Look beyond the obvious

India's IT sector should worry more about rising labour costs than US protectionism

The US state of Ohio bans contracts that lead to jobs being outsourced overseas. Déjà vu anyone? In 2005, five states, led by New Jersey, passed or proposed similar legislation. What is the same about these two incidents is that the US was heading for a tight election during an economic downturn. The 2005 laws went nowhere and had no impact on India's infotech services industry. The question is whether the present protectionist sentiment in the US, which includes an earlier increase in H-1B visa fees, will follow previous bursts of anti-outsourcing into oblivion.

A calm assessment of the drivers behind outsourcing seem to indicate India has little to worry about. One, the US private sector is the primary source of outsourcing to India and the recession has only increased the search for cost-cutting. Recent surveys have shown that even in more protectionist Europe 40 per cent of firms plan to increase outsourcing. This is also why calls for India to retaliate by not buying US products are foolish: US corporations are the loudest voice in favour of outsourcing. Two, the specific logic of government outsourcing has only been partially diluted by the recession. Namely, US voters still want better public services without higher taxes and, increasingly, higher government deficits. The most effective way to square this triangle? Outsourcing. Three, the truth is that despite record US unemployment there has been relatively little action against outsourcing. President Barack Obama may take a verbal dig at Bangalore every few months, but his words have translated only rarely into action. Ohio's action affects a handful of jobs going to Central America. The visa hike will take a very small bite out of the $50 billion India earns from outsourcing.

The greater worry for India lies at home. Despite millions of underemployed, Indian labour costs have risen so rapidly that it is losing its competitiveness in lower end outsourcing. Firms have said that because of the recession places like small town Ohio can now compete with Bangalore when it comes to outsourcing costs. This is a telling sign of the failure of India's educational system. In the long run, it is not US protectionism but Indian uncompetitiveness that should worry the infotech industry.
Andhra gets India’s 3rd largest reserve

Chetan Chauhan

NEW DELHI: India’s richest Tirupati Temple is now inside the country’s third biggest biosphere reserve — a highly protected zone home to rare endangered plants and animals.

The Environment Ministry on Wednesday decided to declare the 8,000 square kms area in Seshachalam hills, which falls in Chittoor and Kadapa districts of Southern Andhra Pradesh, as biosphere reserve.

“The Biosphere Reserve will comprise three zones, the Core zone, the Buffer zone and the Transition zone spread over 4755.997 sq.km in the Chittoor and the Kadapa districts of Southern Andhra Pradesh,” said the ministry’s note of approval.

The core zone comprises of 750.389 sq.km. in the Rajampet forest division of Kadapa district, Tirupathi forest division of Chittoor district, Sri Venkateswara National Park, areas contiguous to the National Park and areas rich in bio-diversity which would enjoy legal protection. The core zones will be free from human habitation and will allow research activity and macro management practices in addition to acting as demonstration sites for value addition to the resources in buffer areas.

The Buffer zone (outside the core zone) spreads over 1855 sq.km — covering Reserve Forest lands and parts of Sri Venkateswara wildlife sanctuary. An area of 2140 sq. kms falling within 5 km radius from the outer boundary of the Buffer zone is designated as the Transition zone.

Some of Andhra Pradesh’s most beautiful areas fall under the reserve like the famous Talakona, Gundalakona and the Gajjana falls and Tirumala, the abode of Lord Venkateshwara located on seven hills known as the Seshachalam hills.

These hill ranges are also home to endangered animals like the slender Loris, the Indian Giant Squirrel, the Mouse Deer and the Golden Gecko, a ministry official said.

Govt to protest ‘protectionism’

Jayanth Jacob

NEW DELHI: The row on offshore outsourcing sparked strong reactions here on Thursday, prompting India to voice its protest against US “protectionism” for the second time in a month.

The move, though ridden with America’s domestic compulsions with impending elections to the US Congress, has a direct bearing on India’s IT sector and has New Delhi concerned.

India had been disappointed about the US not conceding to its concerns over a legislation that raised fees for the two visa categories — H1B and L1 — that IT companies use to send workers to that country for project work. Indian companies are expected to incur an additional annual expense of $200 million for this.

Government sources said they would again take up these matters with the US “as economic relations are a major component in the strategic relationship between the two countries, and Indian IT companies play an important role in it, including making considerable investments in the US”.

On the Ohio ban, NASSCOM said it was “counter-productive to the US government thrust on reducing public deficit and possibly lead to an increased tax burden on its citizens”.

Infosys and other IT companies also voiced their protest. Government sources said such decisions amount to “protectionism”. “We have to address this irritant and will be taking up the issue with the US. Our IT companies have substantial investment in the US,” a government source pointed out.

OBAMA ON TAX BREAKS

President Barack Obama has said that tax breaks should go to companies that create jobs in the US and not overseas.

“For years, our tax code has actually given billions of dollars in tax breaks that encourage companies to create jobs and profits in other countries,” Obama, who is slated to visit India in November, said.
IITs want to talk pay, but govt focus on exam reform

There appears to be a difference in priorities. That comes through in terms of what is in the agenda...

an IIT director

what has been left out," a director said. "For us, matters affecting our running of the institutions — including pay-related matters are most important. The government may have a different perspective... perhaps a broader one."

The pay-related concerns included a recent pay setback to select top professors at the IITs and a proposal to hike the salary grade of professors, sources said. The IIT Council, headed by HRD Minister Kapil Sibal is the highest decision making body of the premier engineering schools.

The ministry hopes to discuss its proposal to replace multiple college entrance tests with a single examination – a subject on which a panel of IIT directors did not agree with the government.

Financial Chronicle ND
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Mahindra Satyam staff down 30% since 08-09

From P1

The company's headcount had plunged after M&M took the reins of the company in 2009 after an accounting fraud by its founder and chairman Ramalinga Raju, which left Satyam on the brink of collapse. At present, it employs 30,000, down almost 30 per cent from Raju’s time.

About 7,000 employees were retrenched as the new management tried to resurrect the company while battling the global economic crisis and the impact of the fraud at the same time.

As part of its revival, Mahindra Satyam has teamed up with Tech Mahindra, another IT firm from the group, to execute projects. Tech Mahindra, which has a long association with British Telecom, is handling telecom projects given its expertise in the domain.

The two companies have also set up joint taskforces to handle issues related to infrastructure, human resources, technology and purchases.

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Financial Chronicle ND 10/09/2010  P-10

Sikorsky to develop technology for fastest flying helicopter

Vineet Vaidya

Sikorsky Aircraft Corporation, a subsidiary of United Technologies, plans to develop the technologies for the fastest flying helicopter — X2, in India. The company is in talks with various government bodies and expects a positive response in few months time, a senior official said.

For the uninitiated, US-based United Technologies is the manufacturer of General Electric is a world leader in aero- engines, besides other systems.

Ajay Walia, managing director, India and South Asia, Sikorsky, tells Financial Chronicle that the company has made presentations to Hindustan Aeronautics Limited (HAL) and other state-owned companies.

"We look at the possibility of manufacturing the technology for X2 helicopters in India. Besides, we have also responded to the expression of interest by HAL for the co-production of other helicopters," Walia said.

The company on July 25, 2010, said its X2 technology demonstrator, uniquely broke the speed record for a craft, achieving a maximum speed of 220 knots in a one-hour test flight at the Development Flight Center, Florida. The previous record was 255 knots, held by a Russian seaplane.

The company is also in final stage of finalizing the joint venture with the Tata Group to manufacture precision equipment for helicopters and aircraft.

The plant is expected to come up at Hyderabad, an extension to the existing plant which manufactures cabins for the 5-62 helicopters for Sikorsky." Walia said.

Tata Advanced Systems is supplying three cabins to Sikorsky by the end of this year, the first one due for delivery in November. The company plans to ramp up production to 50-60 cabins in a year in the next two to three years time, the official said.

Sikorsky also sees huge potential in the defence sector and has shown interest in ramping up the capacity of the civil units and the Indian Navy.

There is huge potential in the offshore oil and gas sector too, he said.

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IIT retirement age raised to 70 to beat faculty crunch

OUR SPECIAL CORRESPONDENT

New Delhi, Sept. 8: The Indian Institutes of Technology, facing a severe faculty shortage, can now retain any teacher up to five years beyond the retirement age of 65.

The Union human resource development minister said in an order that the board of governors of an IIT can give an extension of three years initially and another two years later in any faculty member.

The statute of the IITs have been amended with the approval of the President, the order states, to allow them to retain teachers up to the age of 70. No extension will be allowed beyond 70 years.

In 2007, the retirement age for IIT teachers was raised from 60 to 65. Higher education institutions, including the IITs, are facing a severe shortage of faculty.

According to government data, there are 4,467 sanctioned teaching positions in the seven older IITs in Delhi, Kanpur, Kharagpur, Madras, Roorkee, Bombay and Guwahati, but only 2,983 faculty members.

However, the decision to allow extensions has been criticised by a section of teachers who feel the current move will come into play, "Those faculty members who are not liked by the management may not get further extension. This will make the faculty susceptible to the pressure of IIT management," an IIT professor said.

