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BUDGET 2010



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for Sustaining
Inclusive Growth

Building
Global
Partnerships



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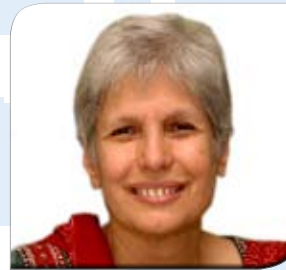
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Pre-Budget Recommendations

Sustaining Inclusive Growth

CII, in its Pre-budget Memorandum 2010-11 to the Ministry of Finance, has made recommendations to address the challenges of sustaining and even accelerating economic recovery, while reigning in fiscal deficit, towards double-digit inclusive growth in GDP

The Union Budget 2010-11 is being presented amidst the situation of the economy emerging out of the financial meltdown. Having hit the bottom of slowdown around the first half of the last year, the economy has begun its journey back to normalcy. Economic growth, industrial production, exports, imports, employment, etc, have all begun to reflect some assuring signs of recovery. Now, the pertinent question is: have we left the worst of the financial crisis behind us? The answer is: no. It may be a bit early to say that we are out of the woods, as the risk of double-digit recession is still not fully ruled out. Any slip on policy at this juncture could reverse the trend of recovery. It is this risk which has made the job of managing recovery as challenging (if not more)

as fighting the crisis was.

The Budget 2010-11 will have to address the challenge of sustaining and even accelerating economic recovery. While doing so, it will simultaneously have to look at reigning in fiscal deficit, which has ballooned to an unsustainably high level. Besides this, it would also be expected to keep in focus the medium to long term objective of propelling industrial growth to the next level, which is considered necessary to achieve double-digit inclusive growth in GDP.

CII, in its Pre-budget Memorandum 2010-11, submitted to the Ministry of Finance, has made recommendations keeping in view these broad challenges. Some of the key recommendations made in the memorandum are summarized here.

Reign in Fiscal Deficit while Sustaining Economic Recovery

For the fiscal year 2009-10, the central government runs a budgeted fiscal deficit to the extent of 6.8% of GDP. Adding state governments' deficit and off-budget liabilities, the consolidated fiscal deficit crosses the double-digit mark at 10.2%. A high fiscal deficit of this magnitude, among other things, would have the tendency to crowd out private investment, push up interest rates, discourage FDI inflows, and suffocate the space for proactive monetary and fiscal policies. CII believes that fiscal deficit during the next financial year should be brought down to around 5%, without jeopardizing the process of economic recovery, which has yet to take a firm footing.



In its pre-budget memorandum, CII has provided a detailed roadmap for reduction in fiscal deficit next year by augmenting revenues and rationalizing expenditures. Among the important measures to augment revenues, CII has suggested widening the base of the service tax, clearing at least a fourth of the over Rs. 2 lakh crores that is believed to be locked up in various disputes and litigations, and undertaking disinvestment to the tune of Rs 40,000 crore. Rationalization of expenditure is suggested through policy measures such as improving the efficiency of expenditure on various social programmes, shifting towards outcome budgeting, creating a third party monitoring cell to ensure proper utilization of funds on social programmes, implementation of long-pending reforms in petroleum prices and subsidies (food and fertilizer), and increasing capital expenditure.

Rationalize Corporate Taxes

Rationalization of corporate tax in certain aspects has the potential to provide a major thrust to the growth momentum in investment, employment and output in the manufacturing sector of the economy. With this in mind, the CII memorandum has



suggested some special fiscal incentives for the entire manufacturing sector. The fiscal incentive could be in line with what was offered to select sectors (setting up

and operation of cold chains, warehousing facilities for storing agriculture produce, and laying and operating cross-country natural gas or crude or petroleum oil pipeline networks for distribution on common carrier principle) of the economy during the announcement of the previous budget.

Tax incentive is also sought to promote the use of advanced technology in the manufacturing sector. With fast growing globalization and competitiveness, technology is becoming increasingly important for firms to survive. It is a well-known fact that technology is changing at a rapid pace and unless we are able to replace assets fast, we cannot match other countries in terms of productivity and market share. The objective of penetrating the use of advance technology in the manufacturing sector to a large extent can be helped by raising the depreciation rates on plant and machinery. At present, the depreciation rate in the case of plant and machinery is only 15%, which should be raised to 25%.

Scope also exists to rationalize the Minimum Alternative Tax (MAT) to promote investment in the manufacturing sector. It may be recalled that MAT was introduced to counter the rapid increase in the number of zero tax companies arising out of tax exemption, deduction and higher depreciation and also widening the tax net. Zero-tax companies are required to pay MAT at the rate of 15%. While there may be some merit for imposition of MAT, it is at the heavy cost of diluting the various tax incentives that are offered to revitalize industry. CII has, therefore, recommended reduction in MAT rates substantially.

Another key recommendation pertaining to corporate taxes relates to the amendments in tax laws that are made with retrospective effect. This has happened in numerous instances, apparently to neutralize the decisions of the appellate authorities, namely ITAT, or High Court, which were in favor of the assessee. Such instances usually result in harassment of the assessee at the hands the assessing officer, besides violating the principles of equity, justice and fair play in payment of taxation. The recommendation is therefore to avoid introducing amendments with retrospective effect.

Encourage Research & Development

In an increasingly competitive and dynamic milieu, R&D expenses determine the lifeline of a business. The Indian manufacturing sector has, however, not been able to spend the desired amount on R&D.



There is hence scope to enhance the level of spending on this through policy intervention. The existing tax benefits under Section 35 (2AB) of the Income Tax Act in the form of 150% weighted deduction on expenses incurred on in-house scientific research to only select sectors have restricted the benefits to just a few industries. In order to encourage all manufacturing companies to undertake in-house scientific R&D facilities and make India an attractive base for R&D, CII has recommended extending the scope of this provision to all sectors of manufacturing for a further period of the next 10 years, if not more.

Boost Exports

Indian exports received a severe jolt from the global financial crisis and went on contracting for a substantial period of time. Though in recent months exports have shown some signs of revival, much of it could be attributed to the low base of the last year.



There is no denying that exports need special attention from the government, especially now when many major importing countries have begun to act a bit protective. Among other key suggestions to boost exports, CII has stressed on extending the time line of the tax benefits available under Sections 10 A and 10 B, which are set to expire at the end of March 2011. While Section 10 A provides exemption from tax for profits derived from software exports by STP, Section 10 B allows deduction from taxable income earned by an EOU from its export sales. To encourage these units to plan ahead and maintain their competitiveness and growth, CII suggests that Budget 2010-11 should consider extending the timeline of tax benefit for at least the next 5 years beyond March 2011.

Encourage Investment in Infrastructure

The quantity and quality of infrastructure directly influences the pace of economic growth and development. In India, both quantity as well quality of infrastructure are woefully inadequate, restricting



the economy from tapping its full growth potential. Limited resources available with the government and lack of interest from the private sector are mainly responsible for this. The long gestation period that is generally

associated with investments in infrastructure requires compensation in the form of attractive fiscal incentives for the private sector to participate in the overall investment process. With this intent, the government has offered several incentives from time to time to boost investment in infrastructure. In one such incentive, it has permitted deduction in respect of profits or gains from industrial undertaking or enterprises engaged in infrastructure development under Section 80-IA of the Income Tax Act. However, the definition of infrastructure facilities is restricted to include only road, bridge or rail; highway projects; water projects and ports and airports. CII feels that the definition of infrastructure facility needs to be broadened to include rural based initiatives, power distribution and transmission projects, power exchanges, telecom service providers, independent infrastructure providers, integrated township and group housing development, LNG import and re-gasification projects, gas transport and distribution, crude and petroleum products pipelines, city gas distribution projects, solar energy projects, hotel industry, etc.

Further, CII has also asked for reinstatement of Section 10(23G), which was deleted by the Finance Act, 2006. This provision allowed for exemption of interest and long term capital gains at the hands of infrastructure capital cos./funds derived from lending/investment made in approved eligible infrastructure projects, development of SEZs, housing projects, etc. The provision was removed on the ground that the interest burden to the companies had come down substantially in the wake of continuous downward movement in the interest rates. But considering that there is once again an upward pressure on interest rates coupled with the fact that government has identified infrastructure as one of the thrust areas, Section 10 (23G) justifies its restoration.

Promote Environment-conducive Technology

In view of the global initiatives on Climate Change and Sustainability, CII has made some specific recommendations to promote the use of green technology. First, considering the fact that installations of energy efficient technologies often involve significant cost, tax credit could be offered at the rate 150% of expenditure incurred on cost and installation of energy saving technologies.



Second, the real estate sector should be targeted for installation of energy conservation/improvement

technologies, which have the potential to generate sizeable gain for the environment. Tax deduction could be extended to individuals undertaking such investment in the house/property they are living in and also to builders who invest in these technologies while constructing green buildings.

Third, tax incentives should be given to persons investing in companies engaged in generation of renewable energy or other such businesses resulting in water efficiency, carbon emission reduction, etc., that would result in higher cash flow to these industries. The benefits could be given by way of tax deduction or reduced rate of capital gain on transfer of shares in these companies; tax free bonds, which may be issued by these companies; etc.

Fourth, to encourage the use of environment-friendly petrol private cars with low emissions and high fuel efficiency, a higher rate of depreciation should be offered to buyers of such cars.

Fifth, the benefits of tax holiday under Section 80IA of the ITA could be extended to the manufacture of advanced energy efficient products and equipment used in solar, wind, and other environment friendly resources.

Sixth, water being a scarce resource, there is a need to introduce measures to ensure its efficient use. Tax credits may be given to encourage water users to invest in (a) the construction of impoundments to use available surface water, thereby reducing dependence on ground water; (b) the conversion from ground water use to surface water use; and (c) land leveling to reduce agricultural irrigation water use.

Retain Key Indirect Taxes at Existing Levels

As a part of its strategy to fight the impact of the global slowdown on the Indian economy, the government last year decided to bring down excise duty from 14 to 8 percent, and service tax from 12 to 10 per cent. These measures yielded significant results as reflected in the recovery of the industrial sector in recent months. Since the process of recovery is still far from complete, CII has suggested to the government to continue with the existing rates of excise duty and service tax. Further, it has recommended continuing with the existing rate of peak

customs duty (at 10 percent) as well. This is necessary to ward off the risk of a surge in imports from countries offering special incentives to revive their domestic industries.

Rationalize some Sector-specific Indirect Taxes

There are numerous cases where the structure of Customs Duty is anomalous - duty rate on furnished products is less than the duty rate on inputs used. CII has asked for removal of anomalies which are present in cases of ferro-alloys, orthopedic implants, petrochemicals and tyres. It also wishes to see Customs Duty being reduced from 5% to nil on non-coking coal (to help power plants, captive power plants and cement), petroleum coke (to help cement and other industries), scrap of copper, zinc and lead (to encourage recycling of these metals) and ferro-nickel (to help alloy steel manufacturers).

As regards sectoral excise duty, CII has drawn the attention of the government to the excise duty on carbon black at 8%, compared to 14% on its input (carbon black feedstock), which has resulted in accumulation of Cenvat credit for the manufacturers of carbon black. A case has thus been made for the reduction of excise duty on carbon black feedstock from a level of 14 to 8 percent. Similarly, keeping in view the forward and backward linkages associated with the automobile industry, the memorandum has asked for reduction of excise duty from 20% to 8% on multi-utility vehicles and withdrawal of specific excise duty of Rs. 10,000 on passenger cars other than small cars.

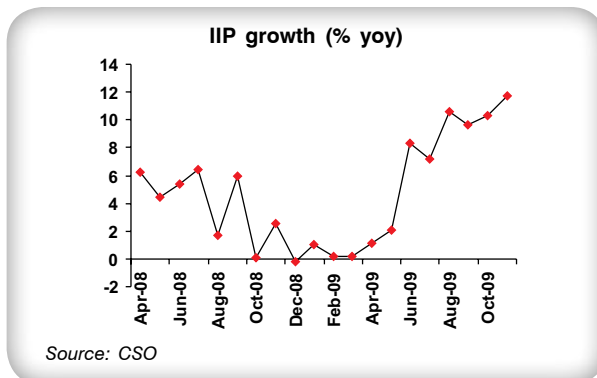
On service tax, CII wants encouragement to be given to construction activities related to all infrastructure projects by way of exemption of service tax. These projects may relate to sectors such as power, sewerage and irrigation, waste treatment plants, water treatment plants, drainage systems etc.

The need for reduction in VAT has been indicated for the natural gas sector. An environmentally preferred source of energy, natural gas, at present, attracts a VAT of 12.5% to 14% in a majority of the states. CII has recommended inclusion of natural gas in the list of 'declared goods' under Central Sales Tax Act to ensure its reduction to a level of 4%. ■



The Economy is Looking Up...

The recovery process has clearly gathered momentum with industrial growth picking up to double digit rates. The Index of Industrial Production (IIP) grew at 10.3% and 11.7% during October and November 2009 and is likely to keep growing at double digits for the rest of the year. Of course, this can be partly attributed to a strong base effect due to the extremely subdued growth rates at this time last year. At this rate, industrial growth will certainly exceed 8.0% in the current year while GDP growth is likely to exceed 7.0%. The RBI has recently increased its baseline projection of GDP growth from 6.5% to 7.5%, in view of the strong trends that are currently visible.

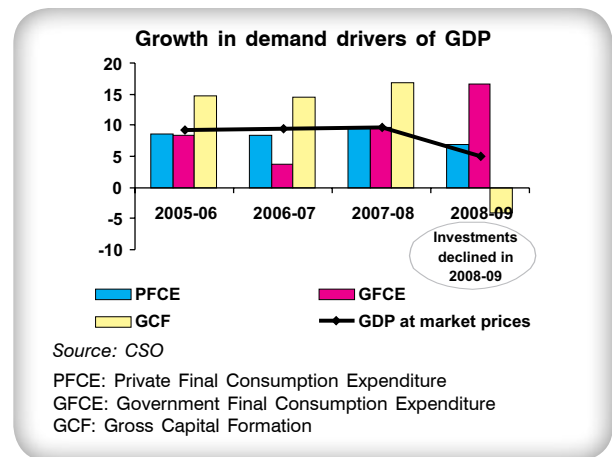


But Challenges Remain...

Even as the current data looks encouraging, the challenge will be to sustain the recovery next year when the positive base effect will no longer remain. Data released recently shows that gross capital formation (GCF) declined by 4.0% during 2008-09. In fact, GCF declined as a percentage of GDP from 37.7% in 2007-08 to 34.9% in 2008-09. For the recovery to gain momentum, it will be critical for investors to regain confidence in the economy and start investing again. While growth has started picking up, it may take a while before investors start expanding capacity to drive up their investments.

The other drivers of demand include the final consumption expenditure of the private sector and

the government (PFCE and GFCE). The growth in PFCE moderated in 2008-09 while GFCE accelerated in order to keep the economy growing. This process will need to be reversed so that private sector spending is encouraged and the government can cut back its spending.



Supportive Fiscal and Monetary Policy

Given the recovery in the economy, there is now much debate about whether it is time to exit from the expansionary stance of both fiscal and monetary policy. The RBI recently announced its third quarterly review of Monetary Policy in which it hiked the cash reserve ratio (CRR) by 75 basis points. Since banks are still flush with funds, this is unlikely to have any immediate impact on banks' lending rates. The Union Budget will take a call on whether some of the fiscal measures taken in the aftermath of the recession last year will be taken away. Most importantly, the government had reduced indirect tax rates and also increased spending on social security schemes for rural areas.

According to CII, fiscal policy must remain supportive of the recovery for some more time. In particular, the reduction in indirect tax rates must be maintained until the new Goods and Services Tax (GST) is introduced later this year. With direct tax collections showing signs of revenue buoyancy and proceeds from PSU disinvestment picking up, it would still be possible to

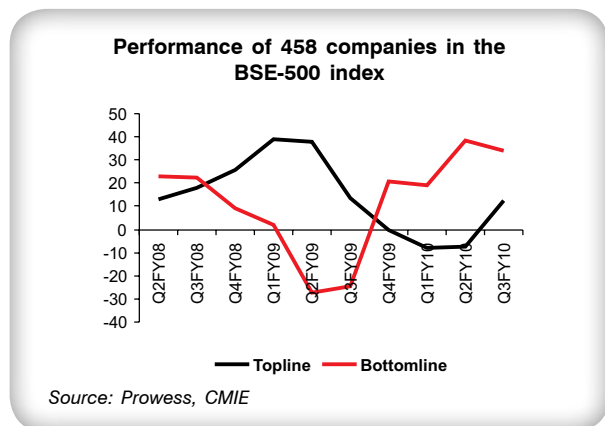
reduce the fiscal deficit to 5.5% of GDP, as articulated by the Finance Minister.

Companies are Seeing Sales Pick-up

The last year has also been a difficult year for companies – the global economy entered a recession, and commodity prices tumbled, resulting in a slide in most companies’ top line growth.

In the quarter ending December 2009, companies’ net sales have just started picking up. The aggregate sales of 458 companies in the BSE-500 index that have declared their results grew by 12.5% in the quarter ending December 2009 after declining for three consecutive quarters. This probably reflects some recovery in volumes as well as prices.

The aggregate profit-after-tax (PAT) of the same set of companies grew at 33.8% in Q3FY2010 compared with a decline of 24.6% in the same quarter of the previous year. The decline in the cost of raw materials and other cost rationalization measures has helped companies to maintain their profitability.



There is a lot of diversity in the performance of companies across sectors. The sectors that have seen the strongest growth in net sales are agriculture and automobiles, followed by sectors such as consumer goods, media and metals which have grown at a fairly strong rate. Sectors where the topline has declined include chemicals, power, telecom, transport and logistics. Growth in the IT sector has remained sluggish for the second consecutive quarter.

With few exceptions, most sectors have shown strong growth in their bottom lines. Four sectors where the bottom line continues to decline are construction, trade, tourism and telecom. In the case of capital goods, both topline and bottomline have picked up from the previous quarter.

Corporate Performance by Sector

Year		Dec 2008	Mar 2009	Jun 2009	Sep 2009	Dec 2009
BSE 500 Index (458)	Net sales (%)	13.7	-0.3	-8.2	-7.3	12.5
	PAT (%)	-24.6	20.8	19.0	38.3	33.8
Agriculture (11)	Net sales (%)	0.0	7.3	11.7	27.6	44.4
	PAT (%)	-48.7	-28.8	125.7	2.9	421.3
Automobiles (13)	Net sales (%)	-17.5	-7.4	3.1	16.3	56.1
	PAT (%)	-72.9	-4.2	24.8	98.0	396.9
Banking & FI (60)	Net sales (%)	31.0	23.3	18.9	10.9	2.9
	PAT (%)	13.4	25.8	50.7	22.9	5.1
Capital Goods (58)	Net sales (%)	10.7	18.8	9.1	1.4	10.3
	PAT (%)	-26.2	0.2	17.2	17.9	43.6
Cement (12)	Net sales (%)	9.7	14.1	22.8	17.3	14.3
	PAT (%)	-25.7	4.2	40.7	68.5	29.9
Chemical (19)	Net sales (%)	76.5	14.0	-2.2	-37.2	-26.9
	PAT (%)	-5.4	-42.7	11.6	0.8	28.7
Construction (42)	Net sales (%)	12.6	9.0	5.2	8.1	19.4
	PAT (%)	-25.0	-44.7	2.8	-11.9	-8.2
Consumer Goods (39)	Net sales (%)	11.3	11.6	11.2	12.8	20.9
	PAT (%)	-24.3	-9.5	24.0	25.4	60.8
Diversified (8)	Net sales (%)	20.3	14.8	7.8	-0.8	7.4
	PAT (%)	-45.3	21.5	-18.2	7.8	51.7
Drugs (23)	Net sales (%)	8.8	11.6	6.3	7.1	11.2
	PAT (%)	-83.4	-48.8	36.7	96.5	75.8
IT (39)	Net sales (%)	24.9	12.2	10.0	2.2	3.8
	PAT (%)	0.7	23.7	36.4	14.8	20.7
Media (19)	Net sales (%)	14.4	-2.1	-4.1	4.4	18.9
	PAT (%)	-85.7	-21.4	-29.0	231.8	798.7
Metals (26)	Net sales (%)	-7.2	-13.0	-15.2	-13.3	28.4
	PAT (%)	-50.8	-41.1	-32.9	-26.5	108.8
Oil & Natural Gas (19)	Net sales (%)	7.1	-15.0	-30.1	-21.7	16.5
	PAT (%)	-41.2	191.9	28.9		35.6
Other Non-Financial Services (8)	Net sales (%)	25.5	24.1	18.9	9.5	21.4
	PAT (%)	8.0	12.0	17.8	-14.1	30.4
Power (16)	Net sales (%)	26.7	7.1	8.3	2.3	-3.1
	PAT (%)	-12.1	-0.8	25.6	-0.2	40.8
Telecom (10)	Net sales (%)	21.9	14.0	6.8	1.8	-1.0
	PAT (%)	-20.4	34.7	23.8	2.0	-12.8
Tourism (5)	Net sales (%)	-16.4	-24.0	-21.9	-18.2	0.6
	PAT (%)	-53.2	-39.0	-57.3	-67.4	-8.0
Trade (12)	Net sales (%)	48.0	-20.9	1.7	-11.5	4.0
	PAT (%)	-25.5	-43.8	-31.5	-27.6	-17.0
Transport and Logistics (19)	Net sales (%)	35.1	-0.3	-7.3	-15.7	-4.4
	PAT (%)	-53.3	9.4	-58.4		51.2

Source: Prowess, CMIE

Forging Global Partnerships to solve Global Challenges

The role of India in global recovery from the economic crisis is being increasingly recognized by top leaders from all over the world and reiterated at various high-profile events. India can be a key partner in addressing global challenges relating to economic growth, global trade, climate change, renewable energy, food security, and development goals, feel stakeholders who have been interacting with India in recent times.



