders. India paid 10 to 20% more for wheat purchases made last year than Egypt, the statement said.

Genome Valley-Granted Certification Mark in USA

Genome Valley was issued a registration certificate for the certification mark (Intellectual Property Rights) by the United States Patent & Trademark office (USPTO), headquartered in Alexandria Virginia, USA. Genome Valley, Hyderabad, Andhra Pradesh is India's first state-of-the-art biotech cluster providing world class infrastructure to over 100 biotech companies. Spread over 600 sq. Kms, the genome valley is a natural cluster for Biotech research, training, collaboration and manufacturing facilities. CII Andhra Pradesh Technology Development and Promotion Centre (APTDC) with the support of the Govt of AP started working on the project of registration in 2003. There was a huge need for registration of the "Genome Valley" symbol in US and Europe as to draw more foreign investments and to promote the cluster. The symbol of "Genome valley" has also been filed in India for registration and is now under the process of grant.

India's Withdrawal of the Additional Duty on Beer, Wine and Distilled Spirits

On July 3, the Government of India announced the withdrawal of its additional duty on beer, wine and distilled spirits as well as an increase in the basic customs tariff on wine from 100 to 150 per cent.The US has cautiously welcomed India's withdrawal of additional customs duty on alcoholic beverages, which was challeneged at the World Trade Organisation (WTO), and said its impact was being studied.

Ambassador Susan C. Schwab, US Trade Representative on this move of Indian Government said "We are studying India's recent announcement that it has withdrawn the additional duty on imports of alcoholic beverages," "Withdrawal of this duty would be a positive step in addressing U.S. concerns. What we are seeking is a level playing field, consistent with India's WTO commitments" she added.

Protectionist Tax Increase to Pay for Farm Bill on July 27, the US House passed a $7.5 billion protectionist tax increase aimed solely at U.S. subsidiaries of companies based abroad. The proposal was hastily added to the Farm Bill as a pay-for just prior to Floor consideration.

Tax bill (H.R. 3160) of discriminatory in nature was introduced on July 24 by Rep. Lloyd Doggett (D-TX) to pay for the Farm Bill. This bill violates the network of bilateral tax treaties negotiated by the Treasury Department and affirmed by the Senate by forcing companies to pay higher taxes on payments (royalties, interest or management fees) to their foreign affiliates.

These affiliates could be in high tax jurisdictions like the UK, Germany or Sweden where there is certainly no motivation to locate for tax reasons. If pointed back at the United State by other countries, Doggett's proposal would exponentially increase the global tax bill of U.S. companies who frequently set up subsidiaries abroad to manage key functions like finance or intellectual property. It's noteworthy that U.S. subsidiaries of foreign companies provide 5.1 million jobs, supporting an annual payroll of $324.5 billion. This will have an impact on Indian companies who have made acquisitions in the UK and other low tax rate countries that leverage those rates for activities in the US.

Indo-US Bilateral Trade

US exports to India registered a remarkable growth of 32.94% during Jan-May 2007 while India's exports in the same period registered a growth of 12.21%. Indo-US bilateral trade growth witnessed gradual and steady growth of 18.60% during Jan-May 2007 and was pegged at US $ 14,989.8 Million.

India - Latin America & Caribbean, Scaling New Horizons

To create awareness about the sea of opportunity existing for Indian businesses in Latin America and Caribbean (LAC), the Confederation of Indian Industry organized a series of seminars, one each in Chennai, Pune and Ludhiana from 30 July – 1 August 2007. The seminars brought together Indian industry and the LAC missions in India on a single platform to explore opportunities for trade and investment between the two.

Latin America and Caribbean with a combined market of over 500 mn population and a GDP of 3 Trillion USD and huge natural resources, has emerged as the next big destination for Indian business.

DEAN, GRULAC and Ambassador of Suriname in India H E Mr K Bajnath, H E Mr Carlos Abad, Ambassador of Ecuador in India, H E Mr Rogelio Granguillhome, Ambassador of Mexico in India, and Mr Carlos Irigoyen, Charge D' Affairs of Peru in India, Mr. Luis Gerardo Hernandez Madrigal, Economic Counsellor, Embassy of Mexico met with the CII members and presented to them the various opportunities that the Indian industry has in doing business with Latin American and Caribbean countries.

Mr Khalid Jamal, Director – Ministry of Commerce, Government of India, presented the Focus LAC initiative of the Ministry of Commerce and the various benefits that the Government is offering to the Indian Industry for increasing Indian exports to the LAC countries.

Mr Vinod Goel, Deputy General Manager from EXIM Bank presented to the Indian industry, a detailed overview of the various lines of credit available to Indian industry for doing business with the LAC region.

Turkey: A gateway to EU

Turkey has selected India as a strategic partner to accelerate its growth, said Mr. Alpaslan Korkmaz, President and CEO, Investment Support and Promotion Agency of the Republic (ISPAT), in a meeting with CII members in New Delhi on 11 July. The meeting focused on Turkey as a new growth centre for Indian and global corporations.

Improved investment environment and accelerated privatisation in Turkey will provide Indian companies an access to the EU, Central and Eastern Asian markets, said Mr Korkmaz. He disclosed that the Turkish government has created special investment zones offering exemptions from various duties and taxes. Turkey, he added, is the 17th largest economy of the world, and an EU accession country since October 2005.

Bilateral trade between India and Turkey is happening in automotive sector and manufacturing aspects are being looked at, said Mr. Deep Kapuria, Chairman, CII (NR) and Chairman & Managing Director, Hi-Tech Gears Ltd. CII has already signed three MoUs with confederations in Turkey, he added, urging companies to take advantage of the ongoing process of business integration.

"Indian companies who want to capture EU market, should use Turkey as their springboard as the operating cost there is one-third compared to any other EU country", said Mr. Ravi Chaudhry, Chairman, Cemex Consulting Group and India Representative, ISPAT. Automotive, energy, consumer electronics and telecom are the key areas of business there, he said.

Meeting with Foreign Diplomats

CII received a team of 24 foreign diplomats from various countries at the Foreign Service Institute, Ministry of External Affairs, in New Delhi on 18 July.

Shipra Tripathi, Head, Africa Desk, CII, R R Dash, Joint Secretary FSI, Ministry of External Affairs, Jayant Bhuyan, CEO, IBEF, & Deputy Director General, CII, and T S Vishwanath, Head, International Trade Policy, CII, at the meeting with foreign diplomats

Senior speakers from CII gave a panoramic view of CII and its international activities. The visiting members were given an insight on the Indian Economy, WTO and international Trade Policy. Mr Jayant Bhuyan, CEO India Brand Equity Foundation, and Deputy Director-General, CII, made a presentation on Building Brand India.

Participants at the CII meeting with foreign diplomats

CII – JMAC Sign MoU For Providing Lean Management Services to Indian Companies

On July 4, Mr Moriyoshi Akiyama, President, JMA Consultants Inc., and Mr Gurpal Singh, Deputy Director General, CII signed an MoU for providing Lean Management services to Indian Industry. This is the first time that CII will be providing this service with a reputed agency like JMA Consulting Inc (JMAC), a member company of Japan Management Association, Japan.

JMAC has training and consulting experience on Lean for over 65 years and has many offices across the globe. Experts from JMAC along with CII Counsellors will provide training and consultancy services to Indian Industry. Through this MoU, CII and JMAC will undertake activities to determine the support to benefit Indian industry and to develop specific programmes such as seminars, courses, conferences and consultancy.

The Manufacturing Services Division of CII will provide this service. For additional information, please contact Mr Rajesh Parim, Principal Counsellor at rajesh.parim@ciionline.org.