The HRD ministry order also said that the retirement age of IIT directors can be raised to 70 years from 65 now. This will help in the requirement of certain long- term directors who are in the system.
At day-end, all govs want cost-effective solutions

SURESH VASWANI, Joint Chief Executive Officer of Wipro, India's third largest information technology services company, talks to Shweta Shinde on its aim to be a global firm, focus on new segments like the government sector and US anti-outsourcing sentiment. Edited excerpts:

Q&A
SURESH VASWANI
Joint Chief Executive Officer
Wipro

For Wipro, US public services or government is a new focus area. How would the recent Ohio governor's action (banning state agencies from outsourcing) impact your plans?
I do not think that will impact us. We have worked with the US government in the past. The new Ohio law and the formation of a new vertical is being done with a clear view that we can do business, but we might have to do business differently. Simply because it's a market you cannot ignore.

It's not that the government has anything against Wipro but it is unsure from where the sector is being delivered. There is a model that can be created to tap this sector. However, anything that seems to be protectionism is clearly not the way global markets work.

In terms of model, will it be more focused towards onshore?
Yes, we might have to be more onshore, but not necessarily. At the end of the day, the government also wants cost-effective solutions. The idea is to leverage the onshore delivery centres. In some of the projects that we have won, some of the US state governments, we have used an onsite-offshore strategy. But there is an expectation that what is onsite should be served by locals.

Will the increase in the visa cost be charged to customers?
From an operational perspective, if it is going to be an impact, the customer will have to pay. But more than the effect on margins, I think it is a sentiment that gets imported. India is a huge market. These kinds of actions can start a chain reaction. So, you need to believe in free trade. Besides, American companies need the Indian market. India and China are the fastest growing markets, with over a billion population.

Wipro is increasing its onshore presence. What's the reasoning?
As a global firm, we need presence across regions. At present, 35-36 per cent of our employees outside India are locals. We need to have 50 per cent of our overseas employees to be locals to be a truly global firm. We are working towards this. Today, a majority of our senior executives are locals heading those units. For instance, Harshil Alaya, who heads Japan operations, is a Japanese; the Middle East unit is headed by a local prince.

Some of our business has a rich mix. For instance, conventional offshoring. Most of those in this unit are from the US and UK. That shift has taken place at Wipro in the past two years.

When we talk of expansion, we are looking at growing nearshore centres. Our Atlanta centre is one of these. We want to scale some of the centres.

How has the anti-outsourcing sentiment impacted the business?
One is the sentiment and then there's the harsh business reality. Ultimately, the business has to succeed. From a customer perspective, they do want the right for the function. If I give better quality of services, why would they be concerned about the region or any other criteria? I would service an Indian customer from my US centre if the US centre is not utilised. I would service from Egypt if I have capacity there. That's the way any business works. Look at MNCs like Microsoft, Cisco and others. They have leveraged the strength of the world.

Offshoring has to increase. Where is the talent? India has the talent and to be a successful global firm, you need to leverage talent.
Financial Express ND 10/09/2010 P1

Withholding tax breather for IT firms

Companies need to withhold tax only on royalty paid to non-residents, rules SC

Indu Bhan & Gautam Das

New Delhi/Bangalore, Sep 9: Technology firms are not required to withhold tax on all cross-border payments, but on the royalty they pay to non-residents, the Supreme Court has said. The order was widely welcomed by leading technology companies. Infosys CFO V Balakrishnan said the decision would reduce the cost of software ownership for the company by about 10%. TDS (tax deducted at source) would be applicable on royalty payments on copyright goods, which are taxable in the hands of the foreign company, and not on purchase of licence to merely use such goods, the apex court said in a ruling on Thursday.

A Bench headed by Chief Justice SH Kapadia set aside the Karnataka High Court judgment which made tech firms legally bound to withhold tax on all cross-border payments.

The apex court while reasoning the huge batch of cases to different high courts asked the latter to decide the same after looking into the nature of payments made to non-resident firms.

The high court while ruling in favour of the revenue department had held that any software purchased from global vendors amounted to royalty payment for a licence to use it, and should not be deemed as mere purchase of goods excluded from withholding tax.

Tax experts also saw significant benefits to IT firms from the SC ruling. "The argument given in the case was that every payment made to non-residents should not attract TDS under Section 195, but only those payments which are taxable. Today's ruling has asked the high court to re-examine and pass a fresh order. This is a very positive development," said Vishal Malhotra of Ernst & Young.

After the high court order, the department had dispatched several notices to taxpayers who had not deducted TDS. Sonata Software head of strategic finance and risk management N Venkatraman said the SC order was positive for the IT industry. In FY10, Sonata faced a disputed tax liability of Rs 225 crore with the High Court of Karnataka holding that the company failed to deduct tax at source on amounts paid to overseas suppliers on purchase of software. The company appealed the Supreme Court.

Withholding tax breather for IT firms

"We import all Microsoft software. Oracle has a duplication licence in India so we can buy Oracle in India. The Karnataka HC had said that whatever payment goes from India to foreign firms, the Indian firm had to deduct tax. The point of law made was whether the payment made outside India was subject to tax in India and if it was so, what was the nature of the payment," he said.

MindTree CFO Rostow Ravanan said the stay order did not impact the firm much. "Most of the foreign technology companies who have offices in India. About 80% of our software product billings are done in India," he said.

"We import from India, Vasil, partner, KPMG, the underlying issue in any payment to a non-resident is two-fold: Whether there is income element in that and if it requires tax to be withheld in India. Further, he said, that the other issue is whether a certificate is required from the tax authorities in respect of each and every such payment or only in respect of specific payments where there is income liable to tax and, hence correspondingly, tax withholding is required.

"There are conflicting decisions on these points which have resulted in some confusion in the minds of tax payers," Vasil said.

The software companies had argued before the court that there is no need to deduct TDS while remitting payments overseas as they do not deem the income to be taxable in India. However, the commissioner of Income Tax, International Taxation, said the deduction there is payment to a non-resident, there is an obligation on the payer to deduct TDS under Section 195 (1) of the Income Tax Act and the only way to escape liability is for the payer to make an application to the assessing officer (AO) for non-deduction or for deduction at a lower rate.

If the payer does not make an application and obtain an order, it is not open to him to argue that the payment has not resulted in taxable income in the hands of the non-resident recipient and that, therefore, there is no failure on the part of the payer to deduct tax under Section 195 (1), the Revenue contended.

Challenging the high court verdict, April 24, 2009, the firms said that the high court overlooked the accepted principles of international taxation that are broadly being adhered to by all the countries to ensure uniformity in how tax is to be levied on international transactions. "The proliferation of DTAs establishes the growing recognition of harmony in the taxation systems of different nations. One of the accepted principles of taxation is that the law should not seek to assume jurisdiction over a taxpayer who has no presence," the petitioners said.

The High Court had followed its earlier decision in the case of CIT vs Samsung Electronics where it had held on the way to escape the obligation to deduct TDS is by filing an application before the assessing officer and obtain an order for non-deduction or deduction at a lower rate. In both cases, the assesses made payments to foreign companies for purchase of ‘shrink-wrapped’ or ready-made software without TDS deduction. While the AO held that the payments were taxable in the hands of the foreign company as ‘royalty’ he held the assesses liable for non-deduction of tax and interest thereon.

While this view was quashed by the Income Tax Appellate Tribunal on the ground that the payments for software being a purchase of a ‘copyrighted article’ and ‘goods’ was not liable to tax in India, the high court reversed the tribunal’s verdict.

(Tanu Pandey contributed to this story)
84% of rural India not aware of internet

About 84 per cent of the people residing in rural India are not aware of the internet because of inadequate infrastructure facilities, according to a report by the Internet and Mobile Association of India. The report further says 38 per cent of the rural population does not feel the need for internet. While 31 per cent of the rural population does not have any internet access point, 25 per cent has no internet connection and about 22 per cent has no supply of electricity.  

BS REPORTER

Financial Express ND
10/09/2010  P6

NIIT’s IT programmes in Afghanistan soon

NIIT has entered an agreement with Afghanistan’s ARIA Institute of Higher Education to develop an employable talent pool of information technology professionals in the country. In a media release, NIIT said it will offer programmes in software engineering and networking. NIIT will also offer career programmes of six months to two years.
Foreign-made Indian brands

Be it mobiles or SUVs, Indian entrepreneurs are launching new brands by taking the smart route: to competitive manufacturing and outsourcing production to countries such as China, Korea and Taiwan.
Google speeds up search with ‘instant’ results

The feature comes to the US this week, reaches the world later this year

San Francisco, Sep 9: Google stepped on its Internet search accelerator Wednesday by adding a feature that displays results as soon as people begin typing their requests. The change, called `Google Instant`, is the closest the 12-year-old company has come yet to realising its founders’ ambition to build a search engine that reads its users’ minds.

The achievement wasn’t lost on Google co-founder Sergey Brin, who jokingly told reporters that the company’s lightning-quick computers are morphing into the ‘other third’ of people’s brains.

“I think it’s a little bit of a new dawn in computing,” Brin said Wednesday.