Chairman of the Planning Commission, attended the event along with top business leaders and other stakeholders. The India factor was very much in evidence with Indian media, India-specific sessions, and high-profile participation of Indian thought leaders

at key sessions. The Bollywood-themed India reception was once again among the best-attended by senior corporate leaders.

CII's partnership with global leaders deepened during the last few weeks with a number of events. The 16th edition of CII's signature convention, The Partnership Summit 2010, held in Chennai on 22-24 January, drew interested participants from 26 countries.

Mr Mohamed Nasheed, the President of Maldives, Mr Anand Sharma, Minister of Commerce and Industry, India, and Dato' Mustapa bin Mohamed, Minister of International Trade and Industry, Malaysia, set the tone for the discussions by pitching India as a global leader in the next wave of industrialisation and innovation. Ministers, business leaders, and senior government officials focused on what emerged as the three key themes of this Summit – centrality of emerging countries for the future growth of global trade and investment, the need to develop strong business ties between emerging nations with a special focus on regional integration, and the need for sustainable development.

Following closely, the Annual Meeting of the World Economic Forum at Davos, a much anticipated event, reflected tremendous interest in India as a driver of global growth. A 100 member strong delegation from India led by Mr Kamal Nath, Minister of Road Transport and Highways, Mr Anand Sharma, Minister of Commerce and Industry, and Dr Montek Singh Ahluwalia, Deputy

Apart from these annual events, CII also interacted with many visiting Heads of State and Government keen to do business with India. These included Sheikh Hasina, the Prime Minister of Bangladesh, Dato' Seri Mohd. Najib Tun Abdul Razak, the Prime Minister of Malaysia, Mr Lee Myung-bak, President of the Republic of Korea, Mr. Olafur Ragnar Grimsson, President of Iceland, and Mr Horst Kohler, President of Germany. The recurring theme in all these interactions was the commitment of both sides to expand trade and investment relations. Global leaders are desirous of leveraging India's advantages such as growing markets, expanding knowledge competencies, and many infrastructure and manufacturing opportunities. Technology partnerships and cooperation in emerging sectors are also high on the agenda.

With global recovery well under way, Indian industry is keenly exploring opportunities outside India's shores, and actively proceeding on the globalisation path. CII's many activities and events are the vehicles for such engagement. The pace of activity continued during the first weeks of the new year, as mission focussing on SME and Solar Energy, among other sectors such as traveled overseas, while a number of business visitors from different parts of the world interacted with CII members at various fora across the country.

The Partnership Summit 2010

Twenty - five ministers from overseas, 25 international business delegations, and 289 delegates from 26 countries, joined hundreds of participants from India at the 16th Partnership Summit



Chandrajit Banerjee, Director General, CII, Hari S Bhartia, Vice President, CII, Dato' Mustapa Bin Mohamed, Minister of International Trade & Industry, Malaysia, Anand Sharma, Union Minister of Commerce & Industry, India, and Chairman, The Partnership Summit 2010, Mohamed Nasheed, President, Maldives, M K Stalin, Dy Chief Minister, Tamil Nadu, and Venu Srinivasan, President, CII

Recognising the need for the world to come together to jointly address a host of global issues that have gained urgency over the past year, The Partnership Summit 2010 was themed **'Global Partnerships: Meeting Challenges.'** Jointly organised by the Department of Industrial Policy and Promotion of the Union Ministry of Commerce and Industry, the Government of Tamil Nadu, and CII, the event had seven plenary sessions and five special country lunch sessions, giving participants the chance to engage on a number of issues. Mr Anand Sharma, Minister of Commerce and Industry, India, chaired the 16th Partnership Summit.

"Countries in Asia need India's success, and we all should partner with India in its efforts to take on global challenges," said Mr Mohamed Nasheed, President of Maldives, in his keynote address at the inaugural session. He added that the world is on the brink of the next industrial revolution based on renewable energy and that India is already in the forefront of developing renewable energy.

Dato' Seri Mohd Najib bin Tun Abdul Razak, the Prime Minister of Malaysia, who was confirmed to attend the Summit, had to return to Malaysia unexpectedly.

His special address, read out by Dato' Mustapa Bin Mohamed, Minister of International Trade and Industry, Malaysia, said that there is a huge potential for increasing trade and investment ties between Malaysia and India. Governments must devise policies to make globalization more responsive to issues such as poverty and health. Quoting Nobel Laureate Amartya Sen, he added that any economic activity, including globalisation, should be directed at improving the human condition.

Mr Anand Sharma called for rules-based, fair, equitable multilateral trade agreements that reflect the legitimate aspirations of development of poor and vulnerable economies. He said that the developing countries should re-energise the Doha Round with the next round dedicated to development. Global organisations such as the UN, World Bank, IMF, etc need to represent the world including countries in Asia, Africa and Latin America. The Minister said that there is a need for more cooperation at regional level and that globalisation should benefit all sections of society.

Mr Venu Srinivasan, President, CII, said that the year 2010 should set the agenda for the future, as the world grapples with long term issues, such as climate change, food and energy security. He emphasized that

the economic centre of gravity is shifting to Asia – especially China and India, which will have ramifications for the entire world.

At the session on moving from regional integration to global partnerships, chaired by Mr Michael Yeoh of the Asian Strategic and Leadership Institute, Malaysia, a strong plea for multilateralism was

made by the speakers. Prof Tarun Khanna, Jorge Paulo Lemann Professor, Harvard Business School, stressed that “most trade will happen between the south –south countries.” Developing nations have to tackle problems of financial and talent inclusion, Prof Khanna said, pointing to the need to innovate.

Mr Greg Mills of Brenthurst Foundation, South Africa, was of the view that African countries, to be able to successfully integrate with the global economy, will have to deal with their immense logistical and infrastructure challenges. Highlighting the need to deal with transaction costs, he pointed out that it costs more to send goods within Africa than to send goods from Kenya to China, and stressed the importance of investing in intra-African logistical infrastructure.

Ms Patricia Hewitt, MP, UK, and Chair, UK-India Business Council, noted that big countries like India could participate effectively in WTO negotiations but small developing nations could fall out of the multilateral regime. She made a strong plea for multilateralism, pitching at the same time for European Union like barrier-less trade integration. Mr S Pushpanathan, Deputy Secretary-General, ASEAN, saw no conflict between the various regional processes and the process of globalization. The two were interdependent, he said, pointing to how the global economic recovery was being led by Asia.

Speakers at the session on Investment Security emphasized the need for faster and more systemic policy reforms in India for ensuring greater capital flow and investment security. Several speakers said that FDI flows into India were nowhere near what India needs to finance its infrastructure requirements, despite considerable progress in creating an investment-friendly climate.



Venu Srinivasan, and Dato' Krishnan Tan, Chairman, Malaysia India Business Council, signing the MoU between CII and the MIBC

Mr V Narayanasamy, Union Minister of State for Planning, Parliamentary Affairs and Culture, India, invited greater investment into India, saying that private debt and equity flows into the country have become more significant than official flows. The time has come for India to make bold and rapid strides

in economic reforms, he added.

Mr Abdullah Ahmed Al Saleh, Director General, Ministry of Foreign Trade, UAE, emphasized that technology was opening up new ways of entrepreneurship, and classical economies were being swiftly replaced by knowledge-economies. The key to success was the formation of partnerships between nations that are able to invest in new technology, like the UAE, and countries with a skilled workforce, like India. Mr Arvin Boollell, Minister of Foreign Affairs, Regional Integration and International Trade, Mauritius, said the WTO July framework in Geneva should not be unraveled. He added that issues relating to IPR, fiscal space and agricultural market access needed to be addressed by the WTO, else developing countries would suffer.

Tamil Nadu is keen to partner with private investors in the generation of power, development of sea ports, Special Economic Zones and townships and is soon forming a dedicated project facilitation committee, said Mr Rajeev Ranjan, Principal Secretary, Industries, Tamil Nadu at the special plenary on the state. A low cost production base, lower wage rates and availability of skilled manpower are the key factors that are contributing to the growth of Tamil Nadu, which has become one among the fastest growing and largest economies of India. Mr C K Ranganathan, Chairman, CII Tamil Nadu State Council, said that Tamil Nadu occupies an enviable position among Indian states in industrial development, while senior state government officials presented specific opportunities in the state.

In his keynote address at the Plenary Session on New Trade Routes, Mr Maqbool Ali Sultan, Minister of Commerce and Industry, Oman, talked about the need to complete the Doha Round of negotiations by the end of this year. He also emphasized the need for systematic



G K Vasan, Minister of Shipping, India, Surjit Singh Barnala, Governor of Tamil Nadu, Rt Hon Kirunda Kivejinja, Third Deputy Prime Minister/Minister of Internal Affairs, Uganda, R Seshasayee, Past President, CII, & MD, Ashok Leyland, and Chandrajit Banerjee

South-South Trade, which would reduce dependence on developed markets.

Mr. Dave Ramaswamy, Partner, Allied Ventures, Argentina, pointed out that South America is emerging as a key agriculture outsourcing region of the world and could help feed the world. Mr Nam Viyaketh, Minister of Industry and Commerce, Laos, said that Laos is geo-strategically situated at the heart of a region connecting dynamic economies and was rapidly becoming a transport and logistics hub. He also drew attention to Laos' potential in hydro-power, timber and forest products. Prof. Welshman Ncube, Minister of Industry and Commerce, Zimbabwe, emphasized that Africa has immense untapped natural resources with minerals and agriculture opportunities. "The hurdles for trade in Africa are manifold, challenging and difficult, but there lies a great opportunity in this," he stated.

Addressing a special luncheon meeting on Maldives, President Nasheed emphasised that Maldives would need an investment of \$200 billion in the present year. "Maldives is a small country with big dreams", he said.



'India 2039' was a special plenary session to address how to make the country an affluent one within the space of a single generation. Chaired by Mr Rajiv B Lall, Managing Director & Chief Executive Officer, Infrastructure Development Finance Company, it was addressed by Ms Poongothai Aladi Aruna, Minister of Information Technology, Tamil Nadu. Mr Anil Sood, Co-Editor, 'India 2039: An Affluent Society in One Generation'



Patricia Hewitt, MP, UK, & Chair, UKIBC, Michael Yeoh, CEO, ASLI, Malaysia, Tarun Khanna, Harvard Business School, S Pushpanathan, Dy Secretary General, ASEAN, and Syamal Gupta, Chairman Emeritus, CII Africa Committee & Chairman, CII ASEAN Committee

made a presentation at the session.

The Partnership Summit was wrapped up at an engaging valedictory session. Mr Surjit Singh Barnala, Governor of Tamil Nadu, said that technology development, innovation and research & development are imperative for a nation's growth. Indian companies have to continue their quest for innovation excellence and make innovation part of their DNA. Managements should foster and promote entrepreneurship, new ways of learning and doing within the organization and individual creativity should be recognized and motivated, he noted.

Reading out the speech of Mr Yoweri Kaguta Museveni, President, Uganda, Mr Kirunda Kivejinja, Third Deputy Prime Minister of Uganda, recalled Uganda's long-standing relationship with India, stressing that partnerships are most vital at this time in global history if we are to make headway in meeting the global Millennium Development Goals.

Mr G K Vasan, Minister of Shipping, India, said that India has been fortunate to remain relatively unscathed from the worst consequences of the global recession but the country should remain cautious in its economic management.

Mr R Seshasayee, Past President, CII, said that the three key trends shaping the future of global economy include: shifting of the centre of gravity of economic and political activities to Asia, need for innovation to produce products and services relevant to local countries, and the need for involving individual households in environment protection.



Suneta Reddy, Chairperson, Aircel Cellular Ltd, V Narayanasamy, Minister of State for Planning, India, V Srinivasan, Past President, CII, & Chairman, WS Industries (I) Ltd, Arvin Boolell, Minister of Foreign Affairs, Regional Integration & International Trade, Mauritius, Sharon Bamford, Chief Executive, UKIBC, and Abdullah Al Saleh, Director General, Ministry of Foreign Trade, UAE



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Chandrajit Banerjee, Director General, CII, Anand Sharma, Minister of Commerce & Industry, India, and Suresh Vaswani, Jt CEO, IT Business, and Member of the Board, Wipro Ltd, at the Wipro-CII Bollywood Music Nite

Venu Srinivasan, President, CII, and CMD, TVS Motor Company; HRH Prince Philippe of Belgium and Hari S Bhartia, Vice President, CII and Co-Chairman & MD, Jubilant Organosys, at the CII India Reception

Rajendra S Pawar, Chairman, NIIT Group, & Neeti Pawar, Sunita Kalyani & Baba N Kalyani, CMD, Bharat Forge, Manish Kejriwal, Sr MD, Temasek Holdings Advisors India Ltd, Venu Srinivasan, and Chandrajit Banerjee

CII at

The Annual Meeting of the World Economic Forum (WEF) in Davos, Switzerland, is on the calendar of top corporates the world over. Continuing its agenda of leveraging the Meeting as a platform for building India Brand, CII organised a 100-member strong delegation to Davos led by Cabinet Ministers Mr Kamal Nath and Mr Anand Sharma. Dr Montek Singh Ahluwalia, Deputy Chairman of the Planning Commission and Mr Shyam Saran, Prime Minister's Special Envoy on Climate Change, were other top leaders of the team. An industry delegation, led by Mr Venu Srinivasan, President, CII, accompanied the ministers. Mr Azim Premji of Wipro was one of the Co-Chairs of the Annual Meeting held between 26 -31 January.

The WEF Meeting 2010 was themed 'Improve the State of the World: Rethink, Redesign, Rebuild' and aimed at deriving solutions for the economic challenges facing the world. The CII delegation took forward the message of Dr Manmohan Singh, Prime Minister, at the India Economic Summit in November 2009, which focused on rapid and inclusive growth as part of India's strategy to meet the expectations of a young, growing population and pledged to push the reforms process forward. In all, 42 sessions were addressed by 34 members of the CII team.

The CII calendar of events at Davos 2010 included a reception, three breakfast sessions on Asia's role in rebuilding the global economy, Innovation, and Indian financial market reforms, respectively, the Bajaj Auto Nightcap, and two evenings of Bollywood music. Each of these events drew excellent and enthusiastic response from Indian leaders as well as those interested in doing business with India.

Mr Kamal Nath, Union Minister of Road Transport and Highways, at the session on rebuilding critical infrastructure, said that managing growth is India's most important challenge, as rapid growth has enlarged the infrastructure deficit. Infrastructure is the most important ingredient for inclusive growth, especially roads, he said, pointing out that building 20 km of roads per day will involve \$50 billion in outlay.

A session on the world's expectations from India and its expectations from the world, televised by NDTV

Davos

and hosted by Mr Vikram Chandra, highlighted the challenges of building infrastructure, eradicating poverty and progressing on inclusive growth. The participants, including Mr Anand Sharma, Union Minister of Commerce and Industry, felt that India is capable of meeting global expectations and that the world expects more from this large and rapidly-growing country than it expects from the world. Some of the issues on which leadership is expected from India include the global trade negotiations, energy, climate change and innovation. A survey showed that Indians stress a seat on the UN Security Council as their major expectation from the world.

Addressing a session on 'Rethinking Energy Security', Minister Sharma outlined India's National Action Plan on climate change. He stated that the world needs to work together to develop and disseminate technologies so that the aspirations of billions of people in the developing world can be met effectively, citing India's nuclear energy initiative as a milestone.

At a special session on India's future agenda, the panelists laid stress on investments in physical and social capital. Both agriculture and manufacturing were highlighted, the need for a sustainable Green Revolution and creation of additional jobs taking precedence. The participants suggested that reforms must percolate down to the state level in order to gain traction. At the same time, India should continue on its globalization path, especially in Asia.

Dr Montek Singh Ahluwalia participated in the breakfast session hosted by the Boston Consulting Group on Asia's role in the global economy. The recovery in the world economy was primarily driven by consumer demand, he stated, adding that Asia will soon become a significant contributor to the world GDP. By 2020 Asia's consumption will be USD 21 trillion from the current USD 7 trillion. In comparison, the US market which consumes USD 10 trillion now will add another 5 trillion by 2020. Dr Ahluwalia felt that Asia needs to take leadership in directing the global economy.

Addressing another breakfast session, on Innovation, Dr Ahluwalia advised the audience of India's commitment to putting in place a strong system of IP protections and compliances and of the enormous opportunities in pharma sector in India. ■



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Azman Mokhtar, MD, Khazanah Nasional Berhad, Malaysia; George Yeo Yong-Boon, Minister of Foreign Affairs, Singapore, and Kamal Nath, Minister for Road Transport & Highways, India

Kishore Mahbubani, Dean, Lee Kuan Yew School of Public Policy, Singapore, Hans-Paul Buerkner, Global CEO & President, The Boston Consulting Group, Germany; and Dr Montek Singh Ahluwalia, Deputy Chairman, Planning Commission of India

Rahul Bajaj, Chairman, Bajaj Auto, Prakash P Hinduja, Chairman, Europe, Hinduja Group of Companies, Switzerland, Timothy Beardson, Chairman, Crosby Holdings Ltd, Hong Kong SAR, and Robert L Forbes, President, ForbesLife, USA, at the Bajaj Auto Nightcap



Towards 4% Growth in Agriculture

Although India's remarkable economic growth in recent years has been fueled by the booming services and industrial sector, Agriculture continues to remain the mainstay of the economy from the employment and livelihood perspective. The contribution of Agriculture to the Indian GDP has gone down considerably in the last few years, but it continues to be the largest sector in the country, employing 58% of the population.

One of the key concerns facing both policymakers as well as industry is the stagnation in Indian Agriculture. While the sector had registered an average compound growth rate of 3.5% in the Green Revolution years, it declined to around 2 % in the late 1990s and has almost stagnated thereafter. As per the National Agricultural Policy declaration, a 4 per cent rate of growth in agriculture is a necessary concomitant of 10% per cent GDP growth.

A large part of the debate on Indian agriculture is related to food security concerns. There has been marginal growth in the total area under cultivation in the food grains sector and overall food grains production is stagnating at around 200 million tonnes, leading to short run demand-supply imbalances in food grains availability, inflation and corresponding distorting pressures on policy.

The continuing rise in the prices of major food commodities such as grains, pulses and oilseeds, is a cause for concern. Food prices are also a result of the demand-supply imbalance. A slowdown in the growth of production and more rapid growth in demand in India has contributed to constrained supply of grains and oilseeds over the last decade. There is no greater challenge facing us than the challenge of providing every

person with sufficient food to meet his / her requirement without any adverse impact on the ecological system and mankind, now and in the future.

To ensure that food security and agriculture grows at a sustained 4% growth rate, Confederation of Indian Industry suggests the following areas of interventions:

Seeds

Seed has an important role to play in improving the agriculture productivity of our country. It was high yielding varieties seeds that laid the foundation for the Green Revolution in 1967. Hence, to pave the way for a second Green Revolution in Agriculture, seeds again need the attention of the Government. In the last couple of decades, the private sector has played a key role in developing hybrid seeds in key crops like corn, cotton, and vegetables, as a result of which there have been substantial gains in production. India has become the world's second largest producer of vegetables with the production level of 84 million tonnes; cotton production in India has touched 290 lakh bales during 2009, a surge by 5% as compared to the previous financial year. Appropriate policy support has potential to bring innovative technologies in self-pollinated crops like wheat, pulses and oilseeds to improve the productivity and much-needed food availability. For this, Government needs to take proactive policy measures. These are:

- Regulatory system and support for conducting seed and biotech research required, with clarity around the process for all stakeholders.
- The pending National Seed Bill 2004 should be passed on high priority. To address issues like making the registration of cultivars obligatory, creating a National Register of Seeds, regulating the import and export of

seeds, accommodating new regulations on genetically modified crops, and improving market conditions for private seed companies, as well as its effects on both farmers and seed producers, the National Seed Bill 2004 must be introduced and necessary action should be taken for its implementation.

- **Biotech Approval System:** Currently companies are facing challenges in many states to conduct even research experiments with state university systems. States should be encouraged to continue evaluation of new technologies based on GEAC/RCGM approvals. Secondly, once a biotech product is approved by the central Government, it should not require further approval from states.
- **IPR System:** Enforcement of PVP and IPR laws to protect the interest of innovators.
- **Value-based Pricing System:** It takes 5-10 years and significant investment to develop new seed and biotech products. The pricing of these products should be based on the benefits delivered to the consumer and farmers should be allowed to make purchase decisions based on the value realized by them through different technologies and seeds. Price control measures discourage any further innovation.
- **Improve Seed Replacement Rate (SRR) in self-pollinated crops:** SRR and productivity in the crops where hybrids are possible has climbed dramatically in recent times. For example, vegetables, sunflower, cotton >90% SRR; corn >60% SRR. The government, in consultation with private sector technology providers, must consider appropriate partnering and business models for bringing technologies to self-pollinated crops, such as setting up a facilitating vehicle that can spur investments and availability of seeds and technologies in rice, wheat, soybean and pulses. Alternatively, a system where the government partners with technology providers and rewards them based on the outcome can be another option.

Extension

The Extension system as practiced today has resulted in a huge gap in the knowledge creation and its dissemination to the users. A focused knowledge transfer policy will mobilize private investments and technology sourcing and adoption. Along with strengthening the public sector research system, Public Private Partnership is suggested, by allowing public extension workers to work for the private sector on deputation and as consultants. The need is for:

- **Mobilization of Resources / Funds for Extension Services:** Raise public investment for agricultural extension services, discard the various defective subsidy schemes related to extension services and dovetail them into a single consolidated scheme, making it attractive for private sector to participate
- **Urgent need for convergence of extension services and schemes to eliminate duplication of efforts with multiplicity of agents**
- **Establish a National Body for Extension Services,** named 'National Centre for Extension Services' (NCES) and converge all schemes and programmes under it. Allocate funds from the Government of India's Skill Development Mission / Ministry of Labour, for NCES, as extension services to farmers is also a part of skill development
- **Value Proposition for Stakeholders:** The public-private participation of extension activities under the umbrella of NCES can have a great impact for farmers, government agencies and agribusiness companies. The value proposition derived by each is delineated below:

Farmer's Perspective: Improved quality and productivity, cost effective agronomic solutions, reduced F&V wastages at farm level due to adoption of pre and post-harvest practices, minimization of travel or logistic cost, easy credit at their doorsteps, market access, lower risk through crop insurance, sustainable income and rise in standard of living.



Government Agency's Perspective: Single window clearance, one-stop solution, clear delivery of responsibility, better coordination, superior scrutiny, and avoiding duplication of staff and work.

Agribusiness Company's Perspective: Wider window of product availability, cost efficiency, consistent quality with control over product specifications, improved product shelf life, better interaction with growers, goodwill of farmers

Agriculture Marketing

Efficient agricultural marketing is essential for the development of the agriculture sector, as it provides outlets and incentives for increased production. Agriculture being a State subject, it is the responsibility of the respective State Governments to take necessary steps for reforming marketing structure. To improve marketing systems and market infrastructure, interventions are required in the following areas:

- Amendment of the State APMC Acts in line with the Model Act
- Legislate private buying: Need to allow direct buying from farmers without the requirement of any license
- Plan resources for agricultural marketing should be made available only to the States that have undertaken substantial reforms
- Giving industry status to Agri Marketing
- Agri- products should be zero-rated for GST
- The Government needs to focus on F&V, Livestock and Fisheries (which form 49% of agriculture) to propel agriculture, in which tax is minimum, wastages are high, and we have comparative advantage. So in case there is a problem in making Agri-marketing free for all products (grains etc.) a beginning can be made for F&V.

Food Security for Longterm Competitiveness

The following initiatives are suggested:

- An urgent need is to revamp the MSP policy and make it more market oriented. The objective of food security should be re-engineered by a different food

pricing regime than by the MSP.

- Policy initiatives are required to enhance food grain availability by broadening the base of procurement.
- Food grains should be given through food vouchers rather than PDS, and biometric cards should be issued to BPL families to prevent leakage.
- Issues related to the role of FCI, as also shifting the cereal basket to the water abundant eastern region of the country, need to be mentioned.
- Remove restriction on the movement of all agri commodities all over India and allow future trading of wheat, rice, and corn as well as open export of common rice, wheat and corn.

Others

- In the Fertiliser Sector
 - Decontrol the industry
 - Nutrient-based subsidy with an open MRP, till total decontrol
 - Farmers should have choice to get quality diversified fertilizer products
- Ask for incentives to use the Eastern part of the country for food security. The Private Sector should be allowed to procure from the East, where FCI is not operating.
- To address the issues of land fragmentation, it is required to develop and implement a 'Model' Land Leasing Act which can be adopted by State Governments for providing agricultural land on long term leases to medium large farmers and the private sector, without alienating the owner from the land.
- Palm oil to be declared as a plantation crop: this can help save Forex.
- Any category of fruit crop with a cycle of 12 months should be declared as a plantation crop. ■



Role of the Private Sector in Agri Business

The Maharashtra Government will invest Rs 2000 crores in the Agriculture Sector, announced Dr S K Goel, Principal Secretary (Cooperation & Marketing), Maharashtra, at a round table on 'Doing Agri Business: Opportunities & Challenges,' jointly organised by CII and the Maharashtra State Agriculture Marketing Board (MSAMB), in Mumbai on 9 January.

Highlighting opportunities for the private sector in agriculture, Dr Goel said that a legal framework for contract farming has already been set. He urged Indian industry to initiate value chains in agriculture marketing. The MSAMB has called for qualification tenders to create a modern terminal market complex in Private Public Partnership model in Maharashtra, he said, inviting active participation from the private sector in this.

Mr Anurag Bhatnagar, Director General, National Institute of Agricultural Marketing (NIAM), stressed the urgency to establish terminal markets in the country. Once started, the capacity of these terminal markets will have to be enhanced substantially, considering the agricultural production in the country, he said.

Mr Prasanna K Swain, Director (Marketing) in the Union Ministry of Agriculture, further explained the concept of Terminal Markets and the need for backward linkages.

Mr B Thiagarajan, Chairman, CII Task Force on Cold Chain Development, and President, Blue Star Ltd, spoke about CII's role in the development of cold chain facilities

Session in Tamil Nadu

Mr. P K Swain, addressing a round table on the same

subject in Chennai on 25 January, said that terminal markets are very important for food security and also for equitable and inclusive growth. He pointed out that the cost of agricultural production in India is lower than the world average. More thrust on productivity and post harvest techniques would help the country achieve a leadership position in global agricultural production, he said, calling on the State Government to encourage more private players to venture into agri business, especially in setting up cold chains and market yards.

Mr. Atul Anand, Commissioner, Agricultural Marketing & Agri-Business, Tamil Nadu, said the State Government has so far set up 150 farm markets (Uzhavar Sandhai) across the state, benefiting both the farmers and the consumers. He added that the Model APMC Act has been playing a facilitator role in bridging the farmer and the consumer for mutual benefit.

Mr. B Thiagarajan said the three key areas for CII are seed and seed related issues, infrastructure for fruits and vegetables including transport and storage, and educating farmers on various government schemes, including funding options.

Mr K P T Ganesan, President, Tamil Nadu State Agricultural Marketing Board, called for a market oriented production system in Tamil Nadu. He urged the Government of India to promote small projects costing Rs 1-2 crores, such as setting up market yards, cold storage units, etc in the State, as opposed to big projects, pointing out that the success rate is higher in small projects, which also attract private players as the risk factor is low.



Anurag Bhatnagar, Director General, NIAM, B Thiagarajan, Chairman, CII Task Force on Cold Chain Development & President, Blue Star Ltd, Dr S K Goel, Principal Secretary (Coop & Mktg), Maharashtra, and P K Swain, Director, Union Ministry of Agriculture



K P T Ganesan, President, Tamil Nadu State Agricultural Marketing Board, Atul Anand, Commissioner, Agricultural Marketing & Agri-Business, Tamil Nadu, P K Swain, B Thiagarajan, and Dr. K C Gummagolmathe, Assistant Director, NIAM

Army Air Defence in the 21st Century

The Government of India is further revising the Defence Procurement Procedures in the year 2010, to reduce delays in the procurement process, said Mr AK Antony, Union Minister for Defence, at the **'International Seminar on Army Air Defence'** organised by CII in association with the Corps of Army Air Defence, Indian Army, on 13 January in New Delhi. Mr Antony was the chief guest at the seminar, while Gen. Deepak Kapoor, PVSM, AVSM, VSM, Chief of the Army Staff, was the Guest of Honour.



A K Antony, Union Minister for Defence, inaugurating the 'International Seminar on Army Air Defence' Also seen (L-R) Baba N Kalyani, Chairman, CII National Committee for Defence, Gen Deepak Kapoor, PVSM, AVSM, SM, VSM, ADC, Chief of Army Staff, Guralp Singh, Deputy Director General, CII and Lt Gen Ram Pratap, AVSM, VSM, Director General, Corps of Army Air Defence

Mr Antony said that the Government aims to reduce dependence on imports, which currently stand at 70%. He wanted the public and private sector to work together to explore the ever-expanding domains of defence sector, utilising available resources in a judicious manner.

Mr. Baba Kalyani, Chairman, CII National Committee on Defence and Aerospace, and Chairman and Managing Director, Bharat Forge Limited, called for a level playing field for the Indian private sector vis-à-vis foreign players with regard to the foreign exchange rate variations, issues of taxation structure, facilitating capabilities development for SMEs, etc. He also urged the Government to work out an arrangement to allow prototype import for the benefit of the indigenous industry. Self-sufficiency in a large range of defence equipments will translate in win-win situation for all, he said, reiterating that CII believes the Indian defence industry can rise up to this challenge.

Gen Deepak Kapoor said that technological breakthroughs like attack helicopters, cruise missiles etc. have added new dimensions to aerial defence. Therefore continuous upgradation and revamping of technology and infrastructure is required keeping in consideration the nation's security needs.

Lt. Gen Ram Pratap, AVSM, VSM, Director General,

Corps of Army Air Defence, Integrated Headquarters of MoD (Army) said the years ahead would see upgradation of existing policies, coming of age of defence R&D, etc.

Mr. Satish Kaura, Co Chairman, CII National Committee on Defence & Aerospace, and Chairman, Samtel Group, said that a nation's strength is dependent upon its defence preparedness and its aspirations to become a big player in the political theatre. CII has been working to bring industry and the army on a common platform, he said.

The Corps of Army Air Defence, one of the youngest arms of the Indian Army, plays a vital role in the destruction / degradation of enemy air-power, thereby ensuring defence of vital areas / points in the nation's war efforts. Rapid advances in the field of avionics, stealth capabilities of aerial weapons, coupled with increased precision, lethality and stand off ranges of ammunition, have reduced the effectiveness of the existing equipment held by Army Air Defence in countering such threats.

The aim of the Seminar was to apprise the industry, both national as well as international, of the requirements of the Indian Army in the field of Air Defence and also to obtain inputs on what the industry can offer to enable the preparation of a pragmatic road map for the modernization of Army Air Defence.

CII-KPMG Report

Opportunities in the Indian Defence Sector

The defence industry in India is poised at an inflection point in its expansion cycle, driven by modernization plans, the increased focus on homeland security, and India's growing attractiveness as a 'home market' defence sourcing hub. A joint study by CII and KPMG, titled 'Opportunities in the Indian Defence Sector: An Overview' reveals that Indian Industry is upbeat about the opportunities in defence and aerospace, and eager to grow its industrial capabilities in this space, but is looking to Government to continue its process of developing and fine-tuning the procurement regime and industry drivers for robust and sustainable growth.

India currently procures approximately 70 percent of its defence equipment needs from abroad, but aims to reverse this balance and manufacture 70 per cent or more of its defence equipment in India. While the government has put in place the building blocks to incentivise the growth of a domestic defence industry, the Report identifies three areas where industry is seeking further Government input: the procurement process, the need for a defence industrial strategy for India, and tax and regulatory incentives.

Mr Baba Kalyani, Chairman, CII National Committee on Defence, welcoming the recent amendments to DPP 2008 (Amendments 2009), felt that the provisions incorporated therein would go a long way in encouraging larger participation from Indian Industry.



A K Antony, Union Minister for Defence, releasing the CII - KPMG study on 'Opportunities in the Indian Defence Sector.' Also seen: Gen Deepak Kapoor, PVSM, AVSM, SM, VSM, ADC, Chief of the Army Staff, Baba N Kalyani, Chairman, CII National Committee on Defence & Aerospace, and Satish Kaura, Co Chairman, CII National Committee on Defence & Aerospace

Highlights of the Study

- India is currently the 10th largest defence spender in the world
- India's defence spending has grown manifold since the country announced its first defence budget in 1950, to Rs 1,450 Bn in 2009-10, and is on an upwards trend
- Government is continuing actively to develop and enhance the defence procurement process
- Use of offsets, transfer of technology, FDI and the public and private sector defence industries in India should be brought together in a comprehensive defence industrialization strategy for India
- Changes to the taxation regime would further incentivise the growth of the Indian Defence sector

Mr Marty Philips, Global Head, Aerospace and Defence, KPMG, said, "India is at a hugely exciting juncture in the growth of its defence industry. By leveraging its own major defence procurement cycle and its inherent skills and capabilities, India can use this opportunity to become a major defence production hub for both domestic and global defence systems. Our report with CII highlights the considerable progress made to date by government and industry, and provides a number of pointers to ensure that, going forward, full use is made of the opportunity."

Skilled intensive manufacturing capabilities and a world class IT base give India the right ingredients to become a key link in the global defence supply chain. The outlook is bright, but will require Government's ongoing active management and fine-tuning of policy, regulations, process and fiscal environment to help ensure strong domestic

growth and achievement of self-sufficiency”, said Mr Richard Rekhy, Deputy Chief Executive Officer, KPMG in India.

Mr Gurpal Singh, Deputy Director General, CII, pointed out that Defence production is an opportunity not only for industrial majors in India, but also for a large number of MSMEs, to help the nation achieve the aim of self-reliance in defence production.

The Report cites a few key initiatives that Industry requires to be adopted. These include improving the visibility of the Government’s defence order book, increasing industry’s input and feedback into the RFP process, better predictably and flexibility of the procurement process and reduced bidders’ costs.

The Report also identifies the need for a comprehensive industrialisation strategy for defence, and within this, a holistic approach to the roles of offsets, transfer of technology, FDI and the various public and private industry players. There is also strong support for extending the use of offset credit banking, allowing

offset credit trading, and introducing the use of multipliers. Offset investment requires greater direction by Government, targeting to ensure its full potential benefit is realised.

Transfer of foreign technologies to India is essential for realising the goal of self-sufficiency. Receipt of technology assets under major procurements is currently the exclusive remit of the Defence Public Sector Units. Industry is hopeful that with the DPP Amendment 2009 and its introduction of the Buy and Make (Indian) category, private sector companies will start competing with the DPSUs for technology assets.

The taxation regime is also highlighted for the critical role it can play in developing an environment that incentivises and supports the long term risk taking, investment and R&D required for a nascent defence industry. The report highlights a number of areas for additional exemptions or concessions which could be used for the development of the industry.

India - Italy Defence Industry Roundtable

CII, in association with the Ministry of Defence, and FICCI, organised an ‘India Italy Defence Industry Roundtable’ on 15 January in New Delhi.

The meeting was co-chaired by Mr Satyajeet Rajan, Joint Secretary, Exports, Ministry of Defence, and Maj Gen Claudio TOZZI, Chief of 3rd Department, Armaments Policy, Italian Secretariat General of Defence, National Armaments Directorate. A series of presentations were made by both Indian and Italian defence and aerospace companies.

Regarding the issue that Italian companies insist on security certification from the Government of India for Indian companies before permitting any transfer of technical details or transfer of technology, (which, it was explained, is a security requirement of the Italian government, and not a condition put forth by Italian companies) Maj Gen Tozzi suggested that the issue can be taken up by the industry organisations of India and Italy for the consideration of the Italian government.



Satyajeet Rajan, Jt Secretary (Exports), Ministry of Defence, Maj Gen Claudio Tozzi, Chief of 3rd Dept Armaments Policy, Italian Secretariat General of Defence, and Gurpal Singh, Deputy Director General, CII, with representatives of Indian and Italian defence companies

CII Delegation on Solar Energy to Oman and UAE



Maqbool Ali Sultan, Minister of Commerce and Industry, Oman, and Dr Farooq Abdullah, Union Minister for New & Renewable Energy, India, with members of the Indian delegation



Dr Farooq Abdullah with Members of Indian Business & Professional Council (IBPC), Dubai

A CII delegation of CEOs from solar energy companies accompanied Dr Farooq Abdullah, Union Minister for New and Renewable Energy (MNRE), on his visit to Oman and the United Arab Emirates on 20 and 22 January respectively. The visit of the Minister and the business delegation was focused on apprising the international community about the Indian Government's Jawaharlal Nehru National Solar Mission, and at the same time, inviting international investors to avail of the new opportunities that would unfold following the announcement of the Mission.

At a meeting with Mr Maqbool Ali Sultan, Minister of Commerce and Industry, Oman, Dr Abdullah advised businesses on both sides to undertake joint studies to identify areas and opportunities for collaboration in renewable energy.

Addressing a gathering of investors and businesses from Oman, organised by the Omani Centre for Investment Promotion & Export Development (OCIPED), the Minister stressed the need to promote, strengthen and augment bilateral cooperation between both the countries in clean and green energy.

Ms Gauri Singh, Joint Secretary, MNRE, presented India as an attractive investment destination for green energy opportunities in solar and wind energy, which are the two most prominent renewable technologies being pursued by India and are likely to constitute significant share in India's future energy mix.

Mr Ahmed Al Jahdami, Director, Public Authority for Electricity & Water, Oman, and Mr Pankaj Khimji, Chairman, Oman India Joint Business Council, also addressed the gathering.

In Oman, the delegation also interacted with Mr Sayyid Tarik Bin Shabib Al Said, Chairman, Environmental Society.

Dr Abdullah addressed a session on 'India: The Unfolding Green Paradigm' organised by the Indian Business Professional Council of Dubai (IBPC) on 22 January in Dubai. Ms Gauri Singh highlighted opportunities for increased business collaboration between the two countries in the solar and wind energy sector. Other distinguished speakers included Mr Talmiz Ahmad, Ambassador of India in UAE, Mr Paras Shahdपुरi, President, IBPC, Dr G M Bajpai, Vice President, IBPC and Mr Mirza Al Sayegh, Patron, IBPC.

The members of CII-CEO delegation accompanying Minister Abdullah included Mr Inderpreet Wadhwa, CEO, Azure Power; Mr Ameet Shah, Co-Chairman & Director, Astonfield Renewable Resources Ltd.; Mr V Saibaba, CEO, Lanco Solar; Dr Tariq Alam, CEO, Punj Lloyd Delta Renewables; Mr Rabindra Satpathy, President, Solar Business – Reliance Industries Ltd.; Mr James Abraham, MD & CEO, Sunbourne Energy; Mr Sreedhar Pothukuchi, Associate VP, GMR Group; and Mr Asghar Ali, President, Punj Lloyd Ltd.

Indo-Sweden Collaboration in Healthcare

The Confederation of Indian Industry organized an interactive session with a visiting delegation from Sweden, in partnership with the Swecare Foundation on 1 February in New Delhi. The Swecare foundation, a semi-governmental and non-profit organization is Sweden's official export promotion organization for healthcare and life sciences.