The shift means Google users will begin to see an ever-evolving set of search results appearing on their computer screens, potentially changing with each additional character typed. That means a satisfactory set of results could take just one keystroke. As an example, a person who types ‘w’ in Google’s search box could see the weather results in the same area as where the request was entered.

Google will also try to predict what a person really wants by filling out the anticipated search terms in gray letters. Below that, in a drop-down box, Google will still offer other suggested search requests, as the site has been offering for the past two years. The feature will be gradually rolled out throughout the US this week and will be offered in other parts of the world later this year. It’s designed to work on the latest versions of the major Web browsers.

The instant results only will be displayed on Google’s standard website, which features little more than its logo and a search box. They won’t be shown to users making requests on individually designed ‘Google’ pages that are usually already covered with different decorations and programs plugged into other online services. People who prefer Google’s basic website and don’t want to see instant results can turn them off by clicking on a link next to the search box.

To minimise the chances of offending people or inadvertently exposing children to inappropriate material, Google has programmed the instant results to block websites deemed to be pornographic, violent or hateful. That restriction may trigger complaints that Google is stifling freedom of expression or unfairly screening out some sites that were improperly blacklisted.

Because Google’s search formula draws heavily upon common search requests, the instant results also could be biased toward featuring major brands and companies during the first few characters of a request. That factor conceivably could hurt smaller merchants if people stop typing after the first few keystrokes and accept the results that show up the most quickly.

Despite potential pitfalls, Google search executive Marissa Mayer hailed the instant search breakthrough as a quantum leap akin to Bob Dylan’s switch from an acoustic to electric guitar in 1965. “It’s a fundamental shift to search and how people think of search,” she said.

If nothing else, Google hopes the innovation will help it maintain its dominance of the lucrative search market as rivals Yahoo and Microsoft team up to mount a more formidable challenge.

AP
‘High attrition rates can prove costly for companies’

Our Bureau
New Delhi, Sept. 6

Attrition is back in a big way in the information technology sector with companies such as Wipro and TCS reporting attrition rates of 33 and 26 per cent respectively, said Ms Alpana Ghildyal, Assistant Manager (HR), Fireball Group, at a guest lecture organised by BL Club at the Institute of Information Technology and Management, Janakpuri, here.

The rate of attrition was low in the past year, but with the recessionary trend receding, it is climbing again and the current situation should be treated as a warning sign, Ms Ghildyal said.

What is alarming is that some companies such as Ingram Micro India faced a near-complete attrition of 100 per cent, according to a D2-IDC REST survey, she said.

"None of the top five Indian

Management education teaches you case studies. We tell you how to create one.

Worrying factor: Ms Alpana Ghildyal, Assistant Manager-HR, Fireball Group, delivers the BL Club lecture at IITM (Janakpuri) in New Delhi.

software companies made it to the list of top 50 great places to work with in the survey," she said. Surprisingly, companies that figure in the most preferred recruiter list — TCS, Wipro, Infosys and Tech Mahindra - do not find a place in the top 50. Three of the top five companies are multinationals. Google ranks number one, followed by MakeMyTrip, Intel Technology, Marriott Hotels and NextApp India. While the attrition rates are going up in the companies, there is no retention policy in place. The HR team should take measures to encourage employees to stay with the organisation.

RETENTION STRATEGIES

While one can do nothing about non-remediable attrition that takes place due to employees' retirement, spouse's transfer or an accident, one can and must focus on controlling the preventable attrition that is a result of lack of job satisfaction, stressful work environment, outside influences, conflict with managers and apprehensions over career growth, she said.

Human resources is not just about taking care of people, it is part of a business and has a cost factor just like a finance department or an administration department. The attrition costs add up to the business costs.

It is a myth that people change jobs only because they want more salary, she said. Given a chance, anybody will want to move to a better place with a better package, but it is also true that people sometimes do not leave the organisations, they leave the managers. Sometimes, even when the remuneration is good, people tend to leave their jobs. It is more often than not because of bad managers," she said.

Everybody in an organisation works hard but when an employee's contribution is not recognised, the person is demoralised and stops working. It is important to recognise and reward the employee's efforts.

More on the Web:
www.businessline.in/webextras
**Testosterone may drive aggressive takeovers**

In a telephone interview.
“Personality, gender, age all matter.”

**DECLINE STARTS AROUND 45**
The best way to test that would be to monitor CEOs in the midst of a takeover battle, but it was not practical, Li said. “But there are studies that already demonstrate a strong relationship between male age and testosterone,” she said.

The hormone starts to decline in men at around age 45.
Researchers looked at the characteristics of the CEOs involved – including how long they had been at the helm of their respective companies, in case the differences came down to simple experience.

There was a clear pattern – younger CEOs were 4 per cent more likely to initiate a bid than CEOs over the age of 45.
“In a more marked finding, male CEOs’ relative youth increases their likelihood of withdrawing a merger/acquisition bid by as much as 20 per cent,” Li’s team wrote.

Younger men with presumably higher testosterone would reject low offers, even if the rejection meant losing any chance of an offer, the researchers said.
Testosterone appears to provide the best explanation.
“The connections we find are present even after controlling for other plausible influences on M&A outcomes,” they wrote.

In controlled laboratory tests, young men with high testosterone often make a no-win offer, research has shown.
“This opens a new chapter in corporate finance research,” Li said.

**WOMEN’S WAYS**
Do women CEOs behave the same way?
“Unfortunately in the corporate world ... only about 1 per cent of the CEOs are female, so there just aren’t enough data points for us to draw any conclusions,” Li said.

Last year, researchers at Northwestern University and the University of Chicago found that female MBA students with higher levels of testosterone were far more likely than those with lower levels to choose finance careers such as investment banking that can be lucrative but also risky.
India has no legal option in Ohio issue

NAYANIMA BASU
New Delhi, 9 September

The Ministry of Commerce and Industry has decided to register its protest against the recent move by the state of Ohio to move the products to the country with a US-Dollar exchange rate of 1 to 1.2. This is not a position to lodge a complaint against the United States in the World Trade Organisation’s (WTO) dispute settlement body. New Delhi is not a signatory to the Government Procurement Agreement (GPA). The WTO will raise the offshore ban issue by Ohio at the trade policy forum meeting scheduled for September 21, Commerce and Industry Minister Anand Sharma told Business Standard.

Officials in the government, however, said India could only lodge a protest and not take legal action against the US.

GPA forms a vital part of international trade which stipulates procurement of goods and services by authorised government agencies to prevent fraud, corruption and domestic protectionism. India, which was a strong opponent for starting talks on a binding agreement on government procurement under the Doha Round, has recently sought observer status in the GPA negotiations, which will allow it to monitor the talks without being a part of it. In the event India signs the GPA agreement, it would have to provide permanent access to foreign players in government contracts and tenders.

Trade experts and analysts who Business Standard spoke to agreed to the fact that legally, India could do little. However, they all suggested that India raised its voice as much as possible to protect its interests.

“We really have no other option but to voice our resentment in global fora that this is resort to protectionism, which has the potential to affect the bilateral relations between both the countries,” said Anurag Hoda of the Indian Council for Research on International Economic Relations, and a former WTO functionary.

Several leading Indian information technology companies such as Wipro and Infosys have protested against the move, including the National Association of Software and Service Companies (Nasscom) that has sought the government’s intervention in the issue. On Wednesday, US President Barack Obama announced the US would cut only for companies which create jobs within the US. “Such measures definitely create hindrances and vitiate the trade atmosphere. The US was always known to be fair and as a trading partner, which is now changing. We should also have these issues, including the visa Bill, bilaterally on a very strong footing. These would gradually induce India to have a relook of its own domestic policies that might create problems for the US in accessing our markets,” averred T S Vishwanath, principal adviser, APJ-SLG Law Offices.

Research and Information System for Developing Countries (RIS) Director General Parvez Dhooria said the US was going back on its commitments to keep the markets open. “Somewhere, we need to tell them very clearly that these measures affect our economic interests. Even if we could have appealed to WTO, we would not have helped us because normally cases like these drag on for years and by that time the damage would have been made,” he said.

According to Pradeep Mehta of CUTS, this would not be converted into a law as the final signing authority rests with Obama. "India should make it clear which moves in the upcoming G-20 meeting in Seoul and bring it to everyone’s notice that countries which preached liberalisation of market are not committed themselves," said R S Ratna, professor, Centre for WTO Studies at the Indian Institute of Foreign Trade.

AT ARM’S LENGTH

The biggest mobile phone chip designer successfully keeps competition at bay while venturing into new segments

Digital information in India to grow 60 fold by 2020: EMC

I ndia’s share of digital information over the next five years will be around 266,000 exabytes. If the trend continues, India’s number will be around 400 exabytes by 2020. The forecast is based on a data center census conducted by the Indian National Academy of Sciences and the Indian Council of Agricultural Research. The census was conducted in 2008 and is expected to be repeated in 2010. The Indian National Academy of Sciences is an autonomous body of the Government of India that works on scientific research and development.

India’s share of digital information is projected to grow at an average annual rate of 19% between 2008 and 2020. This is in line with the global trend, where the growth rate is estimated to be around 23%.

The report also highlights the role of the government and the private sector in driving the growth of digital information in India. The government has set a target of making India a hub for digital information by 2020, and the private sector is expected to play a significant role in achieving this goal.

The report concludes that the growth of digital information in India will be driven by the increasing demand for digital services, such as cloud computing, big data analytics, and Internet of Things. The government’s initiatives, such as the Digital India program, are also expected to play a significant role in driving the growth of digital information.

The report recommends that the government should focus on developing policies and infrastructure to support the growth of digital information. It also recommends that the private sector should be encouraged to invest in the development of digital services and technologies.

The report also highlights the need for India to focus on improving the quality and reliability of its digital infrastructure. This is important to ensure that the country is able to take advantage of the opportunities presented by the growth of digital information.

The report concludes that the growth of digital information in India will be a major driver of economic growth in the country. It also highlights the need for India to invest in the development of digital services and technologies to ensure that the country is able to take advantage of the opportunities presented by the growth of digital information.
Multilingual Web should be a priority for India: W3C chief

Six months into his new job, Jeffrey Jaffe, Chief Executive Officer of the World Wide Web Consortium has work cut out

**Business Standard ND10/09/2010**

**Zero in on maths
India will do well to tackle red tape that hobbles its academia and encourage its mathematicians to build ties abroad**

DEBASHIS DATTA

Despite Ramaswami, Vardhan and India’s head of Indian institutions, the subject gets little spurt in public consciousness. There is even a case of drugs to the extent that India is proving to the world that it has a problem in maths.

It was reported that many talented Indian mathematicians were still in India, with a few exceptions such as Manjul Bhargava, Neera Roy

and Nalin Samanta, the initiative generated the AMS’ Helly Test in US.

There is a need for better recognition and encouragement of talented Indian mathematicians, and several examples illustrate the point. Jaffe, who has organized the International Congress of Mathematicians, has described the need to build ties abroad. However, there is a lack of recognition and encouragement of talented Indian mathematicians.

The **Theorist** app is an excellent step in this direction, and it has been lauded by experts and the first few who have used it. The app has been released in time for the first few who have used it. The additional features complete a circle of mathematics and this is the beginning of a new era in mathematics.

The field won an important prize at the Fields Institute, and the Fields medal. The Fields medal is awarded to the best mathematicians.

**The Fields Institute**

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Outsourcing protest

India needs reality check on government procurement

While the Indian information technology (IT) and related services industry’s protest against a decision of the government of the state of Ohio in the United States on banning outsourcing of IT services in government procurement is understandable, India has no official ground to stand on in conveying its displeasure. By choosing to remain outside the existing plurilateral agreements on government procurement, even though India finally decided to become an observer on a World Trade Organisation (WTO) panel on government procurement earlier this year, the government cannot really take the US to the WTO on this issue. In announcing its decision to become an observer on the WTO panel this January, a government spokesperson said that India could be hurt by retaliatory action by the US that could impose a ban on Indian companies benefiting from US government procurement, if India did not open its own government procurement to global tenders under a WTO protocol. The Ohio state government action is a sample of things to come.

It would, however, be wrong for India to assume that such bans are India-specific. With upwards of 10 per cent unemployment and declining popularity, the Barack Obama government is under pressure to do something to generate more jobs at home. Actions like these are aimed precisely at achieving that objective and Indian companies must be prepared for more. At the same time, it is important not to exaggerate the impact of government procurement on total demand for outsourcing emanating from the US. Indian IT and software services companies supply services to almost every Fortune 500 company in the US. The US private sector market is huge and will continue to demand Indian services in its own bid to remain globally competitive. Hence, Indian politicians and lobbyists need not get too worked up, even if they must wake up and respond to this new source of pressure on Indian exports.

One way India can help buy support for itself in the US is to buy more from the US. Such purchases by an India growing at over 8 per cent from a country facing the threat of double-dip recession can help win friends and calm fears in the US. The recent decision of the Indian civil aviation sector to buy more Boeing aircraft will help. If the Indian nuclear liability regime had been more accommodative of US corporate interests, that too would have helped. But having upset US companies with its high-minded supplier liability regime, India should only expect such pinpricks as the one from Ohio. Finally, India must take a new look at its stance on a WTO agreement on government procurement and on the wider issue of the agreement on trade in services. India needs multilateral protection from such arbitrary bilateral action. Yielding ground on government procurement in exchange for an agreement on services covering all modes should be considered.
DIGITAL SIGNATURES
Signing the electronic way

MASOOM GUPTA

Traditional signature is the only way one can authenticate electronic or online transactions legally. A digital signature is a scanned image of your physical signature. A document with a digital signature can simply state that it has been digitally signed by (name of the person). When you click on this link, you get the details of the signatory. These include name, public key, date of issuance, issuer’s name, the serial number of the digital signature and the digital signature.

A digital signature is the only way one can authenticate electronic or online transactions legally — for example, while using e-commerce websites and other transactional portals, internet banking, broking and other online transactions like e-filing of returns. You can even encrypt information in your e-mail using a private key.

How does it work
A digital signature certificate has to be purchased from a government-approved certification agency. At present, there are several such agencies, including companies like Infomatics Centre, SI Infotech, MTNL and Tata

Business Standard ND10/09/2010
Business Standard ND10/09/2010 P-3(SEC-3)

ECONOMIC DEVELOPMENT AND REFORMS IN INDIA: A Comparative Perspective
Subhramanya B. Varma

The non-identical twins of the East

NIKHIL CHOUDHARY

When China and India began to industrialise and modernise in the 19th century, they both aspired to a modernising capitalist development. Both faced the same problems of economic growth. China underwent the forced industrialisation of Western Europe and Japan, while India underwent the forced industrialisation of the British Raj. Both China and India started their industrialisation process in the 19th century, but China was able to industrialise more rapidly than India. By 1900, China had a modern industrial sector, while India was still largely an agricultural economy.

However, in the 20th century, China and India took different paths. China concentrated on industrialisation, while India focused on agricultural development. This led to a divergence in their economic growth rates. China was able to industrialise more rapidly due to its large population, rich and varied raw material resources, political stability, and the presence of a large market. India, on the other hand, was plagued by political instability, economic policies that favoured agriculture, and a lack of investment in infrastructure.

Despite these differences, China and India have both made significant progress in recent years. China has become the world’s second largest economy, while India has become the world’s fastest-growing major economy. This has led to a convergence in their economic growth rates, with both countries experiencing high rates of economic growth.

Business Standard ND10/09/2010 P-11
A third eye on government functions

In public service delivery, third-party assessments can plug gaps that the government and bureaucracy can't

How do we minimize leakages in welfare programmes? How do we improve the quality of service delivery in public institutions? How do we ensure quality in construction of infrastructure assets? These questions are common to public policymakers. A possible answer might lie in third-party assessments.

Implementation failure has been a frustratingly persistent feature of even the better conceived government programmes. Traditional bureaucratic supervisory mechanisms responsible for implementing the myriad development schemes suffer from numerous deficiencies.

Apart from a badly misaligned incentive structure, dysfunctional chain of command and poorly motivated individuals, the existing supervisory architecture is overburdened across many dimensions. Field supervision invariably has to deal with too many locations, spread over too large an area, and with a gamut of activities—all this without adequate training, logistics or resources.

In the circumstances, third-party assessment contracts with professionally competent and independent agencies have the potential to significantly improve the quality of public service delivery and programme implementation. Since the current supervisory mechanism constitutes the very people whose services are mistrusted, the theoretical case in favour of external assessment is unexceptionable. Such independent monitoring is all the more necessary, given the unmistakable shift in focus from a merely quantitative to a more qualitative assessment of the government's functions.

One of the biggest breakthroughs in improving the quality of construction works in recent years has come from the introduction of mandatory third-party quality control (TPQC) checks. Typically, government departments call open competitive tenders and ensuite engineering works—roads and drains, water and sewerage, buildings and so on—for execution through contractors. Regular department officials then supervise the quality of execution.

However, this arrangement poses an inevitable conflict of interest, wherein the supervisory engineers often collude with the contractors to dilute the quality of works. In this context, third-party audits—consisting of random and surprise inspections of works at each stage—by competitively selected external agencies emerged as a preferred strategy to elicit an independent qualitative feedback. In fact, its success has meant that TPQC is now a mandatory requirement in all major projects implemented by Union and state governments.

Going beyond engineering works, it is natural to seek an independent and periodic feedback about the functioning of public institutions such as schools, hospitals and various government offices, apart from the quality of service delivery in welfare programmes. The feedback can range from the specific—which teachers, doctors or officials are taking bribes, or is irregular or indifferent at work—to the general—sources of leakages or bottlenecks or delays in service delivery, and so on.

In fact, instead of third-party assessors duplicating the existing regular supervisory mechanism, a mandate involving randomly sampled inspections may be adequate. The certainty of follow-up action, positive or remedial, will be a powerful enough deterrent to ensure its effectiveness.