Interactive session with Swedish Delegation on Healthcare and Medical Technology

medical technology industry.

The discussions were opened by Ms. Karin Johansson, Deputy Health Minister, Sweden, and Dr. Anupam Sibal, Group Medical Director, Apollo Hospitals Group. The interaction united

A strong Swedish delegation led by Mrs. Maria Larsson, Minister of Public Health and Elderly Care, Sweden, along with the top management from major healthcare and medical technology companies visited India from 31 January – 3 February. The delegation interacted with their Indian counterparts from the healthcare and

representatives from research, public and private sectors in a discussion on common healthcare challenges and potential solutions within the focus areas of pharmaceuticals, e-health, infection control, and healthcare management.

The delegates discussed common challenges for the healthcare sector and explored opportunities for future collaborations to promote and strengthen areas of mutual interest. ■

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Tackling Property-related Issues of NRI/PIOs

A number of solutions have been found to safeguard the interests of NRIs and PIOs investing in India and are being implemented soon, said Mr Salman Khurshid, Union Minister of State for Corporate Affairs and Minority Affairs, allaying the concerns of investors at a seminar on **'Property-related Issues of NRI/PIOs'** held on 7 January during Pravasi Bharatiya Divas in New Delhi. The Pravasi Bharatiya Divas was organised by the Union Ministry of Overseas Indian Affairs jointly with CII and the Government of NCT of Delhi.

Property records are being

progressively computerised. The Wakf Board records would also be computerised in a year and a half, added Mr Khurshid, assuring that a viable solution has been found to safeguard the interests of investors in Maytas Properties. All they need is cash flow to finish the project and two major infrastructure companies have come forward to help the Government in this regard, he said.

"While we are undertaking initiatives to facilitate easier access for NRIs and PIOs to their property in India through changes in laws at the State levels, we look at you to help in designing greater, comprehensive institutional mechanisms through your experiences in the developed countries. You are doing a great job in other countries, come and do something here. Invest in intellectual property, which can do wonders for India's inclusive growth," the Minister urged.

Mr Vayalar Ravi, Union Minister of Overseas Indian Affairs, said the property related problems of NRIs and PIOs are basically of four types: inheritance and succession, landlord and tenant relationship, registration of properties and new investments, and non-delivery by builders. "As property laws differ from state to



state, consultation meetings have been organised with all the states. Most states have responded positively by establishing individual departments or cells to deal with NRI issues," he said.

Indian legislature needs to come out with composite legislation to deal with the problems of the nearly 30 million Indian diaspora living in 130 countries abroad,

to avoid them from importing judgments from foreign courts to India for implementation of their rights, declared Dr Justice A R Lakshmanan, former Chairman, Law Commission



Prof Bimal N Patel, Vice Chancellor, Gujarat National Law University, Dr. A Didar Singh, Secretary, Ministry of Overseas Indian Affairs, Salman Khurshid, Union Minister of State for Corporate Affairs & Minority Affairs, Vayalar Ravi, Union Minister of Overseas Indian Affairs, and Dr. Justice A R Lakshmanan, Former Chairman, Law Commission of India

of India. "No special fast track courts exist in most states with high NRI populations to settle these matters expeditiously. A fresh proposal should be mooted to set up such courts as soon as possible, he said.

While complimenting the government on the considerable progress made in the past seven years on the issue, Justice A M Ebrahim, Retired Judge of the Supreme Court of Zimbabwe said, "As an NRI, I am encouraged with the assurance of two Ministers that comprehensive planning is being done to avoid the difficulties faced by NRIs involving themselves in commercial enterprise and investments in India." He called for a separate court process to fast track the issues faced by NRIs in relation to investments made in India.

Comparing the property laws of various countries, Prof Bimal N Patel, Vice Chancellor, Gujarat National Law University urged the government to initiate legally feasible relief measures to maintain the confidence of NRIs in the Indian polity and legal & judicial system. The immediate measures could include a compendium of applicable laws, setting up of fast track courts and amendments in Rent Acts of various states, he suggested.

India Needs World-class Roads: Kamal Nath

India deserves world class roads and we are committed to building them, declared Mr Kamal Nath, Minister of Road Transport & Highways, in New Delhi on 14 January. In his inaugural address at the National Seminar on **Concrete Highway Projects**

organised by CII and the Department of Industrial Policy and Promotion, Government of India,

Mr Kamal Nath said that if the highways programme of India looks at incremental usage of concrete, then the cement industry in India must assure adequate capacity and supply, as the additional demand from new roads projects is considerable.

Noting that the sector was doing well, the Minister said, "there is a need to have at least 20,000 km of work-in-progress to be able to attain 20 km of road building capacity per day or 7000 km of roads a year." This is a huge challenge for the government and industry, and translates to approximately USD 50 billion of investments every year, he added. Highlighting the importance of using the latest in improved technology and processes, he said "Let us do things differently."

Mr Brahm Dutt, Secretary, Ministry of Road Transport & Highways, said the government's National Highways Development Project (NHDP) aimed to at build 6 and 8 lane highways in the next 4-5 years costing over USD 80 billion, with an equal amount to be spent on road projects at the state level.

He announced that the government would implement its greenfield project of building 16,000 km of expressways at an investment of USD 100 billion once sufficient progress is made in the current National Highways projects. This project would be routed through the BOT mode, and concrete applications would be a considerable part of the project. Mr Dutt said the Government's road building programme is formidable and offers considerable opportunity to all stakeholders including cement manufacturers. He added that Expressways can be built mostly with cement, but quality and supply must maintain paramount standards.



Kamal Nath, Union Minister of Road Transport & Highways addressing. Also seen (L-R) Paul Hugentobler, Member of the Executive Committee, Holcim Ltd, Dr. Shiraz Tayabji, Senior Consultant, Fugro Consultants Inc, Brahm Dutt, Secretary, Ministry of Road Transport & Highways, and Sumit Banerjee, Chairman, CII Cement Industry Division, and MD, ACC Ltd

Dr Shiraz Tayabji, Senior Consultant, Fugro Consultants, USA, said that India has made good progress in road building, adopting new techniques, technology and equipment usage. He cited the advantages of concrete pavement projects over bitumen applications, saying the world can no longer afford to shut down roads for repairs.

There is at present a renaissance in concrete roads, observed Mr Paul Hugentobler, Member, Executive Committee, Holcim Ltd. With cement as a raw material maintaining its price level over the last couple of years as compared to asphalt, the cost difference between concrete and asphalt roads is narrowing, he said. He urged the government to invest more money in developing concrete road systems and reaffirmed the readiness of the cement industry to contribute meaningfully to India's concrete road projects. "India has achieved air and telecommunication connectivity. Now to push growth, the country must achieve physical connectivity through roads for connecting urban and rural areas", he said.

Mr Sumit Banerjee, Chairman, CII Cement Industry Division, and Managing Director, ACC Ltd pointed out that barely 40% of total road length is surfaced and much of this is of questionable quality. Only a paltry 2 per cent of total road length in the country is made of concrete, the rest is made largely of bitumen. Concrete roads have a life cycle of 50 years and also help save 15% in fuel consumption. Citing norms in Europe, Mr Banerjee said, "With fly-ash based cements, it is possible for concrete roads to be cost competitive and environment friendly. Concrete roads can also play a useful role in the gainful deployment of a waste pollutant like fly-ash." ■

**RETAIL
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CII National Retail Summit

The National Retail Summit, with the theme, 'Modern Retail: Towards Sustainable Growth and Profitability' was based on retailers clearly identifying their path to profitability by creating learning organizations and adopting sustainable business models. The Summit was held on 12 January in Mumbai.

The Union Government is coming out with a series of initiatives to increase the share of modern retail in the country, said Mr Subodh Kant Sahai, Union Minister for Food Processing Industries, who was the Chief Guest. He said the Government plans to upgrade 70 cities in India to metros with all modern facilities by 2012.

"With the amendment of the Agriculture Produce Market (APMC) Act, farmers would become the largest beneficiaries. With 70 percent of our population dependent on agriculture, this would also get in third party investors interested in Retail to support the farmers," he said.

Mr Sahai felt that the growth of the food processing industry is directly linked to the growth in retail industry. "Fourteen percent of the growth that comes for the food processing industry is directly linked to retail. There was a time where tomato and potato growers would leave their produce wasting in the markets because it was more costly to take it back. But with progress in the food processing industry, things are changing. The political mindset also has to undergo a transformation in viewing the Retail business as directly benefitting the farmers and providing opportunities for Agri-business," he stated.

Mr Sunil Dattatraya Tatkar, Minister for Finance and Planning, Maharashtra, pointed out that the Indian economy had survived the economic meltdown thanks to the resilience in consumption patterns. "In the past 4 years, there has been a 75 percent increase in consumer spending," he said. Expressing concern over rising food prices, he urged manufacturers and retailers to get together to pass on the benefits of bulk purchases to the consumers.



B S Nagesh, Vice-Chairman, Shopper's Stop, Subodh Kant Sahai, Union Minister for Food Processing Industries; Thomas Varghese, Chairman, CII National Committee on Retail, and CEO, Aditya Birla Retail Ltd.; Sunil D Tatkar, Minister for Finance & Planning, Maharashtra, and Puneet Avasthi, Vice President, IMRB

Mr Tatkar assured the industry representatives of the state's keenness to make Maharashtra a model state for pioneering the Indian Retail movement.

Mr Sahai and Mr Tatkar also released the 'CII-IMRB India Consumer Confidence Report 2009' on the occasion.

The report, explained Mr Puneet Avasthi, Vice President, Retail, IMRB, examines the impact of the economic slowdown and consumer outlook in terms of shift in consumption in value and volumes. It indicates that consumers hold on to spends in basic necessities - groceries and apparel, while cutting down on investments and expenditure in the entertainment and lifestyle categories.

The report finds that "the consumer is willing to trade off quality as prices increase for milk products, edible oil, staples, spices, pulses and processed foods. It indicates huge potential in products like tea and coffee, and fruits and vegetables as consumers are looking for better quality here, even as the prices increase. For personal care products, consumer continues to seek quality but manage their budget through portion control and management of volumes," Mr Avasthi said.

Profitability in the retail industry is not possible without sustainability, said Mr B S Nagesh, Vice Chairman, Shoppers Stop Ltd. "The margins are wafer thin and the costs are escalating", We also need to understand why, when manufacturing can happen for 24 hours and 365 days a year, we can't we have a similar pattern for retail", he said.

Mr Thomas Varghese, Chairman, CII National Committee on Retail, and Chief Executive Officer, Aditya Birla Retail Ltd explained that Indian Retail has the potential to reach net worth of \$535 billion by year 2013 from the current \$410 billion. Modern retail, employs 700,000 people today, making it the third largest employer after agriculture and textiles, with the potential to employ around 6.8 million people by 2018," he said. Mr Varghese pointed out that, other than creating jobs, Retail is also one of the largest tax payers to the government. "The sector today has reduced the proliferation of adulterated goods in the economy and ensured a supply of quality products," he added. ■

India Business Travel Conference

CII and SATTE joined hands to organise the **India Business Travel Conference** on 28 January in New Delhi as a companion event of SATTE 2010, with a view to create new stimulus in the travel and tourism business by synergising their efforts.

Mr Ankur Bhatia, Managing Director, Amadeus India Pvt Ltd, in his welcome address, stressed on the future of Corporate Travel and highlighted the needs of the new age business traveller, the role of technology and the innovation which is driving the business travel to new scales across the globe.

Mrs Jyotsna Suri, Chairperson & Managing Director, the Lalit Suri Group, in her theme address, mentioned that India as a country is not geared up for Business Travel, particularly Meetings, Incentives, Conventions and Exhibitions (MICE) travel, as the infrastructure is not up to mark.

The Panel on 'Price Vs Value – maintaining a balance in the current environment' brought together key travel managers from the corporate world as well as representatives from the supplier side. The discussion, moderated by Mr Dinesh Chauhan, former Asia Pacific Head of Philips, spanned emerging trends in travel buying and expense management, corresponding strategies, best practices and key takeaways to manage an effective and efficient travel programme. The panelists concluded that while there were cost pressures, value was the prime driver of travel programmes.

The panel discussion on 'MICE Boom – Are We Ready?'

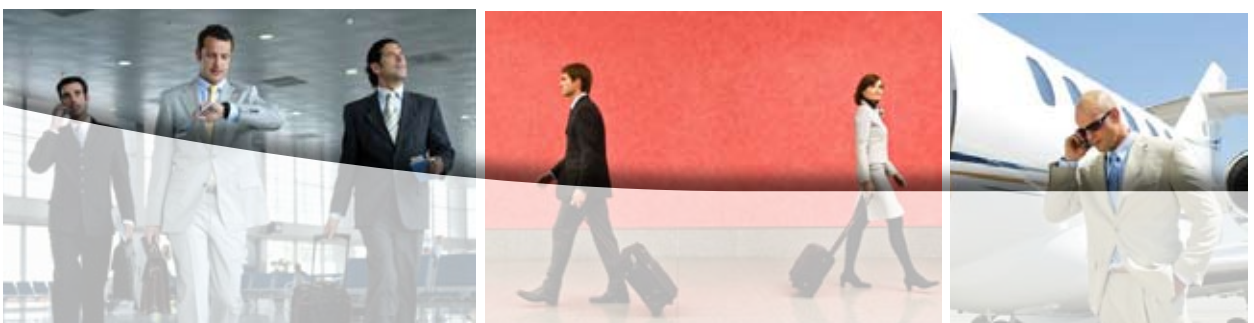


Jyotsna Suri, CMD, The Lalit Suri Group, Ankur Bhatia, Managing Director, Amadeus India Pvt Ltd and Navin Berry, Chief Coordinator, SATTE

'was moderated by Mr Ashok Fenn, Corporate Advisor, Interglobe. The discussion highlighted the challenges faced in consolidating and growing this segment.

It was recognised that India currently attracts a very negligible share of US \$ 300 billion global MICE market. Limitations of infrastructure such as convention and meeting centres and hotels, and the high cost of travel are largely responsible for this situation. It was believed that both private and public partnership is required to get India its fair share of this very lucrative tourism segment.

In terms of Domestic and Outbound MICE, it was felt that corporate buyers have an opportunity to structure their MICE programmes on a timely basis if they are to reap full benefits towards motivation and enhanced productivity of employees, as well as recognition and high sales from channel partners. Similarly, suppliers and travel agents can better leverage the MICE opportunity with specialist staff and MICE - focussed offerings. In conclusion, all participants agreed that while all segments of the value chain are not ready, there is an immense opportunity to quickly come up to speed and extract value for all stake holders. ■





CII
Confederation of Indian Industry

LM THAPAR
Centre for Competitiveness
for SMEs



Trichy SME Cluster Launched



SME Cluster launch in Trichy

The CII L M Thapar Centre for Competitiveness launched a cluster comprising of 10 Small and Medium sized suppliers of Bharat Heavy Electricals Limited (BHEL) on 6 January in Tiruchirapalli.

Mr A V Krishnan, Executive Director, BHEL, noted that the current business models and practices may not be enough for scalability. Hence, there is a strong need from industry for introducing structured approaches and systems to equip employees to create solutions continuously. He said quality can be achieved only by creating a strong culture within organizations for which all must move from competition to cooperation.

Mr Krishnan described CII's Cluster Approach as a comprehensive model that could be absorbed by SMEs to stay competitive. He committed that BHEL would be glad to fine-tune its internal systems and processes in line with what cluster members implement through CII's programme.

Avon Advance Cluster

The Avon Advance Cluster successfully completed its advance level with a formal closure ceremony on 22 January in Ludhiana. The cluster was launched in December 2008 when companies, having already undergone the learnings of the Basic level cluster, committed to move forward to achieve higher level of excellence in

manufacturing through CII LM Thapar Centre for Competitiveness for SMEs. The advance cluster exposed the participants to a superior level of global practices. The participating companies were encouraged and enabled to be on their own path of self-sustained rapid progress. The success of the Cluster is evident from the fact that the companies together achieved savings of Rs 182 lakhs and generated 1573 Kaizens in the process.



Advance Cluster closure ceremony in Ludhiana

Energy Management

Energy conservation practices have acquired top priority in the present context of acute power shortage and global environmental compulsions, requiring Industry to take up the latest trends in using energy efficiently. Energy Conservation offers an excellent opportunity to reduce operating energy costs to remain competitive.

A two-day Advanced Training Programme on Energy Management' from 28-29 January in Chandigarh, discussed energy saving techniques with the latest case studies and practical examples.

7 QC Tools- A Way to Problem Solving

The training programme on 7 QC Tools A Way to Problem Solving on 22 January in Chandigarh updated the participants on the advantages of the popular Seven QC tools, which are used by quality-conscious companies throughout the world for improvement of products and processes. They form the fundamental foundation for all problem-solving and quality control activities and are also an important element of Lean Manufacturing.



Training programme on 7 QC Tools in Chandigarh

CII-Godrej Green Business Centre

Workshops on Building Simulation

The CII-Indian Green Building Council (IGBC) in collaboration with the National Renewable Energy Laboratory (NREL), US organized a series of two-day software training workshops on 'Energy Simulation' at Hyderabad, Chennai, Mumbai and New Delhi.

The objective of the workshops was to introduce EnergyPlus to users who are familiar with the basic concepts of HVAC systems and energy simulation.

The course covered the mechanics of using EnergyPlus with an emphasis on basic concepts that provide a foundation for more advanced applications.

The target audience included LEED facilitators, architects, designers, HVAC consultants, mechanical engineers, building engineers/researchers and thermal engineers.

Earlier, a week-long training programme on EnergyPlus was conducted from 7-11 December at NREL, Denver.

Cleantech Mentoring Workshop

New Ventures India (NVI), in collaboration with with TiE



Participants at the Energy Simulation Workshop in New Delhi

Bangalore and CIIE, Ahmedabad, organized a one-day workshop on CleanTech businesses on 28 January in Bengaluru.

The workshop aimed to create robust CleanTech businesses that combine entrepreneurial energy, professional expertise and sagacious advice to have serious growth and revenue potential. ■

leadership

CII-Suresh Neotia Centre of Excellence for Leadership

Decision-Making and Taking Ownership

In a world where the dictates of uncertainty rule, it is important for a successful business professional to know how to effectively deal with them, by fine-tuning problem solving, decision-making and ownership taking skills.

In an effort to help professionals handle such unforeseen pressures, the CII-Suresh Neotia Center of Excellence for Leadership organised a workshop on 'Decision Making and Taking Ownership' on 16 January in Kolkata. Sharpening emotional quotient for better decision making and the value of creative thinking were also discussed.

Execution – Getting Things Done

Many organisations are plagued with the dilemma of reaping unexpected results despite having all the ingredients in place such as brilliant leadership, talented



Workshop on Decision-Making and Taking Ownership

workforce and an excellent product or service coupled with a compelling business model. It is vital therefore to link the organization's goal with that of the employees, to eliminate the gap between what needs to be done and getting it done.

The Centre attempted to bridge this disconnect through its 'Workshop on Execution' on 28-29 January in Kolkata. The workshop focused on ways to link the three core processes of any business –the people process, the strategy and operation process and the ability to execute. It also dwelt upon the necessity to mesh strategy with reality and align people with goals to achieve the desired result through real time cases.

The seven leadership behaviors, people placement and operational challenges were also discussed at the workshop. ■

CII Charts New Directions in Food Safety & Quality



Uttam Chatterjee, Chairman, CII Expert Group on Food Safety & Quality and K. Rajeswara Rao, Jt Secretary, Ministry of Food Processing Industries, releasing the Compendium: World Food Day - Pan India Celebrations

The Expert Group on Food Safety & Quality of CII's Institute of Quality in its first meeting for the year 2010 on 19 January, under the chairmanship of Mr. Uttam Chatterjee, set down new directions in the area of Food Safety and Quality.

Mr. K. Rajeswara Rao, Joint Secretary, Ministry of Food Processing Industries, who was Chief Guest, released the CII publication 'Compendium: World Food Day - Pan India Celebrations, Food Safety & Quality for All, 16 October, 2009' which documented the celebrations across 36 cities, that touched over 65,000 citizens !

Mr. Rao shared the main focus areas of the Ministry of Food Processing Industries in the area of Food Safety & Quality for 2010, based on which the Expert Group identified the thrust areas of 2010, to be reviewed every quarter. These are Food Safety awareness campaigns, and instituting a reward and recognition process for the food sector industries.

The Expert Group comprises of technical experts from companies like Hindustan Unilever Ltd, Coca Cola, Britannia, GlaxoSmithKline, DS Group, Abdulla Foods Ltd, Aditya Birla Retail, Bharti DeMonte, Dominos Pizza, Solae Company, Tata Tea Ltd and others.

CII-IQ's significant and successful contributions in 2009, included the first Food Cluster getting ISO 22000 certification, the first capability building programme on Food Safety & Quality for noon meal organizers in Tamil Nadu, pan-India celebrations on World Food Day and the 4th Food Safety & Quality Summit.

Food Safety Initiatives in Agartala

In order to ensure economic sustainability of street food vendors on the one hand and safe and hygienic food to the consumers on the other, the Ministry of Food Processing Industries (MoFPI) has formulated the Scheme of 'Upgradation of Quality of Street Food.' The scheme has two components.

- Safe Food Towns
- Upgradation/ Establishment of Food-Streets in cities of tourist importance

The Safe Food Towns project seeks to

- Provide an identity to street food vendors in the unorganized sector and bring them into the national mainstream
- Provide economic sustainability to the street food vendors
- Upgrade quality and safety of processed/unprocessed street food
- Improve the hygienic standards of street food
- Promote clean, safe and good sanitary food service at affordable rates in urban areas

The Food Safety & Quality team of the CII Institute of Quality worked closely with the MoFPI to formulate the scheme, including conducting the baseline survey, comprehensive plan and 14 Point Check on Food Safety for Street Vended Food.

Towards implementing this project, the Agartala Municipal Council (AMC) invited CII to deliver a lecture on Food Safety and Quality Upgradation of Street Food. CII, while presenting an overview of the MoFPI Street Food Project, proposed an implementation strategy to AMC. The AMC has requested CII-IQ in the interim to train some identified trainers on Food Safety & Quality.

For more information on this project please contact K Debnath, Counsellor, CII-IQ at k.debnath@cii.in

Food Safety Campaign at Kidex



Quiz Competition on Food Safety at Kidex

CII Eastern Region organised Kidex, a three-day carnival and exhibition, for school-going children in Kolkata from 31 December to 3 January. Awareness Session was conducted by CII-IQ. There was a display of CII-IRCTC Food Safety posters and distribution of Food Safety booklets /reading material to create widespread awareness on this subject among school children. An on-site 'written quiz competition' was one of the key attractions.

SMEs to Anchor Indo-Czech Trade

Enterprise to Enterprise cooperation will be the backbone of India-Czech bilateral trade and investment in the years to come, said Mr Dinesh Rai, Secretary, Union Ministry of Micro, Small and Medium Enterprises (MSME), India, at his meeting with Mr. Milan Hovorka, Deputy Minister for Industry & Trade, Czech Republic, in Prague, on 13 January. Mr Rai also highlighted the tremendous scope for expansion in the Indian markets, pointing out that 54% of the Indian population is below the age of 25 years, making India a very young nation, with great potential for efficiency, productivity and competitiveness.

Mr Rai led a SME mission to the Czech Republic from 12 – 14 January, organised by CII, in association with the Union Ministry of MSME, and the Embassy of India in the Czech Republic, to explore the vast untapped two-way trade between the Czech Republic and India. The mission had a five-point agenda:

1. Increase bilateral trade and investment with particular emphasis on SMEs, between India and the Czech Republic
2. Understand the opportunities for Indian SMEs in the businesses they represent vis-à-vis the scenario in Czech Republic
3. Trade and enter into strategic business alliances with counterparts - SMEs/ OEMs/ aftermarket suppliers in both and/or third countries
4. Promote Technology and Science links between India and Czech Republic
5. Facilitate learning about capacity building and innovation among SMEs in the Czech Republic

The CII SME delegation interacted with the Economic

Chamber, Czech Invest, Czech Technical University, and the Association of Small and Medium sized Enterprises and Crafts of the Czech Republic.

Some of the new initiatives that are being contemplated, as a follow-up to the visit of the SME delegation include the Global R&D Conclave, proposed to be organised by CII, with the active engagement of Czech Invest and the Czech Technical University along with a group of Czech companies, the Ministry of MSME and the Embassy of India, in the Czech Republic. This initiative will help bring together industrial users and R&D organisations of the two countries, as well as provide new opportunities for engagement between the SMEs in the two countries.



CII SME delegates with Dinesh Rai, Mission Leader & Secretary, Ministry of MSME (2nd from left) and D P Srivastava, Ambassador of India in the Czech Republic (3rd from left) in Prague



CII SME delegates with D P Srivastava, Dinesh Rai, Milan Hovorka, Deputy Minister of Industry & Trade, Czech Republic and Alexandra Rudysarova, CEO, Czech Invest

After a decline in bilateral trade last year. due to the global economic slowdown, the graph has started going up again. Bilateral trade in October 2009 was 36% higher than in February 2009. Czech exports to India increased by 69% during this period, while Czech imports from India showed an increase of 5%.

The CII SMEs delegation included entrepreneurs from the telecom, textile, light engineering, optical fibre cable, machine components, and castings industries. The delegates, during their business-to-business meetings, interacted with their counterpart organisations from the Czech Republic, to market their products and explore opportunities for joint ventures, collaborations and technology transfers.

Report of the Task Force on MSMEs

The role of micro, small and medium enterprises (MSMEs) in the economic and social development of the country is well established. The MSME sector is a nursery of entrepreneurship, often driven by individual creativity and innovation. This sector contributes 8 per cent of the country's GDP, 45 per cent of the manufactured output and 40

per cent of its exports. MSMEs provide employment to about 60 million persons through 26 million enterprises. The labour to capital ratio in MSMEs and the overall growth in the MSME sector is much higher than in the large industries. The geographic distribution of the MSMEs is also more even. Thus, MSMEs are important for the national objectives of growth with equity and inclusion.

The MSME sector in India is highly heterogeneous in terms of the size of the enterprises, variety of products and services produced and the levels of technology employed. While one end of the spectrum contains highly innovative and high growth enterprises, more than 94 per cent of MSMEs are unregistered, with a large number in the informal or unorganized sector. Besides the growth potential of the sector and its critical role in the manufacturing and value chains, the heterogeneity and the unorganised nature of Indian MSMEs are important aspects that need to be factored into policy making and programme implementation.

CII, along with the representatives of 19 prominent MSME associations met the Prime Minister on 26 August 2009 to highlight their concerns and issues regarding MSMEs. The Prime Minister announced the setting up of a Task Force to reflect on the issues raised by the associations and formulate an agenda for action within a period of three months after discussions with all stakeholders. Accordingly, a Task Force under the chairmanship of the Principal Secretary to the Prime Minister was constituted to address the issues of the MSME sector.



Major Issues for MSMEs

- Lack of availability of adequate and timely credit
- High cost of credit
- Collateral requirements
- Limited access to equity capital
- Problems in supply to government departments and agencies
- Procurement of raw materials at a competitive cost
- Problems of storage, designing, packaging and product display
- Lack of access to global markets
- Inadequate infrastructure facilities
- Low technology levels and lack of access to modern technology
- Lack of skilled manpower for manufacturing, services, marketing, etc
- Multiplicity of labour laws and complicated procedures associated with compliance of such laws
- Absence of a suitable mechanism which enables the quick revival of viable enterprises and allows unviable entities to close down speedily
- Issues relating to taxation, both direct and indirect, and procedures thereof.

The Task Force classified the common issues into major thematic areas and constituted separate sub-groups for detailed examination. These thematic areas covered

1. credit
2. marketing
3. labour
4. rehabilitation and exit policy
5. infrastructure, technology and skill development
6. taxation

A separate sub-group was also constituted to look into the development of MSMEs in the North-East and Jammu & Kashmir. Each sub-group examined the specific issues over a series of meetings, and

after detailed deliberations with all the stakeholders, including MSME associations, submitted their reports to the Task Force. The recommendations of the previous committees, working groups and study groups, which are relevant in the current context, have been taken into consideration by the Task Force and its sub-groups.

Summary of Recommendations

The following measures are suggested to provide relief and stability to MSMEs, especially in the aftermath of the recent economic downturn.

Measures for Immediate Action

1. The government should extend, for a further period of one year, beyond March 31, 2010, the components of the 'stimulus package' which are specific to MSMEs.
2. The government should ensure strict adherence to the stipulated targets by the commercial banks for micro enterprises (viz. 20% year-on-year growth for micro and small enterprises lending with 60% apportionment for micro sector).
3. A separate fund may be created with SIDBI, using the shortfalls, if any, against the MSE credit targets set for the commercial banks. This fund named 'Special Fund for Micro Enterprises' should be utilized exclusively for lending to the micro enterprises.
4. A Public Procurement Policy for MSMEs as envisaged in the Micro, Small and Medium Enterprises Development Act, 2006 may be introduced at the earliest. The policy may set a goal for government departments and PSUs to reach, over a stipulated period, a target of at least 20% of their annual volume of purchases from micro and small enterprises (MSEs), and mandate them to report their achievements in this regard in the annual reports.
5. The Offset policy of the government, particularly in the defence and aviation sectors, should give priority to MSMEs. A permanent guidance mechanism under the Raksha Utpadan Rajya Mantri (RURM) with Secretaries of Defence Production, MSME and Civil Aviation and CEOs of Defence PSUs should be considered for this purpose.
6. The government should earmark additional public spending to the tune of Rs. 5,000 -5,500 crore over the next 3-5 years to specifically target deficiencies in the existing infrastructure and institutional set up. These funds may be used to:

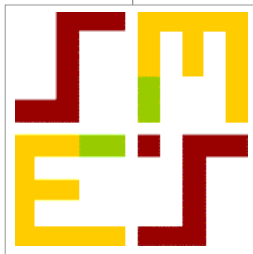
- (a) support the establishment of Rehabilitation Funds in the States for the revival of potentially viable sick units
- (b) assist MSMEs in the acquisition and adaptation of modern clean technologies as well as creation of Technology Banks and product-specific Technology Development Centres
- (c) promote establishment of business incubators in educational institutions of repute
- (d) renovate existing industrial estates and develop new infrastructure for the MSME sector, with sustainable urban governance Mechanisms
- (e) re-engineer, strengthen and revitalize District Industries Centres to enable them to play a more active role in advocacy and capacity building for MSMEs and, as appropriate, in their rehabilitation
- (f) strengthen NSIC's equity base for enhanced market support to MSMEs
- (g) up-scale the existing programmes of entrepreneurship and skill development targeted at MSMEs.

It is further recommended that while the detailing of the schemes would be done on the basis of further examination, to avoid procedural delays in implementation of these schemes, a line entry may be incorporated in the Annual Plan 2010-11 of the Ministry of MSME.

7. The government should take steps to create an overall enabling environment using appropriate legal and fiscal instruments, to incentivize the transition of MSMEs from the unorganized to the organized sector as well as for their corporatization as entities. It should also encourage higher investments for innovative and knowledge based ventures as well as for research and development through greater partnership between the industry and academic institutions.
8. The on going exercise to introduce a new Direct Tax Code and GST should specifically seek to achieve these policy objectives through appropriate provisions for graded corporate tax structure, tax pass through for angel and venture capital funds, and incentives for R&D.

Medium Term Institutional Measures

The overall approach suggested above should be accompanied by institutional changes and detailing of programmes, to be achieved within a year or so. These include:



1. Government should set up an independent body at the national level for the promotion and development of MSMEs. This body may provide financial and managerial support for setting up industrial estates/common facilities in partnership with the private sector, administer schemes for the unorganized sector, promote technology development (including clean technologies), provide marketing support and coordinate and disseminate information relevant to MSMEs.

Currently, the Development Commissioner (MSME) is the focal point for all policy matters, formulation of various promotional and developmental schemes as well as channelizing certain incentives and subsidies to the MSME sector, the Small Industries Development Bank of India (SIDBI) is the principal financial institution for financing and related promotional and development work for MSMEs, while the National Small Industries Corporation Limited (NSIC) has been set up to facilitate MSMEs in procurement of raw material and helping

in marketing of their products. In addition, various Ministries/ Departments of the Government have promotional policies and developmental schemes for the MSMEs in their specific sector. The proposed independent body could use the existing structures of these organizations with appropriate changes in their charter and mandate. The experience of other countries with such institutions (such as the Small Business Administration in the United States)

may be considered while deciding on the mandate and structure of the national-level institution.

2. As institutional re-building is an intricate, we suggest that an Expert Group may reflect on this and come up with suitable recommendations on the structure and mandate of this body within a time frame of three months and submit these to the Prime Minister. This Expert Group may be headed by a Member, Planning Commission, and comprise of the Deputy Governor, RBI; Secretary (MSME); Secretary (DFS); DC (MSME); CMD SIDBI; and CMD NSIC.

3. A Standing Review Committee under Member (Planning Commission) should be set up to monitor flow of credit to the MSME sector and its apportionment to the more vulnerable sections like micro enterprises and the unorganized sector.

4. Government should encourage Micro Finance Institutions to form self-help groups and finance micro enterprises in unbanked/identified excluded rural/ semi-urban areas at reasonable rates. Banks may also be encouraged to formulate schemes for refinancing loans taken by the MSEs from non-institutional sources/ money lenders.

5. Financial outreach is likely to prove an effective means to formalize the unorganized sector. Suitable incentives, including tax concessions, should be extended to MFIs to encourage them to work as business correspondents and business facilitators for banks to service micro enterprises.

6. The District Industries Centres (DICs) should be strengthened with modern IT-enabled communication facilities and re-training of their human resources. As the DICs form the bedrock of MSME promotion, they should be urgently strengthened, revitalized and transformed to play a more active role in advocacy and

capacity building for potential and existing entrepreneurs. Wherever viable, active involvement of the private sector for revamping the DIC network should be considered. Such re-engineering of the DICs may be supported by the Central Government.

7. States should be supported by the Central Government to set up Rehabilitation Funds and operationalise appropriate schemes for the rehabilitation of units temporarily rendered sick due to

circumstances beyond their control. It is recommended that the state governments may establish a mechanism at the district level, in the DICs, to reexamine the viability of sick units in coordination with the banks and implement rehabilitation packages in a time bound manner.

8. It must be ensured that the rehabilitation package is made binding on all stakeholders, including banks and financial institutions. The RBI/Finance Ministry should issue necessary orders in this regard so that discretion at the field level, whether by the field formations or by banks is ruled out.

9. The government should infuse industrial estates which are currently in a state of decay and neglect, with fresh capital and upgrade them to 'Industrial Townships'. This concept has constitutional recognition, and will permit effective municipal administration and a



single-stop mechanism for the provision of municipal services.

10. New clusters for MSEs should be created to meet the requirements of planned development and growth, consistent with the policy of progressively organizing the MSEs. Development of new infrastructure for the MSME sector should be substantially augmented with the government stepping in with viability gap funding to encourage private sector participation.

11. Government should strengthen the NSICs equity base to give a demand side impetus to MSME enterprises in addition to the preferential procurement and volume stipulations enunciated earlier. This shall help remove bottlenecks in procurement of raw materials and also step-up marketing support and provide better backward and forward linkages to the sector.

12. Government should consider earmarking funds to the tune of Rs. 1500 crore, within the enhanced investment package proposed above, to support clean technology initiatives of different Ministries involved with MSME growth, particularly in the context of the National Action Plan for Climate Change (NAPCC). This amount should be utilized by up-scaling existing schemes or by evolving new schemes to assist existing MSMEs in acquisition, adaptation and innovation of modern clean technologies as well as the creation of a Technology Bank/product specific technology centres to enable them to move up the value chain.

13. The concept of business incubators in educational institutions of repute should be encouraged by setting aside Rs.1000 crore within the overall package.

Legal and Regulatory Structures

The legal and regulatory structures and provisions affecting the MSME sector that should be taken up in the medium term (1-3 years) are as follows:

1. Government should expedite the establishment of a 'SME Exchange' which is already under consideration.
2. Workable legal options should be developed for the securitization of 'trade credit receivables' and for the promotion of 'factoring services'.
3. Wide publicity should be given to new formats like Limited Liability Partnerships and Single Person Companies, which provide MSMEs with an interim solution in the move from the informal to the formal economy.
4. The insolvency legislation should be comprehensively reviewed in recognition of the reality of the global market where enterprises continuously

get created and destroyed.

5. Labour laws should be simplified, especially those applicable to MSMEs, since the transaction costs for complying with these laws are disproportionately high for these units.

While some steps have been taken by the Labour Ministry in this regard, we recommend that a single and comprehensive legislation for MSEs with 40 workers may be worked out. At the same time, keeping in view the large size of the unorganized sector within MSMEs, the labour related issues for this sector should be focused more on welfare rather than legislation by, inter alia, use of the recently promulgated Unorganised Workers Social Security Act, 2008.

North-Eastern States and J&K

While the Government has introduced special packages and policies for the NER and J&K, there have been intra-state and intra-regional asymmetries in utilization which need to be looked into by the respective state governments. Additionally,

1. Some modifications in the capital subsidy scheme should be made, so as to allow MSMEs to avail of subsidy for their expansion.
2. The budgetary provisions which have been reportedly inadequate to meet subsidy claims under these schemes may be supplemented so as to clear all pending claims for MSEs up to 31.3.09.
3. The J&K Government has been demanding that the incentives available for MSMEs in the State be brought on par with the modified NEIIPP of NER. This demand appears to have some merit. The J&K package may be enhanced and brought at par with the modified NEIIPP of NER for MSMEs.
4. A fund of Rs.100 crore within the corpus may be earmarked for implementing a special rehabilitation package on easier terms for identified sick units in J&K.

Conclusion

None of these measures will work unless their implementation status is monitored regularly at the highest level. The issues are simply too diverse to be handled by a single line Ministry. The Task Force accordingly recommends the establishment of the Prime Minister's Council on Micro and Small Enterprises in the Prime Minister's Office which may oversee implementation of these recommendations on a half yearly basis. The Ministry of MSME shall be the servicing arm for the Council. ■



Development Initiatives

CII Pavilion at Tripura Fair



L.K.Gupta, Principal Secretary, Industries & Commerce, Tripura, Matlab Ahmed, President, Indo Bangla Chamber of Commerce & Industries, Jitendra Chaudhury, Industries Minister, Tripura, Manik Sarkar, Chief Minister of Tripura, Dipankar Chatterji, Chairman, CII North East Council, Pabitra Kar, Chairman, TIDC, Anisul Haque, President, SAARC Chamber of Commerce & Industries, and V. G. Jenner, Director, Industries & Commerce, Tripura

The CII Industry Pavilion at the 20th Tripura Industries and Commerce Fair, with a special focus on the 'Development Initiatives' of CII, was inaugurated by Mr Manik Sarkar, Chief Minister of Tripura, in Agartala on 30 January. Besides promoting member companies from within and outside the State, an effort was made to showcase the craftsmanship of specially-abled persons at the Pavilion. Mr. Jitendra Chowdhury, Industry Minister, Tripura, Mr Pabitra Kar, Chairman, Tripura Industrial Development Corporation and Mr L.K. Gupta, Principal Secretary, Industries and Commerce, Tripura, were also present at the inauguration.

Mr Sarkar urged CII to assist the State Government in organizing vocational training programmes in schools and colleges of the State. He also called on the Confederation to play a more proactive role to bring in investment, more so with the opening up of transit facilities with Bangladesh. The recent pacts signed during the visit of the Bangladesh Premier Sheikh

Hasina have ushered new hope for Tripura as the next attractive destination for investment in the North Eastern Region, he said, with the most important factors being the permission to use the Ashuganj and the Mangla port, access through Chittagong port, and power sharing agreements between the two countries. The event marked the renewal of ties between Bangladesh and Tripura, he said.

CII made a special effort to display the craftsmanship of specially-abled persons at its Pavilion. The products, mainly prepared by disabled persons working under the guidance of the Abhoy Mission, an NGO with support from Ministry of Social Justice and Empowerment, ranged from handicrafts to terracotta items.

The Pavilion was well represented by companies from sectors such as electrical engineering, construction, and surveillance systems, as well as IT and telecom service providers, and handloom and handicrafts from West Bengal and Assam.



Manik Sarkar at the CII Industry Pavilion

Re-greening Degraded Lands

This Report, a CII policy intervention for the next generation sustainable business, proposes that the Corporate Sector be allowed to invest on a large scale in raising technology-based industrial plantations (4 million hectares in the next 10 years in the country) on available degraded revenue/private/forest land through a partnership arrangement. This is an independent report prepared by CII in association with international and nationally acclaimed institutions. The report focuses attention on the fact that our Forest Policy 1988 does not involve the Corporate Sector in re-greening degraded lands.