The critical ingredient for success in this market is credibility of the external agency—third-party assessment agencies are in the business of selling integrity. In a complex socio-political environment in which the avenues for incentive distortions are numerous and mostly unforeseen, managing such a business can be a Herculean task.

Most often, a successful engineering TPQC agency, which starts off as a small group of committed people with exceptional integrity, loses its way as it expands to take in more work. In a rapidly emerging market where success immediately beggars more success, with a resultant proclivity of business opportunities, firms often bite off more than they can chew. In the process, they end up diluting performance standards and ultimately lose credibility. With time, many of them end up being indistinguishable from the government supervisory mechanism.

Bureaucratic internal quality controls are, therefore, fundamental to success in this business. Once lost, credibility is very difficult to recover. The general lack of qualified professionals, coupled with the need to attract people with integrity and keep them honest, would require the development of a robust business model.

Clarity in the definition of scope of work and objectives is critical in ensuring that third-party assessments do not become an excuse for further erosion of already weak systems. It should complement, not replace, the role of the regular supervisory framework. Primarily, the outputs of the third-party agency should be a feedback for only the highest level of administration, preferably only the head of a department.

Critics will surely argue that this provides a back door entry for private agencies into public governance functions, the hollowed-out core of government. But, far from dismantling the regular government bureaucracy, external assessment would contribute to keeping them honest. Further, it needs to be borne in mind that the success and widespread adoption of TPQC with engineering works have not generated voices calling for scaling back regular engineering quality supervision.

While there is likely to be several formidable systemic problems, it cannot be denied that third-party assessment agencies with a powerful force multiplier that dramatically increases their span of control and thereby supervisory effectiveness.

For all these development venture capitalists in search of an idea to fund, partnership with the government in the creation of a competitive market for independent service quality assessment would constitute, at least partially, an address to the implementation woes of the Indian bureaucracy.

Comments are welcome at theview@btemint.com
US tech firms continue to grow in India

Despite the backlash against outsourcing, US tech companies continue to shift operations on a large scale, which has led to record growth in revenue and employment.

By Sundhara Acharia & Lila Joshi

In the wake of growing concerns about outsourcing of government IT projects, US President Barack Obama announced that the US would support the development of Indian IT firms. This move is expected to have a positive impact on the Indian IT industry, which has been witnessing a surge in recent years.

The Indian IT industry has been growing at a steady pace, with revenues from US tech firms increasing by 30% in the last financial year. This growth is attributed to the skills and expertise of the Indian workforce, as well as the low cost of operations. The Indian government has also taken steps to encourage the growth of the IT industry, including tax incentives and subsidies for foreign IT firms.

The US government is expected to announce a new set of rules for outsourcing in the coming months, which are likely to affect the Indian IT industry. However, the industry remains optimistic about the prospects for growth in the long term.

Indian Express, ND 10/09/2010 P-3

Students must fulfil attendance criterion to sit for exams: HC

Utkarsh Anand

New Delhi: September

"BRILLIANCE in creativity is no substitute for regular attendance in classes," was the lesson the Delhi High Court handed out to 10 US students of the School of Planning and Architecture (SPA) who were dismissed for failing to meet the minimum attendance requirement.

Justice Rajeev Sarin, in an interlocutory order, asked the SPA to allow them to sit for the exams, but also told the institute to withdraw the charges. The SPA, in compliance with the directive, allowed the 30 students who were also denied any remission of attendance, to appear for the exams.

HC directs police to protect couple

NEW DELHI: The Delhi High Court on Thursday directed the police to provide protection to a couple who approached the court fearing threats from the girl's family after they were forced to marry against their will.

Justice A.K. Sikri ordered the Delhi Police Commissioner to provide protection to Pankaj Jain and his wife Shailaja, who had approached the court alleging that they were being harassed by the girl's family.

"The police should take all necessary steps to protect the couple and their properties," the court said.

The case involved a 16-year-old girl from Haryana, who had ...
Real-life Munnabhai
Admission frauds are no joke

WHENEVER any well-meaning special facility is provided, there are always people waiting in the wings to misuse it. One such scheme is Direct Admission of Students Abroad (DASA), under which eligible foreign nationals, persons of Indian origin (PIOs) and non-resident Indians (NRIs) are admitted to undergraduate engineering programmes offered by the National Institutes of Technology (formerly Regional Engineering Colleges) and other centrally funded institutions (other than IITs) and Punjab Engineering College, Chandigarh. It seems to have been hijacked by some, 11 of whom got admission to the Chandigarh college alone by using fake documents. According to preliminary reports, a Hisar doctor gave them fake Nepalese identity cards by charging Rs 10 to 15 lakh from each student.

The CBI is seized of the matter and is conducting inquiries. As a result, a reputed centre of learning has come in for negative publicity. Actually, the fault does not exactly lie with the PEC because the Union Ministry of Human Resources has entrusted the central coordination of admissions under the DASA scheme to the National Institute of Technology, Surathkal. The students who thus tried to make way into a professional college fraudulently—like the lead character of the film Munnabhai MBBS—have not only ruined their own careers but have also brought a bad name to the institution.

Due to the acute shortage of good colleges, there is always a mad scramble for admissions. And there are enough unscrupulous persons to take the admission seekers for a ride. It is good that the conspiracy was detected fairly early. This will put the fear of the law in the minds of the wrong-doers. But there are far too many of them eager to employ underhand means. A consistent drive against them will be necessary to keep them out of business. An unqualified person getting admission into a medical or engineering college fraudulently may be good for a few laughs in a film but such an incident taking place in real life is simply not acceptable because it brings the entire education system into disrepute.
Science and Technology

Must try harder

CLIMATE CHANGE ASSESSMENT

A call to reform the IPCC

IT THIS week’s report into the workings of the Intergovernmental Panel on Climate Change (IPCC) by one of Britain’s leading scientists, Sir Tim Vickers, was an important reminder of how much the panel has to do to improve its credibility. The report, produced by a committee chaired by Sir Tim, highlighted several areas where the IPCC could do better, including transparency, accountability, and the way it handles conflicts of interest. The report also called for more rigorous peer review and a more open process for selecting panelists. It is hoped that the reforms will help to improve the IPCC’s reputation and make it more effective in driving action on climate change.
The weirdness of warming

Linking extreme climate across to global warming may be hard — but tracing it to human activity is easier

Our exposure to extreme events will only worsen. So whatever nations decide to do about emissions, there is an urgent need to 'climate proof' human endeavours.

NEW YORK City just had its hottest June-to-August stretch on record. Moscow, suffering from a once-in-a-millennium heat wave, tallied thousands of deaths, a toll that included hundreds of intoxicated, overheated citizens who stumbled into rivers and lakes and didn’t come out. Pakistan is reeling from flooding that inundated close to a fifth of the country.

For decades, scientists have predicted that disastrous weather, including heat, drought and deluges, would occur with increasing frequency in a world heated by the rising concentrations of greenhouse gases. While some may be tempted to label this summer’s extremes the manifestation of our climate meddling, there’s just not a clear-cut link — yet.

Martin Hoeking, a research meteorologist who investigates extreme weather for the National Oceanic and Atmospheric Administration, calls any such impression “subpoofurbation.” He and other climate scientists insist there’s still no way to point to any particular meteorological calamity and firmly finger human caused global warming, despite high confidence that such warming is already well underway.

One reason is that extreme weather, while by definition rare, is almost never truly unprecedented. Oklahoma City and Nashville in the United States had astonishing downpours this year, but a large area of Vermont was devastated by a 36-hour deluge in November 1927. The intense tropical storm killed more than 80 people, including the state’s lieutenant governor, drowned thousands of dairy cows and destroyed 1,200 bridges.

A 2012 study of lake sediments in and around Vermont found that the 1927 flood was mild compared with some in the pre-Columbian past. In fact, since the end of the last ice age, there were four periods — each about 1,000 years long and peaking roughly every 3,000 years — that saw a substantial number of much more intense, so-called floods. (The researchers found hints in the mud that a fifth such period is beginning.)

Many scientists believe that sub-Saharan Africa will be particularly vulnerable in the coming decades to climate-related dangers like heat waves and flash-flooding. But global warming is the paramount of the factors increasing the risks there. Persistent poverty, a lack of governance and high rates of population growth have left African countries with scant capacity to manage too much or too little water.

As in Vermont, the climate history of Africa’s tropical belt also makes it incredibly difficult to attribute shifts in extreme weather to any one cause. A recent study of layered sediment in a Ghanaian lake revealed that the region has been periodically beset by centuries-long super-droughts, more potent and prolonged than any in modern times. The most recent lasted from 1400 to 1750.

Though today’s extremes can’t be reliably attributed to the greenhouse effect, they do give us the feel, sweat and all, of what’s to come if emissions are not reined in. Martin Hoekling told me that by the end of the century, this summer’s heat may be the status quo in parts of Russia, not a devastating fluke. Similar projections exist for Washington, the American Southwest, much of India and many other spots.

With the global population cresting in the coming decades, our exposure to extreme events will only worsen. So whatever nations decide to do about greenhouse gas emissions, there is an urgent need to “climate proof” human endeavours. That means building roads in Pakistan and reservoirs in Malawi that can withstand flooding. And it means no longer encouraging construction in flood plains, as we have been doing in areas around St. Louis that were submerged in the great 1993 Mississippi deluge.

In the end, there are two climate threats: one created by increasing human vulnerability to calamitous weather, the other by human actions, particularly emissions of warming gases, that relentlessly shift the odds toward making today’s weather extremes tomorrow’s norm. Without addressing both dangers, there’ll be lots of regrets. But confronting them is likely to add to confusion, not produce solutions.
China in, India out of global best campus rankings

ANUBHUTI VISHNOI
NEW DELHI, SEPTEMBER 9

FOUR Chinese universities figure in the list of the world’s best 50 educational institutions, even as India’s sole representative in the top 200 — IIT Bombay — has slipped 24 places from its 2009 position.

The University of Cambridge has replaced Harvard as the world’s best university in the prestigious QS World University Rankings, 2010, published in London yesterday. Six of the top 10 universities in the world are American, the other four are in the UK. The US and UK share positions 1 through 17 among themselves.

The QS rankings, earlier published in collaboration with Times Higher Education, are an annual ranking of the top 500 universities in the world, based on an academic reputation index, employer reputation index, institution inclusion, and research among other criteria.

Among Asian countries, Japan has 10 universities in the top 200. China and Korea have six and five respectively. India has one — IIT Bombay. At No. 187, down from No. 163 in 2009.

IIT Guwahati has crashed 100 places from No. 401 to No. 501. University of Delhi is down 80 places from 291 to 371. IIT Delhi is down 21 from 181 to 202, and IIT Kanpur is down 12 from 237 to 249. The Universities of Mumbai and Pune are in the 450-500 bracket, comparable to Tehran.

In contrast, three of the four Chinese universities in the top 50 have improved their positions since last year. At No. 23, the University of Hong Kong is up one place, and on top of the Asian pile. The Chinese University of Hong Kong is up to 42 from 46, and Peking University is up to 47 from 52.

Hong Kong University of Science and Technology is at No. 40, down from No. 35 last year.

Beijing's Tsinghua University is the fifth Chinese institution in the top 100, coming in at No. 54.

Martin Ince, convener of the Academic Advisory Board for the QS World University Rankings, said that the poor performance by the IITs apart, “the real story is the very modest showing of all other Indian higher education in our rankings.”

“Delhi University scores well in our assessment of academic and employer opinion but very poorly on our other measures — faculty/student ratio, citations, international staff, international students,” Ince wrote in an email to The Indian Express.

“This is a very modest performance for the flagship university of a very significant nation... Note too that many universities around the world are investing heavily and want to be prominent in this and other rankings. So universities need to improve just to stand still.”

IIT Guwahati director, Prof Gautam Baruah, expressed surprise and disappointment over the steep fall in the institute’s rank and said he would examine the issue. IIT Kanpur director Sanjay G Dhanve, however, said that wide disparities in the budgetary structures of Indian and Western institutions — even though faculty and student profiles may be comparable — make it unfair to measure them by the same yardstick.

Indian government policymakers argue that international ranking criteria are based largely on western models and do not take into account several other indicators. The University Grants Commission is in fact, in the process of developing its own ranking system based on “Indian indicators of performance”.

Ince, however, argued that “the much more prominent position of Chinese universities than Indian ones proves that we are not simply being nice to western institutions”. He added, “In fact, India’s tradition of the English language ought to give it a big advantage over China in world higher education, but we do not see this effect at work.”

HRD Minister Kapil Sibal, though, struck an optimistic note.

“In the next ten years several of our institutes will be among the top 100 in international rankings. Without commenting on the merits and demerits of these rankings, with the reform in education systems, we should see more Indian institutes figuring on them. It should also be thought what should be adopted as a global criteria... not necessary it has to be western-style”, Sibal told The Indian Express.
Govt to rent out computers in rural areas @ ₹15 a day

Harsimran Jutla
NEW DELHI

AFTER the slow pick-up of the ₹220 One Laptop Per Child Project, and an uncertainty over the ₹35 laptop called Sakshat, the government is now experimenting with another model—to dole out computers on rent to spread IT literacy in the country.

Under a pilot program to be launched by the ministry of IT & communications, computers especially built for rural areas will be deployed in five locations, and then rented out to citizens. "The cost may vary from ₹15-20 per day. This model may remove the hindrance of affordability in buying computers. We are talking to various companies like Intel, HCL, Infosys and One Laptop Per Child Project," a senior official at ministry of IT & communications told ET.

The pilot program would cost the government about ₹45 lakh. "It will also remove the problem of maintenance and repair which is a common problem in many areas. Besides the person can rent it only for the time power is available," he added.

In another IT experiment, the government last year had claimed to have launched a $10 storage device. This year the ministry of human resource & development launched a ₹35 laptop called Sakshat. The MHRD plans to bring the cost of this laptop down to ₹20 and then to ₹10 ultimately.

But many experts cast a sceptical eye to the Sakshat project. "Anybody in the industry having some knowledge of making laptops knows that it is impossible to manufacture a laptop for $10," says Satish Jha, OLPC India president, whose laptop costs about $220 to manufacture. Add about ₹2,300 as duties and ₹1,700 as shipment cost, and the price shoots up to nearly the price of a netbook available in the market. "But he defends his OLPC laptop saying that none of the netbooks would ever have a shockproof body, solar charging capabilities, and a host of 230 applications. He claims to have deployed about 2,000 OLPC laptops in various parts of India.

He welcomes the government's new move to rent computers, but admits there is a huge power and maintenance problem which prevents PC buying in rural areas. "It costs about ₹16,000 for power over five years. To run a desktop PC, for e-education, renting computers for a few hours may be a good idea," he said.

HCL in 2006 had launched a Community PC with an innovative power management system called RP2 that switches the computer to a power-hungry mode as can be charged using only bicycle pedal power. But that computer too failed to see heightened demand in rural India. Clearly, the government needs to create a utility-based demand before it can work out these models for rural areas.

CHARTING A NEW PATH

US IT cos get lion’s share of e-governance pie

Economic Times

Harsimran Jutla & Debiyute Sangita

India’s IT service providers are only just making up to the US government when it comes to the billion-dollar US-India e-Governance initiative. The USIT service providers are already benefiting from India’s technology and software industry. The US-India e-Governance initiative, launched in 2005, is a joint effort to leverage India’s technology and software industry to improve the delivery of government services in the US. The US government is expected to spend around $2 billion on the initiative over the next five years. The Indian companies are expected to capture close to 50% of the work under the initiative.

The initiative involves the development of a comprehensive e-governance framework that will enable the US government to deliver services to its citizens more efficiently and effectively. The framework will include the development of a single, integrated platform that will allow citizens to access various government services through a single point of entry.

The initiative is expected to benefit both the US government and the Indian companies involved. The US government will be able to improve the delivery of services to its citizens, while the Indian companies will be able to expand their business in the US.

The initiative is expected to create jobs in the US and provide opportunities for Indian companies to establish a strong presence in the US market. The initiative is also expected to boost the Indian technology and software industry, as it will provide a platform for Indian companies to showcase their capabilities and expertise.

The Indian companies involved in the initiative include Tata Consultancy Services, Wipro, Infosys, and iGate. The Indian companies are expected to capture around 50% of the work under the initiative. The US government is expected to spend around $2 billion on the initiative over the next five years.

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Pay & perk's the new deal

A company calculates exactly how much it needs to spend on benefits to keep employees happy and still not lose them to others. Can it figure out how much it wants to spend? It must not only retain the best talents in the market, but also create an environment where employees feel valued and motivated. Pay, benefits, and perks are crucial factors in this equation. The new deals provide competitive salaries, flexible work arrangements, health insurance, and retirement plans to attract and retain top talent.

VOICE TO EMPLOYEE: A WIN-WIN APPROACH

Hewitt Associates' Total Rewards Optimisation tool guides companies on employee benefits by measuring preferences through trade-offs. The results have made both companies and staff happy.

At a company, calculate exactly how much it needs to spend on benefits to keep employees happy and still not lose them to others. Can it figure out how much it wants to spend? It must not only retain the best talents in the market, but also create an environment where employees feel valued and motivated. Pay, benefits, and perks are crucial factors in this equation. The new deals provide competitive salaries, flexible work arrangements, health insurance, and retirement plans to attract and retain top talent.

**PACKAGE FOR EMPLOYEES: TIPS FOR COMPANIES**

- **Let employees work out their own rewards package.** Let them listen, take their time to understand the current rewards package being offered, then try to make the changes they want.

- **A good rewards package is not only a hook to lure the best talent in the market, but also a tool to retain that talent and, with regular breaks to the benefits package, make sure it is continuously productive.**

- **Think out of the box when thinking rewards.** You will be able to come up with the best talent if you think something your competitors are not doing. While cash is always important, non-cash benefits like freebies are also becoming important.

- Spend efficiently on rewards — not necessarily more — by giving employees exactly what they value. In a dynamic economic like India, rewards tend to get underutilized very quickly. Companies need to keep up, and resist the rewards they offered earlier as much as possible.