The proposal is based on the rationale that State Forest Departments neither have adequate financial resources nor enough back-up to establish plantations on these lands. Further, this proposal would support the Government's committed goal of raising at least 3 million hectares of plantations annually to meet the country's requirements of forest products as outlined in the National Forestry Action Plan (NFAP). Currently, due to fund constraints, only 30% of this target is being met. At the same time, it would supplement the Government's Joint Forest Management Programme (JFM) which is directed to meet the country's requirements for fuel wood, leaf fodder and timber. The advantages of this endeavour are manifold, as it would:

- Assure sustained additional annual rural employment of 320 million person days out of which nearly 70% jobs would be created for women. This is most important as the Government seeks to generate more employment opportunities.
- Provide fuel wood, leaf fodder, small timber and grasses to the rural poor for their livestock, and thus release the pressure from natural forests. This would also promote biodiversity conservation, while helping to meet the industrial timber needs of the country.
- Improve the productivity and fertility of degraded lands in India, thus improving local environment and soil and water conservation.
- Help in 're-generating' the rural landscape: The plantations would work as 'carbon-sinks' and the scope

for carbon trading may bring about an opportunity for forestry to the private sector, in which massive international resource transfer is expected.

- Promote self-reliance in timber and wood-based products in India, reducing the foreign exchange burden that is rising sharply due to increase in imports.

Further, such a proposal addressing the two critical issues

of improvement in the quality of environment and rural unemployment would be achieved through private sector investment, freeing Government resources for other socially-oriented programmes. One way to do this could be leasing out a portion of the degraded forest land to the paper industry to take care of the apparent contradictions arising out of India simultaneously signing the Convention on Biodiversity and the World Trade Organization Protocols.

The paper industry has to play a proactive role in changing its perceived role from that of 'opportunism' to one that makes it accountable towards ensuring the well-being of the nation. At the same time, the State has to shed its inhibitions of looking at forests only from the perspective of conservation and consider the importance of increasing the productivity of land under forests as well.

The report presents a projection of the benefits that may accrue to the different stakeholders if around 1.2 million hectares of degraded lands are leased out to the paper industry. In all, the total benefit works out to be well above Rs. 10500 crores per year ! These gains are in addition to the prospective gains in the form of water and soil conservation, protection to the existing forests and the consequent protection of our gene pool therein.

Such a 'trinity' — strong bondage of partnership across Community, State and the Private sector — will go a long way in opening up the space for a fruitful private-public partnership in re-greening the country and motivate such collaborations in other sectors of the economy. Such joint intervention needs to be undertaken with urgency, to restore the productivity of these lands through plantations before they become permanently degraded and cause irreparable damage to our environment and rural landscape. ■



Africa

South Africa

The CII – India Business Forum, South Africa, met for the first time this year on 29 January in Johannesburg, to welcome Mr. Vikram Doraiswami, the newly appointed Consul General of India, Johannesburg.

Mr. Raman Dhawan, Chairman IBF-South Africa highlighted the progress of the IBF over the last two years, as a useful instrument to give a voice to Indian businesses in South Africa.

The Consul General felt that IBF represented India Inc very well and would serve as a point of lobbying, collating



and sharing information on trade and investment. He shared his thoughts on ways to strengthen the IBF platform in South Africa, and urged the Forum to take the India Brand forward.



Raman Dhawan, Chairman-IBF, South Africa and Vikram Doraiswami, Consul General of India, at an interactive session in Johannesburg

East Asia

China

China became the world's second largest economy in 2009, surpassing Japan. China raised its growth forecast for 2008 to 9.6% from 9%, which took the total to over \$4.6 trillion. China also became the world's top exporter in 2009.

Urban-Rural Income Gap

Per-capita disposable income of urban residents in China reached 17,175 yuan in 2009, up 8.8%, compared to 5,153 yuan of rural residents. The income ratio between urban and rural residents in 2009 was 3.33:1, compared to 3.31:1 in 2008 and 2.56:1 in 1978.

ODI set to top \$42 billion

China's annual overseas direct investment (ODI) from non-financial sectors is expected to top \$42 billion in 2009. Non-financial ODI in the first nine months stood at US\$32.87 billion, up 0.5% year on year. China reported \$64.77 billion of business in overseas-contracted projects in January to November, up 37.5% from the corresponding period last year.

Biggest Auto Market

China overtook the US as the biggest auto market in 2009 as car sales last year soared to 10.3 million and total vehicle sales are estimated at 13.6 million. This represents growth of about 45% from 2008. US sales

of cars and light trucks plunged 21% in 2009 to 10.4 million. It was the first time any country bought more cars than Americans.

Economic Indicators

GDP	Up 8.7% to 33.5353 trillion yuan (\$ 4.89 trillion)
CPI	Down 0.7%
Retail sales	Up 16.9%
Industrial output	Up 11%
Fixed-asset investment	Up 30.1%
PPI (Dec 2009)	Up 1.7%
PPI	Down 5.4%
Premium income	Up 13.8% to 1.11 trillion yuan (\$162.52 billion)
SOEs growth	14.6%
SOEs profit	797.72 billion yuan (\$116.8 billion)
Forex reserves	\$2.4 trillion at the end of 2009
China's fiscal revenue	\$1 trillion
FDI	Down 2.6% to \$90.03 billion
Foreign trade	Down 13.9% to \$2207.27 billion
Exports	Down 16.0% to \$1201.66 billion
Imports	Down 11.2% to \$1005.60 billion
Trade surplus	Down 34.2% to \$ 196.06 billion

Machinery Sector

Both output and sales values of China's machinery industry exceeded 10 trillion yuan (\$1.46 trillion) in 2009. Output value reached 10.75 trillion yuan, up 16.07% and the sale value was 10.48 trillion yuan, up 16.11%. From January to November last year, the sector's profits reached 581.6 billion yuan, up 22.8%.

Hot Money Flow

China attracted a total of \$48.7 billion of 'hot money' in December, the largest amount in eight months. China's foreign-exchange reserves rose \$10 billion in December alone.

India-China JEG Meeting



J J Shrikhande, Chairman, CII India Business Forum China, Anand Sharma, Minister for Commerce & Industry, India, and Chen Deming, Commerce Minister, China, in Beijing

India and China held a Joint Economic Group meeting in Beijing on 19 January. Mr Anand Sharma, India's Commerce Minister, who led the Indian delegation, also met Chinese Premier Wen Jiabao.

At the Joint Economic Group (JEG) meeting with Mr Chen Deming, Commerce Minister of China, Mr Sharma asked China to relax trade barriers on projects and IT imports as well as on a host of other products to cut down the trade imbalance between the two countries, which was loaded in favour of China. Mr Sharma also asked for more landing rights to Indian TV channels, Indian films and removal of restrictions on import of Indian rice and vegetables. Chinese leaders, including premier Wen Jiabao, indicated to Mr Sharma that Beijing was prepared to revise its overall approach to trade with India.

China-India Trade & Investment Cooperation

On the sidelines of the JEG meeting between the Commerce Ministers of India and China, the China

Chamber of Commerce for Import & Export of Machinery & Electronics Products, with the support of CII and other Indian associations organized the 'China-India Trade & Investment Cooperation Forum' in Beijing on 19 January. Mr Chen Deming, Commerce Minister, China, Mr Anand Sharma, Minister of Commerce and Industry, India, and Mr Gu Chaoxi, Vice Governor of Yunnan, addressed the forum. Dr Rahul Khullar, Secretary, Commerce and Industry, India, and Dr. S. Jaishankar, Indian Ambassador to China, also attended the forum, which attracted more than 400 participants, including over 60 representatives from Indian business and government. A 35-member CII delegation led by Mr J J Shrikhande, Chairman, CII India Business Forum China, participated in the event.

Mr Sharma stated that, as two large countries with rapid economic growth, India and China had made great contributions to the recovery of the world economy. Both shared common interests and similar standpoints and closely cooperated on many international issues. Mr Sharma said bilateral trade has been growing at an impressive rate and is expected to touch \$ 60 billion in 2010. However, he called for concerted efforts for reducing the trade imbalance, which was heavily skewed towards China. Mr Chen invited businessmen of both countries to discuss the theme of 'Innovation, Development, Cooperation and Win-win.'

China, India Annual Defence Dialogue

China and India resumed annual high-level bilateral talks on defence issues, on 6 January. Senior defence officials from India accompanied Mr Pradeep Kumar Defence Secretary, to China. The two sides agreed on many issues of mutual concern, including 'regional security, and relations between the two militaries,' according to a press release issued by the Ministry of National Defence, China.

Huawei Invests in India

Huawei Technologies Co of China plans to make telecom equipment in India and invest \$500 million over the next five years to set up a research hub in Bangalore to tap the potential of the 3G market in India. Huawei's Indian unit plans to add 5,000 employees to its existing 2,000-strong labour force in Bangalore.

Japan

Japanese Budget

The Japanese government has submitted a record-high 92.30 trillion yen general account budget for fiscal 2010 to the Diet.

Bank of Japan holds Interest Rate

The Bank of Japan left its key interest rate unchanged at 0.1% to overcome deflation. At the same time, it upgraded its growth forecasts slightly, predicting that the economy would shrink 2.5% this financial year before rebounding 1.3% next year.

Wholesale Prices Fall

Japanese wholesale prices in 2009 fell a record 5.3% from 2008. The prices, gauged by the central bank's corporate goods price index, stood at 103.0 against the 2005 base of 100.

China – Japan Trade

China has emerged as Japan's top export market, surpassing the United States for the first time since World War II. Although exports to China in 2009 dropped 20.9% to 10.24 trillion yen, China became the largest purchaser of Japanese products because exports to the US plunged by a whopping 38.5%, mainly due to the worldwide economic contraction.

Foreign Trade

Japan's trade surplus rose 36.1% from a year earlier to 2.81 trillion yen - the first increase in two years. Total exports in 2009 posted a 33.1% drop from a year earlier, while imports fell by 34.9%. A huge fall in shipments of motor vehicles, iron and steel products, and semiconductors, pushed down overall exports in 2009. Motor vehicle exports fell especially steeply by 51.3%.

Car Output down 30%

Domestic production at Japan's eight major car makers in 2009 fell by about 30% in 2009, showing the global slump in the automobile market impacted both exports and domestic sales in Japan.

South Korea

President Myung-bak Visits India

Mr Lee Myung-bak, the President of South Korea, paid a four day-visit to India from 24-27 January. He was the Chief Guest at India's Republic Day celebration this year. Prime Minister Manmohan Singh held talks with President Lee Myung-bak on a wide range of bilateral, regional and global issues, including the intensification of economic ties, UN reforms and cooperation in civilian nuclear energy, defence and civilian space technologies.

The two sides inked four accords after the talks - related to cooperation in peaceful uses of outer space, IT, science and technology for the year 2010-12 and transfer of sentenced persons. India and South Korea



Lee Myung-bak, President of the Republic of Korea, (right) with Anand Sharma, Minister of Commerce & Industry, India, and Venu Srinivasan, President, CII

also agreed to set up a fund of \$10 million (with each side contributing \$5 million) to promote bilateral research ventures, increase bilateral trade to \$30 billion by 2014 and accelerate cooperation in areas like combating maritime piracy and joint development of military hardware.

Addressing captains of Indian industry and trade at a Business Meeting on 25 January in New Delhi, the Korean President urged the Indian Government to look at Korea's expertise in civil nuclear energy production and strike mutually beneficial collaborations in developing India's nuclear energy capabilities, and make the sector globally competitive. He urged Korean companies to invest in India's growing economy and Indian companies to turn their attention to Korea.

Mr. Anand Sharma, Minister for Commerce and Industry, India, pointed out that India has become a major investment destination with a huge market for automobiles, consumer electronics, areas that Korean companies excelled in.

Mr. Venu Srinivasan, President, CII, in his welcome address, suggested setting up of dedicated trade and investment promotion agencies in each country to bridge the information gap regarding procedures and regulations faced by potential businesses. These agencies could target Tier 2 and 3 cities in India, which were thriving centres of entrepreneurship and a few promising sectors could be short-listed for targeted intervention, including automobiles, telecom, electronics and electrical machinery, textiles, leather and pharmaceuticals, he suggested.

Bank of Korea

The Monetary Policy Committee of the Bank of Korea decided to maintain the Base Rate at its current level (2%) for the inter-meeting period. Domestic economic

activity has continued on a recovering trend, which is expected to be maintained.

IT Sector Posts Surplus

The national trade balance in South Korea's IT sector posted a \$58.97 billion surplus, the second highest IT trade surplus in Korea's history.

FDI

FDI in Korea fell 1.9% year on year to \$11.48 billion in 2009. The manufacturing sector saw a growth of 23.9%, while FDI in the service sector dropped 9.5% to \$7.59 billion, mainly due to declining investment in the finance and insurance sector. Greenfield investments saw an increase of 11.4%, but FDI through mergers and acquisitions slid 23.8%. While large-scale investments in excess of \$100 million posted an increase of 32.8 percent from 2008, new investments fell 9.1% compared with 2008 levels.

Investment in Tech Research

South Korea plans to invest billions of won in research to develop competitive home-grown technology. The Ministry of Education, Science and Technology will spend 354.9 billion won (US\$316.0 million) this year - an

increase of 18% over 2009 -- to expand know-how in nanotechnology, biotechnology, technology convergence and energy.

Agriculture, Food Sector R&D

South Korea plans to spend 5.9 trillion won (US\$5 billion) on farming and food industry R&D by 2014 to build up its capabilities in this sector. The Ministry for Food, Agriculture, Forestry and Fisheries said the injection of funds starting in the new year could help push up the country's overall capabilities in the agriculture and food processing sectors to 82% of developed economies, from just 67% at present.

Trade Surplus Hits Record High

South Korea's trade surplus hit a record high in 2009 as exports recovered faster than expected after the global recession. The trade surplus of \$40.4 billion last year was the largest ever since 1998.

Per-capita GNI

South Korea's per-capita GNI is expected to exceed US\$20,000 this year, helped by an economic recovery and the Korean currency's strength.

South East Asia

Australia

The Performance of the Manufacturing Index by the Australian Industry Group and PricewaterhouseCoopers increased by 2.5 points to 51 in January 2010, just above the 50 point level which indicates expansion. There was renewed demand in the housing and resources sectors, especially for businesses involved in construction materials, transport equipment, petrol and coal products.

However, Ms Heather Ridout, Chief Executive, Australian Industry Group, said there were still some areas of weakness, with employment falling for the first time in three months. The largest falls in employment within the manufacturing sector were in food and beverages, textiles, clothing and footwear. According to her, manufacturing is still a long way from recovery, with output in the sector having fallen by 7.8 per cent in the year upto September 2009, and with around 80,000 jobs lost from the sector in 2009.

The index also shows that while export levels were up in January, the high Australian dollar continues to restrict growth.

Mr Graeme Billings, Global Head of Industrial

Manufacturing with Pricewaterhouse Coopers, said despite continued improvement in the broader economy, manufacturers are finding revenue growth a major challenge.

Malaysia

Dato' Seri Mohd. Najib Tun Abdul Razak, Prime Minister of Malaysia, addressing a business meeting in New Delhi on 20 January, invited Indian companies to invest in biosciences, ICT and education, in Malaysia, and raise funds from the capital market in his country. He also proposed a year-end deadline for concluding the Malaysia-India Comprehensive Economic Cooperation Agreement (CECA). The CECA, he said, would spur additional bilateral trade and investment, as well as create jobs, investment and economic opportunities for the people of the two countries. "On our part, we will do all that is necessary to fast-track negotiations for this purpose," Dato' Razak declared.

The Malaysian Prime Minister proposed a bilateral CEOs Forum from both countries to identify new areas of cooperation between India and Malaysia. He said that Malaysia intended to improve its visa regime to facilitate the travel of business persons and tourists to



Dato' Seri Mohd Najib Tun Abdul Razak, Prime Minister of Malaysia, with Subodh Bhargava, Past President, CII, in New Delhi

the country. He also called for improving connectivity through additional flights to both countries and elsewhere around the world.

Mr. Subodh Bhargava, Past President, CII, and Chairman, Tata Communications Ltd. said there is vast scope for robust exchanges between the two countries in infrastructure development and knowledge industries. Higher education, he said, was a major area of cooperation and mutual recognition of qualifications could be a part of the proposed CECA.

CEO's Round Table

Dato' Seri Mohd. Najib Tun Abdul Razak visited Chennai for the CII Partnership Summit 2010. Coinciding with his visit, CII, along with MIDA and MATRADE organised a CEO's Session with the Prime Minister of Malaysia. Mr Venu Srinivasan, President, CII, and Chairman, TVS Motor Company, expressed interest in witnessing the progress on CECA with Malaysia. The implementation of India ASEAN FTA from this month was a cornerstone of this aspiration, he said

Dato' Razak said that Malaysia was keen to explore the booming opportunities in bilateral trade. The country, in its efforts to shift from a manufacturing base to high end technology, would review its policies to attract private investments in Biotechnology, R & D, Renewable Energy, Electricity, Medical Equipments, Construction and IT, he said. Malaysia was taking necessary steps to reduce 40% of carbon emission by 2020, he added.

Mr Chandrajit Banerjee, Director General, CII, remarked that CII would support initiatives to improve bilateral investment between both the countries and encourage annual missions to Malaysia and vice versa.



Dato' Seri Mohd Najib Tun Abdul Razak, with Chandrajit Banerjee, Director General, CII, and Venu Srinivasan, President, CII

New Zealand

The Reserve Bank of New Zealand vigorously defended its current monetary policy, asserting the inflation targeting framework had achieved price stability over the past 20 years. Meanwhile, Labour reiterated its call for reform, saying "a volatile and often over-valued exchange rate, and interest rates that are often among the highest in the developed world, indicate that the current monetary policy is not serving New Zealand well."

Mr Alan Bollard, Governor, Reserve Bank, also defended the floating NZ dollar. Looking ahead, he said New Zealand's recovery would depend in part on how the major economies managed the delicate balancing act of exiting from their stimulatory monetary and fiscal policy settings.

Singapore

A meeting was held between Mr. Venu Srinivasan, President CII, and Dr Vivian Balakrishnan, Minister for Community Development, Youth and Sports, Republic of Singapore, on 9 January in New Delhi.



Dr Vivian Balakrishnan, Minister for Community Development, Youth and Sports, Singapore, with Venu Srinivasan, President, CII

South Asia

Bangladesh

A group of CII CEOs had an exclusive interaction with Sheikh Hasina, Prime Minister of Bangladesh, during her State Visit to India on 12 January in New Delhi. Sheikh Hasina invited Indian companies to invest in Bangladesh, and assured them of all possible assistance and cooperation. Mr Shekhar Datta, Past President, CII led the CII team.

The Prime Minister of Bangladesh stressed on the imperative to promote trade between the two countries, saying that “We have to remove avoidable hindrances, initiate long-pending trade facilitation measures, ease movement of businessmen and professionals and put in place settlement mechanisms to avoid snags, which may arise due to differences on specific trade related matters.”

She said that the two countries have agreed to open border ‘haats’ for people living in the remote areas on either side of the border. A decision had also been taken, at India’s request, to open new trade routes through Tegamukh – Demagiri and Sabroom – Ramgarh border points. As for connectivity, several possibilities are being examined taking into account their bilateral and regional dimensions.

She also said that Bangladesh has officially agreed to be part of the Asian Highway Network, and is also discussing rail and road links with eastern India.

Sheikh Hasina said greater people-to-people contacts, particularly between businessmen, were important for expansion of trade and commerce, as well as to widen and deepen overall Bangladesh-India ties, and would supplement government-to-government contacts.

Mr. Anand Sharma, Union Minister for Commerce and Industry, India, said the enormous potential for deepening economic cooperation between the two countries should come through cross border investments and trade. India, he said, would like to see Bangladesh and the entire South Asian region grow together. While urging Bangladeshi businessmen to look at cooperation with India for infrastructure upgradation, Mr. Sharma said that India would improve the land custom stations and checkposts.

Mr Shekhar Datta, conceding that there were hurdles on both sides – issues of visa, infrastructure, connectivity, tariff



Shekhar Datta, Past President, CII, Anand Sharma, Minister of Commerce and Industry, India, and Sheikh Hasina, Prime Minister of Bangladesh

and non-tariff barriers, said that in an interdependent world, there was no barrier that could not be dismantled provided there was strong political will to do so. He highlighted Entrepreneurship, Skills Development and Affirmative Action as areas of cooperation, and said CII would be happy to share experiences with its counterparts in Bangladesh.