- Bring more marketing focus to the rewards package. Think of employees as consumers of the benefits and rewards and what you could do to please them.

- Employees prefer a bunch of smaller rewards, from big and benefit companies need to mix and match.

**Retention is the key outcome that companies look for, from optimising total rewards. But the other important things any attraction — to have a package of rewards that people in a grown market like India will be attracted to, and that competing companies may not offer — is to be able to capture the experience they have, and also have some of the company's rewards money. It is a situation that suits both employers and employees.**

**You have found, through using the TRO tool, that US companies spend upwards of $15,000 per employee, and need to increase that by 1-3% per annum. How do you assign such a figure to employees' preferences that is largely subjective?**

The trade-off that the TRO tool assesses is between the kind of rewards and services people can get and how they're feeling for the job. Understanding that, we can bring in another element — the cost of giving those services. Once we have these two pieces of data, we put them together to see how we can optimise on the rewards spend. That's where the $15,000 comes from, if an average of benefits per employee in the US. Some will spend more, some will spend less. But rewards are highly leveraged. Cash is always important, but may not be the most efficient way for a company to spend its rewards money.

An example is the US, where workers have different needs and priorities. Employers can provide a range of rewards tailored to individual needs. For example, a reward might be a flexible work arrangement, which can be very attractive to employees. Another example could be a fitness program or a gym membership, which can help employees improve their health and well-being. These rewards can be tailored to meet the specific needs of employees, providing a more personal and engaging experience.

**Can we have some TRO success stories?**

We have a large retailer in the US, which has shown a 10% improvement in employee retention. The company has invested in a comprehensive employee benefits package, including flexible work arrangements, health insurance, and retirement plans, and the results have been impressive. The company has also seen a significant improvement in employee satisfaction and job satisfaction. Another example is a technology firm in India, which has implemented a rewards program that includes stock options, performance bonuses, and incentives, and the results have been very positive. The company has seen a 20% improvement in employee retention over the past year, and a 15% increase in employee satisfaction. These are just a few examples of how companies can benefit from using the TRO tool.
Non-formal lessons of opportunity

Non-formal education is emerging as a fertile business ground, as more Indians seek facilities to develop learning and vocational skills in their wards, beyond what is being offered by the country's academic-oriented schooling system.

The Indian government has been promoting non-formal education, particularly through the National Council of Educational Research and Training (NCERT), which aims to enhance the quality of education and provide options for students who do not wish to pursue traditional academic paths.

In rural areas, non-formal education programs are offered through community centers and village-level institutions. These programs often focus on practical skills such as agricultural techniques, health and hygiene, and basic literacy.

Several organizations and NGOs have also been instrumental in providing non-formal education opportunities. For example, the Akshaya Patra Foundation, which provides mid-day meals to school children, also offers non-formal education programs.

The trend is expected to continue, with more initiatives likely to be launched to cater to the growing demand for non-formal education among the population, especially in rural and semi-urban areas.

Preethi Achar

Economic Times ND10/09/2010
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OUT OF THE BOX: ENTREPRENEURS TRACK BUSINESS IN EDUCATION

In recent years, there has been a growing interest in non-formal education programs, particularly among young entrepreneurs. These programs offer opportunities to develop practical skills and knowledge that can be applied in the real world, helping to create a more skilled workforce.

One such initiative is the Akshaya Patra Foundation, which provides mid-day meals to school children in underserved areas. The foundation also offers vocational training programs to help young people acquire marketable skills.

Another example is the Teach For India program, which recruits young professionals from diverse backgrounds to teach in underprivileged schools. This program aims to help students from disadvantaged backgrounds achieve their full potential.

These and other similar programs are helping to create a new generation of skilled workers who are well-equipped to succeed in today's fast-paced economy.
Confident speech spells business
IIM Alumni Finds Big Opportunity in Developing Soft Skills of Students, Employees

Early this week, at the Info Institute of Engineering in Coimbatore, the faculty and the parents were surprised to find students sitting up to the podium and delivering eloquent leave-taking speeches in perfect English. The college had gathered to commemorate its first batch of graduating students.

The surprise was more palpable, as this group of students — most of whom hail from the southern towns and districts of Tamil Nadu — had dismal English-speaking capabilities when they enrolled at the institute in 2007. They were spending so much of money to get an engineering degree, but I felt none of them will be employable at the end of the four-year course, as they lacked communication skills," says Chitra Murugan, principal, Info Institute of Engineering.

It is a problem unique to India where professional colleges focus almost exclusively on technical knowledge, providing fewer opportunities for students to gain industry exposure and develop soft skills. As a result, just about 39.5% of graduates in India are employable, with the testing revealing various levels of training before they are ready to become productive members of the workforce.

This is a gap that Mr. Manohar and her team are keen to plug with the help of the government, for which they are in an IIM-Kozhikode alumni R Rajesh Kumar to head a soft-skills training course for their students. While the college now offers the MBA course, Mr. Kumar has been the credit for the improved communication skills of its students, for the trainer this was the perfect launchpad for his start-up venture, one of the first of its kind in the Indian market.

Mr. Kumar, who joined global banking major Citi Bank after his MBA programme, had always nursed ambitions of becoming an entrepreneur. When he was ranked fourth at all India level for the first quarter in 2008 in the Champions League, an insurance competition for employees at Citi Bank, he reckoned that by the age of 40, he could at best aspire to be the Country Head. He found that it was not a very enticing prospect.

Deciding to pursue his start-up dreams, Mr. Kumar teamed up with an IBM batchmate, Venkat Raghalan, to capitalise on their skills in the area of communication, leadership and mentoring, to set up their own company in December 2008. Today, the IIM-K graduates’ business enterprise Focus 4D Career Education has clocked up a turnover of 2 crore. They hope to double its revenue in the current financial year.

The company has two business verticals under its Focus Academy for Career Enhancement (FACE), they conduct skills development programmes for college students by signing MoUs with the colleges. They offer year-long as well as short-term training programmes for management-based competitive exams, and also recruits students under train-and-hire model for corporates. It also provides e-learning solutions, blended learning solutions and web presence solutions to corporates and institutions under its EdLog Solutions.

Being IIM Alumni, the duo were able to package their training with unique insights about management exams. "We offer training at premium rates, but our products were the best. In our first batch, 17 out of 22 students who underwent training for group discussion and personal interview gained entry into the corporate sector," says Mr. Kumar.

"Rajesh was earning more than 1 lakh per month at Citi Bank, but he quit all that to begin his own company and struggled initially to reach this level," says Mr. Manohar. The big breakthrough for the company happened after their first year in the business. The soft-skills training space in Tamil Nadu had a clutch of competing players. In a bid to gain a lead, Mr. Kumar negotiated a merger with a company with a similar profile, e-Brahma, which was a franchise operator for PT Education. It helped that e-Brahma’s founder TP Senthil Kumar too was an IIM-alumnus.

"Instead of competing with each other in the market, we decided to join hands as our objectives were the same," he says. The merger completed in October 2009, was a smooth ride. Focus 4D Career Education has given minority stakes to e-Brahma, which brought along with it 12 centers (colleges). 12 centers are already operational from the center.

The company continues to be owned by the original promoter duo of Mr. Kumar and Mr. Raghalan, while Senthil Kumar from e-Brahma has joined Focus 4D Career Education as a full-time director.

Earlier this year, the start-up also bagged its most prestigious corporate engagement — training entry-level recruits on communication skills and corporate etiquettes for Cognizant, one of India’s biggest companies. “We started this year, Cognizant had shortlisted 26 students from the Hindu College of Arts and Science. We trained them at campus, and all the students got offer letters from the company now,” says Mr. Kumar.

S Sujatha

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‘Ohio ban against spirit of free trade’

Midi Joseph Tejaswi
& Sujit John

Bangalore: The Ohio governor’s decision to prohibit state agencies from hiring firms that send work offshore provoked an immediate and strong reaction from the IT industry. And in a sign that corporate India in general is getting worried by the protectionist moves in the US, national Industry association ASSOCHAM came out strongly against the move, saying that it is against the spirit of free trade and amounts to creating trade barriers.

Infosys also expressed concern. "It is imperative that more such actions could be expected as the US heads towards its November elections, but noted that such initiatives could be counterproductive to the US government’s effort to reduce public deficit and possibly lead to an increased tax burden on its citizens."

"We are disappointed to see the Obama administration’s desire to withdraw tax breaks to US companies that create jobs overseas, instead of at home, is unlikely to have any direct impact on Indian IT firms," said a spokesperson.

According to experts, "US President Barack Obama’s reiteration of his administration’s desire to withdraw tax breaks to American companies that create jobs overseas, instead of at home, is unlikely to have any direct impact on Indian IT companies. The target, it is believed, could be subsidiaries of American companies that book profits in low-tax regions, and do not repatriate the same to the US, where tax rates are higher. A measure like that is unlikely to affect Indian companies."