Coinciding with the official visit of the Prime Minister of Bangladesh to India, CII organised a meeting of Indian business leaders with the accompanying business delegation from Bangladesh on 12 January. On this occasion, CII and the India – Bangladesh Chamber of Commerce and Industry (IBCCI) signed an agreement to enhance their work in promoting trade and investments.

Under the national campaign of ‘Digital Bangladesh,’ Bharti Enterprises and Warid Telecom inked their resolve for collaboration in the telecommunications segment as part of their \$300 million deal, likely to be stepped up to \$1 billion in the near future. Meru Cabs and Tata Motors also presented their intent to invest in Bangladesh with 10,000 – 20,000 radio controlled taxis.

The Bangladesh delegation voiced concerns relating to visa and para tariff issues. Various suggestions to reduce the trade gap included increasing the quota of duty-free textile and garments, removing non tariff barriers, upgrading warehousing facilities in border areas and land ports, and pursuing collaborative work with India as a high tech partner for Bangladesh. The Indian side expressed interest in exploring more import opportunities and promoting investments in Bangladesh.

Mr Kazi Akramuddin Ahmed, Leader of the Bangladesh Business Delegation, and Chairman, Standard Bank Ltd invited Indian investments in energy, infrastructure, telecom, IT and transportation. Mr Shekhar Datta, Past President, CII listed numerous suggestions for advancing bilateral economic engagement, such as promoting a Free Trade Agreement between the countries; setting up a Joint Task Force for an impact study and to address issues on both sides; holding ‘Made in Bangladesh’ shows in Indian cities and leading sectoral missions from India. He also suggested organizing an India-Bangladesh Technology Show in Dhaka.

Europe

Germany

Economy

An unexpected sharp rise in the IFO business climate index in January, which rose to its highest level since July 2008, offered hope that German economic growth remains robust. In January the index was at 95.8 points compared to 94.7 points in December.

The German government's annual economic report suggests growth might be 1.6 per cent in 2010, better than the 1.2 % forecast earlier.

The outlook for German consumer spending, however, remains bleak. Although domestic demand helped cushion the impact of the global downturn last year, the German Consumer Research Organisation reported that consumer sentiment would fall again in February, caused by fears about steadily rising unemployment due to the fact that the Kurzarbeit-scheme is running out in some industries.

As expected, German GNP shrank by 5 % in 2009.

Businesses

Banks

As Mr Jean-Claude Trichet, European Central Bank President, will step down in 2011, the German Government has started a campaign for Mr. Weber, Bundesbank Chief, to succeed him. At the same time, intense negotiations for the appointment of the vice-president of the Frankfurt based institution have started.

Mr Warren Buffet, the US investor, has expanded his reinsurance holdings by investing about € 660m in Munich Re, becoming one of its largest shareholders. His stake is just above 3 %.

Due to the restarted bonus culture of some banks, the debate on tighter regulations has begun again, mainly triggered by influential German industries.

Automotive

Four large hedge funds launched lawsuits against Porsche seeking damages of more than \$ 1bn for losses arising from its failed takeover attempt of Volkswagen. The funds are trying to recoup massive losses due to market-manipulation in connection to buying more than 75 % of VW shares in order to take full control of VW.

The Association of the German Car Industry (VDA) reported production of nearly 5 million

cars in 2009, about 10 % lower than 2008. The decline in the production of heavy vehicles was dramatic, more than 50 % less in comparison to 2008.

Other Industries

New orders in the German Electrical and Electronic Industry from January to November 2009 sagged by 25 %.

Iceland

Mr. Olafur Ragnar Grimsson, President of Iceland, invited Indian industry to invest in his country, as it offers a conducive industrial environment with handsome returns on overseas as well as domestic investments.

Addressing a business meeting on 14 January in New Delhi, Mr Grimsson said an increasing use of renewable energy could help reduce the looming threat of global warming. "Geothermal energy can play a significant role in the electricity production of countries and regions which are associated with volcanic activity. Capacity building and transfer of technology are key issues in the sustainable development of geothermal resources" he said.

Ms. Preneet Kaur, Minister of State for External Affairs, India, said that in it's quest for economic development, India was seeking to build partnerships across the globe to source technological solutions to meet domestic challenges. "Iceland is a leader in exploitation of geothermal resources and in the fisheries industry," she said.

Mr. V K Mathur, Chairman and Managing Director, Inapex Pvt. Ltd, who represented CII at the meeting, observed that Iceland's skills in boat-building, geo-thermal energy and other hi-technology fields match well with Indian capability in engineering, and manufacturing.



Nand Khemka, Chairman, Sun Group, Preneet Kaur, Minister of State for External Affairs, India, Olafur Ragnar Grimsson, President, Iceland, Navin M Raheja, MD, Raheja Developers Ltd. and V K Mathur, CMD, Inapex Pvt. Ltd.

United Kingdom

Meeting with Sir Andrew Cahn

Sir Andrew Cahn, CEO, UK Trade and Investment (UKTI), visited the Auto Expo in New Delhi on 5 January and had a closed door meeting with CII. The senior members present at the meeting were Mr Rajive Kaul, Past President, CII, Mr Ravi Kant, President, SIAM, and Vice Chairman, Tata Motors, and Mr V K Mathur, Chairman and Managing Director, Inapex Pvt Ltd.

Mr Kaul briefed Sir Andrew on a number of issues concerning Indian industry in the UK. Topping the list was the new proposed changes to the immigration rules whereby restrictions will be applied to work permits in the services sector.

Another concern was the National Insurance system whereby Indians residing in the UK cannot get the benefit of reclaiming their money when they leave UK at the end of their term. This is a huge loss to Indians as well as all non EU residents working in the UK.

Recognition of Indian degrees and universities was another point raised, especially in light of the growing importance of the skills and higher education sector and the increasing cooperation in this sector.

On the agenda was also the new proposed EU regulation which is expected to come into force in April 2010 according to which all non-EU companies in UK will be subject to extra VAT. Sir Andrew Cahn requested for a paper to be submitted on this particular issue.

Mr Kant briefed Sir Andrew on India's stimulus package and suggested that UK should adopt something akin to it to revive the British Industry. The members conveyed that an inward looking policy will not be conducive to growth and that the UK government should instead provide the right kind of stimulus to industry.

Interaction with Dr Montek Singh Ahluwalia

Dr Montek Singh Ahluwalia, Deputy Chairman, Planning Commission of India, addressed an exclusive business interaction on **'The Indian Economy: The Outlook 2010'** organized by CII, in cooperation with the Confederation of British Industry(CBI) in London on 26 January.

On this cold January morning, Dr Ahluwalia informed a room packed with business leaders from British and Indian industry, think-tanks and academia, that "India was looking good. At a time when the world went through an economic downturn and industrialised countries faced negative growth India still grew 6.7% and expects to do above 7% at the end of this fiscal".



Nalin Surie, High Commissioner of India to the UK, S A Hasan, Director, Tata Ltd, Dr Montek Singh Ahluwalia, Dy. Chairman, Planning Commission of India, and Terry Hill, Chairman, Global Transport Market

The real objective, he said, is to get back to high growth and we hope we'll get back to nine percent in 2011/2012. This, he stressed, requires more investment in infrastructure. The government has to play a very major role in triggering these investments in a string of sectors- airports, telecommunications, power, railways, roads, ports and the way is to do this through public and private investments so that, by the end of the 11th five year plan, about 70% of the investment in infrastructure would be done by the public sector and 30% by the private sector. He further said that the government is providing an enabling policy environment to attract private investment in infrastructure. "The government has taken necessary steps, now it's the business of the private sector to go in and get financial closure and start implanting projects" said Mr Ahluwalia, noting that the challenge is financing of these projects.

Dr Ahluwalia pointed out that opportunities exist not just in physical infrastructure but in all other areas of infrastructure too, including urban development. Discussing the constraints, he said that energy is an area where India, like everybody else, in responding to the new concern about climate change, is exploring renewable energy and non-conventional energy sources. India would also be a natural market for anyone with ideas in water management, whether for urban areas or in agriculture, he said.

Mr Nalin Surie, High Commissioner of India to UK, said the Indian public sector has begun to reform very substantially and will be a very powerful and positive player in the Indian economy in the years ahead.

Co-moderating the session, Mr. Terry Hill, Chairman Global Transport Market, Arup Group, and Chairman, CBI Transport Committee and Member, CBI Construction Council remarked that 'The world is just about ready for India now.'

Mr S A Hasan, Director, Tata Ltd, and member CII-IBF UK, said that the Indian economy has emerged relatively untrammelled by the global economic storm that struck the world last year. Much of the credit must go to the Planning Commission which has committed itself to raising standards of living for the rural poor, through a slew of flagship programmes. Social sectors such as health education, social security, security of



Richard Lambert, Director General, CBI; Dr Montek Singh Ahluwalia, Nalin Surie, Terry Hill, and Bill Rankin, MD, Mott Macdonald

employment and rural infrastructure have been given the highest priority, he said, the result has been that India has been insulated from the global economic crisis, due to healthy domestic demand and aggressive stimulus packages, he added.

United States of America

Discussion with Vishakha Desai, Asia Society

A discussion on 'Tracing the Parallels: The US' Relationship with India and China' with Dr Vishakha Desai, President, Asia Society, and Mr Pramit Pal Chaudhuri, Foreign Editor, Hindustan Times, was co-organised by CII, the Asia Society and the Wall Street Journal, in New Delhi on 7 January.



Vishakha Desai, President, Asia Society, with Pramit Pal Chaudhuri, Foreign Editor, Hindustan Times (left) and Ravi Bhoothalingam, Chief Executive, Manas Advisory Pvt Ltd

In the US-India-China triangle, US-India and US-China have rather equal lengths, but India-China is the shortest arm, said Dr Desai. The US – India, relationship, she said, has progressed to a more mature state. Even if there is nothing 'exuberant' or 'big' that they can offer each other, their engagement is growing steadily across the board. President Obama and Prime Minister Manmohan Singh share deep respect and affection for each other as academics, intellectuals and cautious

leaders. The India-China relationship, however, is mired in mistrust and lack of people-to-people links. Promoting knowledge and understanding between India and China of each other's histories, cultures etc is therefore, of critical importance. There may be an element of competition, fear and envy in China towards India. Many other countries, including Japan, Indonesia and

Vietnam have started expanding their relationship with India to balance the China effect, Mr Chaudhuri explained. Given these factors, the complexity in the India-China relationship cannot be managed without trust. In fact, it is this lack of trust between the two large, emerging players in the Asian arena that gives the US the pivotal hand in managing the strategic relationship even in the Asia Pacific region. On the whole, even the US would welcome a India-China relationship as it would lessen regional tension. India, in all

its disorderly fashion, must think strategically in terms of its regional and international role.

Moderating the session, Mr Ravi Bhoothalingam, Chief Executive, Manas Advisory Pvt Ltd., said that the 21st century will see a plethora of relationships shaping up with circles, parallels, triangles and quadrilaterals with countries like the US, China, India, Brazil, Russia, Indonesia on multiple reference points.

US-India Strategic Dialogue

Experts in academia, industry and the government from India and the US came together at the 'US-India Strategic Dialogue' organised by CII and the Aspen Strategy Group (ASG) on 9-10 January in New Delhi. The delegates held in-depth discussions in advancing Indo-US relations with a strategic perspective, as part of their Track II dialogue. They exchanged views on issues relating to energy and climate change, the defence partnership and bilateral relations post the economic recession. They also discussed possible options in tackling geopolitical issues in Pakistan, Afghanistan and China.

Mr Jairam Ramesh, Minister for Environment and Forests, India, delivered the keynote address on the first day of the Strategic Dialogue on India's plans on energy and climate change and gave a de-briefing of the Copenhagen accord. On the second day, Mr B J Panda, MP, gave the keynote on India's democratic structure, explaining the rise of regional parties.

The US delegation met with officials from the Government of India, including Mr SM Krishna, Minister for External Affairs; Mr Sachin Pilot, Minister of State for Communications and IT; Admiral Nirmal Verma, Chief of Naval Staff; Mr Shyam Saran, Prime Minister's Special Envoy for Climate Change; Dr Montek Singh Ahluwalia, Deputy Chairman, Planning Commission, and Mr MK Narayanan, former National Security Advisor.

Dinner with Richard Holbrooke

CII organized a meeting of India's leading industrialists, former diplomats, Members of Parliament, officials of the Indian armed forces and officials of the US Embassy in New Delhi with Ambassador Richard Holbrooke, US Special Representative for Afghanistan and Pakistan and the delegation accompanying him, on 18 January in New Delhi. The two sides engaged in wide ranging discussions on India's strategic role in reconstruction efforts in Afghanistan and promoting stability in the South Asian region.



Tarun Das, former Chief Mentor, CII, greets Ambassador Richard Holbrooke, US Special Representative for Afghanistan-Pakistan

IBF Members in the Spotlight

L&T

India's Larsen & Toubro said its wholly-owned unit won two turnkey projects for computerising the maintenance of rolling assets of the Indian Railways.



Ranbaxy

Ranbaxy Laboratories has started discussions to buy a privately-held Bangalore-based vaccine company, persons familiar with the development said. While the identity of the company could not be ascertained, the Bangalore-based company is said to be small in size and the deal could be valued around Rs 50 crore.

Tata's Nano

The world's cheapest car is being readied for sale in the US, but by the time India's Tata Nano is retrofitted to meet emissions and safety standards, it won't be that cheap. Reports suggest it could cost \$8000 in the US. Tata Technologies Ltd., the global engineering arm of the Tata group conglomerate, brought the tiny car to Detroit.

Tata Communications

Tata Communications has launched its data centre in Pune and said it plans to invest up to Rs 500 crore over the next three years. Spread across nearly 55,000 sq ft, the data centre would offer services like co-location, managed hosting and storage.

Alstom- Bharat Forge JVs

An Indian cabinet panel has approved the setting up of joint ventures by a consortium of France's Alstom and India's Bharat Forge Ltd to manufacture super critical and sub-critical power plant equipment in India.

US-India Bilateral Update

- The US and India announced the formulation of the US-India aviation security working group, a bilateral inter-agency and inter-ministry working group. The group is led on the US side by the US Transportation Security Administration and on the Indian side by the Ministry of Civil Aviation.
- Spelling out the agenda for the administration in its second year, the White House has said President Barack Obama and his team will work towards promoting stronger bilateral cooperation with countries such as India, Brazil, China and South Africa.
- Expressing concern over reported US plans to provide Pakistan with the lethal drones, the Indian

government has again conveyed to the US its fears that the US military assistance could be used against India. Sources said that Washington has been 'sensitised' to India's concerns.

- The US proposes to engage Russia, China and India this year as it tries to bring stability to Afghanistan and Pakistan while it continues its mission to 'disrupt, dismantle, and defeat Al Qaeda and its safe havens in Pakistan.' The strategy is detailed in a 39-page report the report, prepared by Special Representative Richard Holbrooke and his staff and signed by Clinton.
- The Indian government is likely to link progress on the social security agreement with the US to that of the Bilateral Investment Promotion Agreement (BIPA). The Ministry of Overseas Indian Affairs will be taking up the matter with the Ministry of External Affairs.
- Nearly two months after Prime Minister Manmohan Singh's visit to Washington, India has again pressed the US for removal of export controls on high technology and dual-use items to infuse more confidence into bilateral ties.
- Mahindra Navistar Automotives, a commercial vehicle

joint venture between Mahindra & Mahindra and Navistar of USA, has unveiled its 25 tonne and 31 tonne trucks for the Indian market. In 2005, Mahindra & Mahindra and International Truck and Engine Corp, the operating company of Navistar entered into a JV to manufacture light, medium and heavy commercial vehicles for India and global markets.

US Economy / Policy Watch

- President Obama is now aiming to force firms to choose between the federal benefits that come with being a bank and the unbridled pursuit of profits. His plan would bar banks from making investments that are not intended to benefit customers, including the creation of proprietary investment funds solely to benefit employees and shareholders. New limits also would make it difficult for the largest banks to become any bigger, effectively stopping domestic expansion.
- The loss in Massachusetts has stunned the Democratic party and caused panic. One likely consequence is that healthcare reform – President Obama's signature initiative – will go down to defeat. This is a reform that the US badly needs, and which is decades overdue.



Confederation of Indian Industry



Department of AYUSH
Ministry of Health & Family Welfare
Government of India



Government of Kerala



International Conference & Exposition on Health, Nutraceuticals, Medicinal Plants & Tourism

24-26 March 2010, Hotel Le Meridien, Cochin, Kerala, India

The Summit: CII in association with AYUSH (Department of Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy), Government of India and Kerala State Government is organizing the first ever edition of the Global Ayurveda Summit 2010 on 24-26 March 2010 in Hotel Le Meridien, Cochin, Kerala.

Event theme: Global Health Challenges: Ayurveda Solutions. The Summit, a first major international leadership forum is expected to have a participation of over 500 Industry leaders and eminent experts from India and abroad.

Event components:

- Inauguration and cultural programme
- 3 day International conference
- 3 day Exposition and Showcase
- Focused Business to Business Meetings
- Special Conducted Tours / Facility Visits

Scope of Conference

- Curative, Rejuvenate & Preventive
- Palliative, Geriatric, Sports Medicine
- Recuperative & Restorative – Medical Tourism
- Standardisation and Quality Aspects
- Regulations & Compliance
- Exports of Ayurveda Products & Services
- Franchise Service: Hotels, Spa & Resorts
- Connecting Local Services – Tour operators

Key Speakers

Mr V S Achuthanandan
Chief Minister of Kerala

Mr Gulam Nabi Azad*
Minister for Health and Family Welfare
Government of India

Ms Kumari Selja*
Minister of Housing and, Urban Poverty
Alleviation and Tourism, Government of India

Prof K V Thomas
Minister of State for Agriculture & Consumer
Affairs, Food & Public Distribution, GOI

Mr Shashi Tharoor*
Minister of State for External Affairs, GOI

Mr S Gandhiselvan*
Minister of State for Health and Family Welfare,
Government of India

Ms P K Sreemathi Teacher
Minister for Health & Social Welfare
Government of Kerala

Mr Sam Pitroda*
Chairman, National Knowledge Commission

Ms Jalaja IAS
Secretary, Department of AYUSH, Ministry of
Health and Family Welfare, Government of India

Dr David Frawley*
Founder & Director, American Institute
for Vedic Studies New Mexico

Dr Prathap C Reddy*
Executive Chairman, Apollo Hospitals Group

Dr Girdhar J Gyani
Secretary General, Quality Council of India

Dr Madan Thangavelu
BiomedExperts, UK

Dr Richard Merriam
President, GCI Nutrients, USA

...among others
* Invited



Delegate & Exhibitor profile: Ayurveda Product Companies, Tourism and Pharma Industry, Tour Operators, Ayurveda Hospitals, Hotels and Resorts, Specialised Hospitals, Testing equipment manufacturers, Health, Diet food / Dietary Supplements, Wellness, Beauty/Neutraceutical products, Academicians, Educational and Research Institutes, Treatment Equipments & Accessories, Wellness Centre, Medicinal Plant & Production equipment dealers, Agro, Biotech, Cosmetics, IT, Packaging & allied machineries among others.

For Summit details, please visit - www.cii.in / Contact : Solomon Pushparaj, CII, Tel: 0484 – 4012300 / 09895765117, E-mail: solomon@cii.in

East

Chhattisgarh

CII in Colleges

11 January; Bilai

CII Chhattisgarh HR Panel has started the initiative of 'CII in College' to enable young professionals to interact with the industry and professionals. Under this initiative, HR professionals and leading industrialists addressed a session on 'Industry Expectations from Young Professionals – The HR Perspective' at the Shankaracharya College of Engineering & Management.

Workshop on IFRS

29 January; Raipur

The workshop on International Financial Reporting Standards enabled industrial enterprises in Raipur to know more about the IFRS, the impact of transition to IFRS, and to understand the issues and challenges of applying IFRS in Indian organisations.

Orissa

Partnerships with the UK

18 January; Bhubaneswar

A session with UK Trade & Investment, on 'Exploring Partnership Avenues in the United Kingdom' provided awareness on the investment potential in the UK for Indian companies. Mr. Saurabh Garg, Commissioner-cum-Secretary, Industries, Orissa, and Mr. Sanjay Wadvani, British Deputy High Commissioner, engaged with decision makers and top executives of companies in Orissa, for discussions on trade and investment with the UK.



Session on Exploring Partnership Avenues with the UK

West Bengal

Workshop on Climate Change

15 January; Howrah

A workshop on Climate Change was organised for industry of Howrah and those engaged in climate change related developmental issues to share, discuss and learn about the extent of impact of climate change brought about by greenhouse gas emissions. The workshop also addressed the issues of how industry and business should adapt to changes in a world governed by high demand for energy and technology-driven production.

Infra East

21 January; Kolkata



Saugata Roy, Union Minister of State for Urban Development, inaugurating Infra East

Infra East provided a common ground for successful cross pollination of ideas for increasing investments in infrastructure, while ensuring a strong policy and regulatory framework backed by adequate execution capacities to ensure optimal utilization of scarce resources. Mr Saugata Roy, Union Minister of State for Urban Development, Mr Gajendra Haldea, Advisor, Planning Commission, and Mr. Prasoon Mukherjee, Chairman, Universal Success Enterprises Ltd, addressed the event.

Building Leaders of Tomorrow

22 January; Kolkata

The Colloquium on 'Building Leaders of Tomorrow – The Way Forward' with the theme "Developing Next Practices to Lead Tomorrow..." was held to create a road map

for developing next practices to lead tomorrow, in the ever changing scenario.

Mr B Santhanam, Chairman, CII National Committee on Skills & Human Resources, Mr. Sunil Shah Singh, Corporate Advisor, ITD Cementation India Ltd, Mr. RK Rustagi, Executive Director (HRD & PMI) NTPC Ltd, among others addressed the colloquium.

Retail Opportunities with France

22 January, Kolkata



Interactive Session on Retail Opportunities with France

CII Eastern Region organised an interactive session on opportunities for possible tie-ups between Indian companies having a stake in the Retail Sector with their French counterparts. Mr. Patrick Manon, French Trade

Commissioner for India, Mr. Jean-Louis Rysto, Consul General of France and Mr. Francis Bouquin, Deputy Consul General, France, addressed the session.

Destination East

28 – 29 January; Kolkata

Destination EAST - a two day Conference and Buyer Seller Meet brought together the tourism stakeholders

of the East, to unveil this dream destination. Mr Manabendra Mukherjee, Minister for Tourism and Textiles, Micro and Small Scale Industries, West Bengal, was the Chief Guest. The event not only gave an opportunity to Eastern India to interact with foreign buyers, registered Indian sellers, investors, travel writers and journalists, but also conducted serious business. There were pre-fixed business meetings between registered Indian sellers and fifty foreign buyers at Destination East.



Manabendra Mukherjee, Minister for Tourism and Textiles, Micro and Small Scale Industries, West Bengal

Investment Opportunities in Haldia

29 January; Haldia

The seminar brought forth the industrial developments in Haldia, and showcased its hidden potential for further industrialization. Mr Ashok Mohan Chakraborty, Chief Secretary, West Bengal, and Chairman, Haldia Development Authority, Mr Sanjeev Chopra, Principal Secretary, Agriculture, West Bengal, Ms C D Lama, District Magistrate and Collector, Purba Midnapore, Mr S K Dwivedi, Chief Executive Officer, Haldia Development Authority, and Mr Subir Ranjan Ghosh, Executive Vice President and Head, Plant and Projects, Haldia Petrochemicals Ltd addressed the seminar.

North

Chandigarh

Opportunities in British Columbia

22 January, Chandigarh

Mr Michael de Jong, Attorney General, British Columbia, Canada, addressed a seminar on Business Opportunities for Indian companies in British Columbia, Canada. Mr de Jong, who led a 12 member delegation of members from various ministries, said India and British Columbia share many complementarities, offering opportunities for strategic cooperation, market sharing and trade complementation. The province is keen to develop partnerships in Iron and Steel, Manufacturing, ICT, Architecture, Aviation and Aerospace, Power Technologies and Alternative Energy, Agriculture and Food (Agribusiness), Forest and Wood Products, Infrastructure etc, he said.



Michael de Jong, Attorney General, British Columbia

Social Development Projects

14 January, Chandigarh

Supporting its commitment to contribute all proceeds from its recent Indo – Pak 'dostana' initiative, the 'Made in Pakistan' show, organised



Jean Rodrigues, President, Indian Council for Child Welfare

recently in December, to social development initiatives, Confederation of Indian Industry, Northern Region, has initiated four development projects in collaboration with Department of Social Welfare, Chandigarh Administration and NGOs.

The social projects, including the setting up of an Electrotherapy Unit for Aasha Kiran, a Computer Lab for the Juvenile Centre, Scholarships for underprivileged girl students, and Finance & Accounts Training for SC/

ST youth, were announced at the Launch Ceremony presided over by Mrs Jean Rodrigues, President, Indian Council for Child Welfare.

Delhi

Transport Solutions

9 January, New Delhi

A conference was organised by the CII Delhi State Council, during Auto Expo 2010, to identify specific issues and solutions towards transforming Delhi into a world class city. Dr Noor Mohammed, Member Secretary, NCR Planning Board shared the details of the Integrated Transport Plan for NCR .

Himachal Pradesh

Meeting with Chief Secretary

2 January: Shimla

CII HP State Council organised a meeting with Mrs Asha Swarup, Chief Secretary, Himachal Pradesh, to discuss the issue of permitting renting out surplus built up spaces in industrial buildings built after obtaining permission under Section 118. The meeting also discussed other related issues.

Pre Budget Memorandum

18 January, Shimla

CII's Pre-budget Memorandum 2010-11 to the Government of Himachal Pradesh emphasizes that the upcoming budget for the state should have a reforms-based agenda, with special focus on infrastructure development, which is hampering the growth of industry in the State. CII has also recommended a quantum leap in the budgetary allocation for tourism infrastructure.

Sustainable Technologies

21 January, Chandigarh

Taking forward the initiative of making Himachal Pradesh the first carbon-neutral state in India, CII submitted a proposal to the State Government for greening existing industry, CO2 emission quantification and disclosure, and a policy road map. Ms Sarojini Thakur, Additional Chief Secretary, Himachal Pradesh, sought industry's help to make the state carbon neutral, create more jobs and livelihood and develop health infrastructure.



Nagin Nanda, Member Secretary, Himachal State Pollution Control Board, Sarojini Thakur, Additional Chief Secretary, HP, and Atul Khosla, Vice Chairman, CII Himachal Pradesh

Jammu & Kashmir

Workshop on Supervisory Skills

20 January, Jammu

The workshop on 'How to Develop Supervisory Skills' equipped the participants with proven supervisory techniques to plan, organize, communicate and monitor effectively in every situation, and leverage both hard skills and people skills to meet new challenges.

CII Presents Pre Budget Memorandum

21 January: Jammu

A CII delegation led by Mr Sanjay Puri, Chairman CII J &K State Council presented the Pre-budget Memorandum for Jammu & Kashmir to Mr Abdul Rahim Rather, Minister for Finance, J&K. The memorandum recommends the introduction of the Model Electricity Act 2003 in the state, removal of toll tax on fuel, consumables and packaging material, exemption of work contract tax, and makes several suggestions relating to VAT. CII also recommended the cluster approach for MSMEs.

Punjab

Interaction with ICRIER

25 January: Amritsar

An interactive session with the representatives of ICRIER discussed issues of concern of industry on Indo – Pak trade, such as Wagah Border trade, restrictions on issuance of visas to Pakistan, installation of jumbo-sized scanner at Wagah checkpoint, non-stoppage of Delhi Lahore bus service and Shamjhauta Express at Amritsar, poor physical infrastructure at Amritsar railway checkpoint and non allowance of trade in containers through the Wagah border.

Interaction on Ludhiana

21 January: Ludhiana

The CII Ludhiana City Development Core Group organized an interaction with Mr A K Sinha, Municipal Commissioner, Ludhiana, to discuss various issues related towards the development of the city. These included power back up for traffic signals, pedestrian signals at all traffic lights, flashers on 17 identified black spots and a ring road for Ludhiana.

Uttarakhand

Launch of Nanhi Chaan

1 January, Dehradun

Nanhi Chaan, a CII Northern Region Initiative promoting gender equality and ecological conservation was launched in Dehradun by Dr S Farooq, President, The

Himalaya Drug Company. More than 150 employees of the company participated in the programme

Conference on IT & ITes

28-29 January, New Delhi

A conference on 'IT & ITes: Evolving Business Models for Sustained Growth' held in partnership with Punjab Infotech, apprised evolving SMEs about how IT and ITes services can streamline their business operations.

The event marked the release of the CII-PwC Report on Indian IT & ITes Industry – 'Evolving Business Models

for Sustained Growth'. The report points out that the need of the hour is increased agility and differentiation. End-to-End offerings would dominate the industry in the years to come.

Mr Shankar Aggarwal, Joint Secretary, DIT, Union Ministry of Communications & Information Technology, stressed the benefits of IT and ITes for the common man, and spoke about India's national E – Governance Plan (NEGP), which delivers all kind of public services through ICT.

South

Goods & Service Tax (GST)

7 January, Coimbatore

22 January, Hubli

29 January, Mysore

Mr P Muthusamy, Additional Commissioner, Customs, Central Excise & Service Tax, addressed issues pertaining to the policy and procedures of GST in Coimbatore.

The awareness building seminar on GST in Hubli was addressed by Mr Amitesh Bharat Shetty, Joint Commissioner Central Excise, Customs and Service Tax, Belgaum Commissionerate, and Mr Keyur Shah, Manager, BMR Advisors.

In Mysore, the session helped members understand the proposed GST framework, the roll-out plan and the impact on various business sectors. The seminar featured a panel discussion on 'Impact of GST on Business Sectors: services, Manufacturing, Real Estate an Infrastructure.'

Doing Business with UAE

21 January, Chennai



Session on Doing Business with UAE in Chennai

Sheikh Ahmed Sultan Bin Saqer Al Qassimi, Senior Commercial Officer, Hamriyah Free Zone, Sharjah, invited Indian SMEs looking for cost effective manufacturing, trading and service establishments to make use of the infrastructure at Sharjah's Hamriyah Free Zone (HFZ).

The HFZ has SME zones that offer single window clearance, 100% ownership, tax exemption, repartition of profits and capital and infrastructure including ports exclusively for maritime, timberland, oil and gas, steel, petrochemical, perfume and construction, he said.

Advanced Technologies in Security Systems

29 January, Chennai

The conference deliberated on concrete steps to be taken through the public-private model to address security related issues. Increased investments in R&D, expanding the security network both at the private and government level, besides adoption of advanced technologies were some of the key recommendations made at the conference.

Train the Trainers Programme

27 January – 1 February, Salem & Pudukottai

The programme was organized in partnership with the South India AIDS Action Program (SIAAP) to train 130 master trainers on Work Skills, who would, in turn, train 5005 youth from Below the Poverty Line families from 13 districts across Tamil Nadu. Post training, forward linkages would be facilitated. The programme trained 26 trainers in Salem and 34 in Pudukottai.

States

Andhra Pradesh

Finance Availability for MSMEs

28 January, Hyderabad

The seminar reviewed and analyzed the finance availability for MSMEs, while helping MSMEs explore funding opportunities available with banks and financial institutions. Dr N Krishna Mohan, Regional Director, Hyderabad, Reserve Bank of India delivered the keynote address.



Dr N Krishna Mohan, Regional Director – Hyderabad, RBI

Karnataka

Awareness Session on Security Threats

18 January, Bangalore

The session was organised to sensitize industry, especially SMEs, on the various forms of security threats, the measures available to counter these risks and sharing of best practices adopted by corporates. The session was addressed by Mr R Sri Kumar, Chairman CII SR Security Task Force and former DGP, Karnataka, and Mr K Muralikrishna, Co-Chairman, CII SR Security Task Force and Vice President & Head, Computers and Communication, Infosys Technologies.

Kerala

Interactive Session on France

20 January, Kochi

The session with Mr Jean-Paul Solaro, Deputy Mayor, Lorient Town, France, was held to promote tie-ups with Kerala-based industry in economic cooperation, heritage and culture, maritime business (fishing, shipbuilding, sailing, marine and costal tourism), and urban development. Mr Solaro was accompanied by Mr Alain Noiret, Director, Development and Foreign Partnerships Department, Lorient, and Ms Jessica Assem, Project Manager, In charge of cooperation between Indian and French local authorities, New Delhi.

Empowering MSMEs through IT

20 January, Kottayam



Session on Empowering MSMEs through IT

The session highlighted how MSMEs can significantly increase their competitive advantage through adoption of new technologies and optimisation of resources in clusters. New generation technologies like, web services, mobile applications etc., can be used to add value to the business process.

Puducherry

CII Puducherry SME Cluster

6 January, Puducherry

CII Counselors shared case studies on Autonomous Maintenance for the benefit of cluster members. The Cluster members made presentations on implementation

of 1S, 2S, status of key indicators, status of 7 abnormalities and autonomous maintenance.

Supply Chain Management

23 January, Puducherry

With the objective of building a chain of suppliers that focuses on maximizing value to the ultimate customer, the workshop focussed on supply-chain management, purchasing, outsourcing, e-procurement, materials management, keiretsu, and virtual companies.

Interactive Session on Tax

28 January, Puducherry

Mr M V B Rao, Commissioner of Central Excise, Puducherry, discussed various issues relating to Central Excise, Service Tax and Customs, with CII members. Mr P Kalaichelvan, Joint Commissioner, and other senior Central Excise officials of Puducherry were also present at the meeting.

Navigating a Chaotic World

29 January, Puducherry

The session was organized to help participants upgrade their personal operating systems, to understand the big shifts in today's world and to protect themselves from systemic financial, economical, social and ecological crises. Mr Bruno Marion, eminent international speaker, made the presentation.

Zones

Erode & Karur

TQM in Higher Education

21 January, Karur

22 January, Erode

The main objective of the programmes, held in Karur and Erode, was to make college faculties aware of the role of quality in education and educational institutions.

Mysore

Workshop on Family Managed Business

13 January, Mysore

The workshop began with the concept of Creation, Growth, Sustenance of Family Business and dealt with finer details of Professionalizing Family Business; Wealth Management in Family Business; Grooming the next Generation; Family Business in a Global Market Place; and the Role of Women in Family Business.

Trichy

ERA (Empowering Rural Areas)

5 January, Pudukudi

CII Trichy Zone has adopted Pudukudi Village in Central



Students cleaning their school in Pudukudi village Tamil Nadu under the project CII – ERA (Empowering Rural Areas) to ensure the complete transformation of the village, with the support of Industry. As a part of this

project, free guides were given to students of Class X and a village cleaning initiative was organized to clean the premises in and around the school.

Visakhapatnam

First CEO Forum

8 January, Visakhapatnam

In the first CEO's meet held in the city, the members interacted with Mr Raghava Naik, General Manager, District Industries Center, Visakhapatnam and Dr Vijay Iyer, Patent Licensing Associate, Temple University, USA. The participants emphasized the need for increased Industry – Institute interaction to enhance the skills of fresh graduates seeking worthwhile opportunities in the competitive world.

West

Actions on Affirmative Action



Dr J J Irani, Past President, CII, and Chairman, CII Affirmative Action Council

8 January, Ahmedabad
11 January, Pune

The sessions were held to share with Dr J J Irani, Past President, CII, Chairman, CII Affirmative Action Council, and Director, Tata Sons, the developments in the four key areas of Education, Employability, Employment and Entrepreneurship under Affirmative Action, and take

his inputs and guidance for more meaningful contribution by members to the ongoing development initiatives.

In Pune, Forbes Marshall Ltd & Thermax Ltd presented case studies on Affirmative Action of their respective companies.

Toyota and Bosch. The mission also made a special visit to Infosys Ltd to understand their HR practices.

Madhya Pradesh

MP Expotech 2010

16 -18 January, Gwalior

MP Expotech was a reverse buyer-seller meet, organised to establish firm links between the international markets and export industries of Madhya Pradesh. The third edition of the event, co-organised by CII in association with the Madhya Pradesh Laghu Udyog Nigam Ltd., was inaugurated by Mr Kailash Vijayvarhiya, Minister for Commerce and Industries, Madhya Pradesh.

MP Expotech 2010 showcased the products of 148 exhibitors spanning ayurvedic, herbal and pharma products, small machine tools and spares, processed food, handlooms, handicrafts and textiles, and stone craft / building materials. One-to-one meetings were organised between buyers and sellers along with panel discussion for each category during the event.

The event brought together manufacturers, sellers, exporters and international buyers on one platform, providing international trade and marketing exposure

Gujarat

7th CEO Network Series Lecture

8 January, Vadodara

Dr Ganesh Natarajan, CEO and Vice Chairman, Zensar Technologies Pvt Ltd, spoke on re-skilling manpower for meeting future economic challenges.

Manufacturing Mission to Bangalore

Surat, 22-23 January

The objective of the visit was to give an exposure to CEOs from the gems and jewellery sector from Surat and Mumbai to the modern and advanced manufacturing practices adopted by



Anurag Bansal, Chairman, Gwalior Trade Fair Authority, Jyotiraditya M Scindia, Union Minister of State for Commerce & Industry, Vipin Dixit, Chairman, MP Laghu Udyog Nigam Ltd, Jai Singh Kushwah, Chairman, SADA and Idriss Raoua Ouedraogo, Charged' Affaires, Embassy of Burkina Faso

to the export-oriented items and products of Madhya Pradesh.

Around 70 buyers from 18 countries visited MP Exportech 2010, as did nine ambassadors and diplomats from embassies.

Mr Jyotiraditya M. Scindia, Union Minister of State for Commerce and Industries, presided over the valedictory session of MPExportech 2010.

Maharashtra

Student Visitors from Singapore

2 January, Pune

Students from the Nanyang Technological University visited Bharat Forge Ltd for a plant visit.

Banking Access for the Visually Impaired

7 January, Mumbai

RBI had issued guidelines to the banks stating that the blind should be given all the banking rights as any other citizen of this country. The seminar discussed how banks could use technology to circumvent problems pertaining to client verification and ATMs for the visually impaired.



Chanda Kochhar,
MD & CEO, ICICI
Bank

India – Japan: ICT & Environment

Lonavala, 8 January



Vibhav Kant Upadhyay, Chairman, India Centre Foundation,
Haraguchi Kazuhiro, Minister, Internal Affairs & Communications,
Japan, Yamazaki Yasuyo, Advisor, Ministry of Internal Affairs,
Communications & Telecom, Japan, and Seemanto Roy, Head,
Amby Valley City

Mr Haraguchi Kazuhiro, Minister for Internal Affairs and Communications, Japan, said that Japan wants to develop stronger ties with India particularly in the field of Information and Communication Technologies.

India – Luxembourg Ties

13 January, Mumbai

Mr Jeannot Krecke, Minister of Economy & Foreign Trade, Luxembourg, informed Indian Industry that Luxembourg is keenly looking for joint ventures with Indian companies in sectors such as automobile, pharma and IT. Apart from the logistical advantage, the country, which recently signed a bilateral tax treaty with India, offers lower income tax compared to other European nations, said the Minister, inviting Indian companies with global operations to make Luxembourg their Europe headquarters.

Deployment of Clean Energy Technologies

16 January, Pune

The roundtable discussion on 'Deployment of Clean Energy Technologies and Markets in India –A Private Sector Perspective' focused on increasing collaboration in energy efficiency, renewable energy, and clean energy technologies with co-benefit for climate change through development, deployment and transfer of transformative and innovative technologies.

CII-Symbiosis Finishing School

16 January, Pune

The 7th and 8th batches of the CII-Symbiosis Finishing School have been inaugurated. The 7th batch has been sponsored by Bosch Foundation and the 8th batch has been co-sponsored jointly by Tata Capital Ltd & Tata Consultancy Services Ltd.

VLFM – Module 2

Pune, 15-16 January

The programme was held to develop Leadership Skills in Entrepreneurs, to enable them to become preferred suppliers to their customers through excellence in manufacturing.

Modular Expanse Workshop X Series

As part of a pilot project, CII (WR) is partnering the Directorate of Vocational Education and Training, Maharashtra, to strengthen the implementation of MES through a series of workshops for various stakeholders. The X series is for VTP principals and MES coordinators. Six workshops in the X series were undertaken in January for the districts of Mumbai, Pune, Nashik, Nagpur, Kolhapur and Thane.

TELETECH 2010

20 January, Mumbai

Teletech 2010 brought together stalwarts from industry government and academia to discuss subjects like need for green telecom solutions to the application of 3G and weather India is ready to be completely 3G compatible.