"International trade is a federal subject and Nasscom added that it is studying the legality of such a bill being passed by a state government. The industry body is leading a delegation to the US later this month and plans to take this up with relevant officials in the US. It firms indicated that they would increase their delivery strength in the US to reduce the offshoring need. Infosys CEO Kris Gopalakrishnan said the company was increasing local recruitment across all its global locations. "I do believe that is a solution that works for us and them (the US). We inure higher costs in relocating our employees from India to their families. Infosys initiative in the public services sector is focused on creating a domestic delivery centre in the US, hence this should not be affected," he said.

India slips to 51 on global competitive list

Sheila Mathrani

Geneva: India has slipped to 51 from the 45th spot in the World Economic Forum’s annual Global Competitiveness Report (GCR) 2010-11 among 135 countries rated for institutions, policies and factors that determine the level of productivity. The top ten ranked countries have retained their spots since 2008. While Switzerland is first for the second consecutive year, Sweden is second and Singapore is at the third spot. The US has slipped to fourth and China had jumped to 27 from 29.

"Switzerland, a model country, has the most effective and transparent public institutions in the world with a level playing field, an independent judiciary, strong rule of law, and highly accountable public sector," said the report released on Thursday. "India has failed to improve significantly on any of the basic drivers of its competitiveness," said the report. But its large market size, good results in more complex areas including financial markets, business sophistication and innovation make it competitive.

India shows up poorly when it comes to institutions. It ranks 71 in diversion of public funds, 68 in public trust of politicians, 83 in irregular payments and bribes, 76 in the fight against corruption, 95 in budgetary transparency, 127 in business costs for terrorism, 68 in business costs, 88 in reliability of public services, 70 in ethical behaviour of firms and 76 in the efficacy of corporate boards.

However, India ranks 42 in transparency of government policy, 45 in strength of auditing and reporting standards, 33 in strength of investor protection, 41 in judicial independence, 7 in legal framework in dispute settlement and 37 in legal framework in challenging regulations.

India’s macroeconomic environment continues to be characterised by persistent budget deficits (69), high public debt (119) and high inflation (152 out of 154). However, it ranks ninth in national savings rate. India is 104th in health and primary education, with high rates of communicable diseases and high infant mortality (111).

Life expectancy in India (rank 109) is 10 years less than in Brazil and China. The quality of primary education remains fairly poor (rank 99), despite becoming universal. Higher education also is a weak point, with low enrolment rates at secondary (rank 128) and tertiary (rank 101) levels. It is 80 in the quality of its educational system, and 23 in the quality of its management schools.
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‘Family planning is not just controlling numbers’

Jyotish Shankar Singh has been the longest serving United Nations official in the population field. A former deputy executive director of UNFPA, he played a pivotal role as executive coordinator of the International Conference on Population and Development (ICPD) in Cairo in 1994. He is also author of a recently published book, Creating a New Consensus on Population. He spoke to Rajeev Singh:

- Has the concept of family planning changed over the years?
- Yes, it is not just a question of controlling numbers; it relates to health, education and contraceptive services. That is why the ICPD was so significant. It did what no population conference had before, by adopting a 25-year framework of action. Family planning was broadened to include provision of reproductive health services, reduction of infant mortality, and improvement in maternal health, education and women’s empowerment.
- What has been achieved since 1994?
- Gains have been made in reducing infant mortality, and the concept of reproductive health has gained increasing acceptance around the world.
- What still needs to be done?
- There is a lack of sufficient funding: 126 million couples still lack access to reproductive health commodities and services, and maternal mortality remains at a very high level. Education, particularly for girls, has not yet been fully achieved.
- Millennium Development Goals (MDGs) were laid down by the United Nations over two decades ago. What were the most important ones?
- The most important goal was reducing by half the proportion of people living in extreme poverty by 2015. There were about 1 billion people in developing countries living on less than $1 a day (defined as extreme poverty) in 1990. Since then, there has been an impressive reduction in poverty in China and even in India the overall poverty rate has come down, though in Africa the rate has come down at a much slower pace.
- Other goals include universal primary education, with particular attention to girls, reducing child mortality and improving maternal health, promoting gender equality and empowering women, along with ensuring environmental sustainability, are two of the other MDGs that have achieved increasing urgency in recent years.
- How has India done?
- Better than many demographics claim. Most of India has moved towards population stabilisation. Rajasthan and Madhya Pradesh, one part of the BIMARU states, have done well lately, but Bihar and eastern UP remain problem areas. India’s maternal death rate is also much too high if health services were within easy reach, the rate could be reduced by half.
- Some Indian states are passing legislation that does not permit candidates with more than two children to stand for political office. Will such measures work?
- I don’t have the details but no country in the world has succeeded in making a serious impact on population growth by such coercive measures.
- There is a widespread perception that Islam is opposed to family planning. How correct is this?
- Not correct. Take Iran, Indonesia, Turkey and Tunisia, to name just four major Islamic countries. They all promote family planning and have been successful in reducing population growth, even more successful than India.

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State education boards oppose IIT-JEE reform plan

Akshaya Mukul | TNN

New Delhi: Many state education boards have rejected the proposal of giving weightage to class XII marks for admission to IITs on the ground that each board has its own standard of examination and way of evaluation which cannot be put on a par with others.

The report on JEE reforms, prepared by a committee headed by IIT Kharagpur’s director Damodar Acharya, will come up for discussion during the IIT Council meeting on Friday and it remains to be seen how the issue will be resolved. The Acharya committee had said that the admission would be based on the class XII marks as well as the marks scored in an aptitude test and an add-on test, based on subjective questions. The state boards of Bihar, Uttar Pradesh and many northern states have said there is a great deal of variation in evaluation that cannot be resolved through the process of normalisation. Explaining problems with normalisation, a senior official of the Uttar Pradesh board said, “The process of normalisation will result in many state boards inflating marks of children.”

He gave the example of BITS Pilani that gave up the system of direct admission after normalizing marks of students from all over the country. The reason, the UP official said, was that BITS realized that 70% of its students were coming from one state. Finally BITS started taking students through its own entrance examination called BITSAT. Now direct admission is limited to state board toppers.

He pointed out that even IIT-GATE, UPSC-civil services have discarded normalization of marks because it cannot be done effectively.

But Acharya’s ideas have found favour with the Central Board of Secondary Education and the state boards of Tamil Nadu and Andhra Pradesh. An official of the AP board said, “The proposal by Acharya will be good for students and less stressful.”
Taiwan puts hospitals on high alert over ‘made-in-India’ bug

Kounteya Sinha | TNN

New Delhi: With the antibiotic resistant superbug NDM-1, that scientists claimed originated in India springing up in almost 14 countries, Taiwan on Thursday decided to declare it a category-four communicable disease.

This means that hospitals and clinics will have to immediately report any suspected cases.

The bug, which is named from an enzyme called New Delhi metallo-beta-lactamase-1, has been found in patients from United Kingdom, US, Canada, Australia, Netherlands and Japan, who had recently returned from India after medical treatment.

According to Taiwan’s Centre for Disease Control, NDM-1 has the potential to become a serious public health problem as the superbug is extremely virulent and resistant to almost all antibiotics, even the most powerful ones.

Chou Jih-haw, deputy director-general of CDC, on Thursday said doctors would have to notify the CDC or its local branches within 24 hours of seeing a patient who has received invasive surgery, has travelled abroad — to India and Pakistan in particular — over the past six months and whose samples show the occurrence of resistance to antibiotics.

Doctors failing to issue such a notification after attending a patient who meets the three conditions could face a fine of up to US$ 14,063, he added.

The announcement came a day after Japan’s health minister Akira Nagatsuma announced that his country would begin a national survey to see how far the new type of antibiotics-resistant bacteria spread across Japan. On Tuesday, Japan reported its first case of NDM1 infection in an India-returned Japanese national.

The World Health Organisation has also now designated antimicrobial resistance as the official global theme for World Health Day 2011 (April 7).
IITs, IIMs get in-house shrinks to beat stress
Students Also Face Loneliness, Depression

Sruthy Susan Ullas | TNN

Bangalore: If getting into any of these premier institutes is difficult, coping with the pressure once inside is even more difficult.

A realization that students in a premier institute wake up to once they walk into the campus. Amid the most hectic and tough academic schedules and with the pressure to perform, they realize that stress is their worst enemy. Be it at the 100-year-old IISc or IIT in Mumbai/Chennai or the IIM-B, stress has become a raging campus epidemic. Almost all the institutes have counsellors on campus, both student counsellors and professionals. The latter are approached only when the internal centre cannot handle the case. Dr Nalini Dwarakanath, psychologist and social counsellor at IISc, told TOI that she counselled many students every month. There are months when there are hardly any cases and times when there are many she said. Though counselling days are twice a week, if needed, she goes to the campus on other days as well.

In IIT Madras, there is a guidance and counselling unit—a student counsellor is available from 9am to 5pm and a psychiatrist available at the IIT Hospital. IIT Mumbai has an on-campus hospital and on its rolls are part-time psychologists and psychiatrists. At least one doctor is on campus every day. IIM-B has a 15-member student body called Mitra and a parent body called Vishwas that consists of professional counsellors.

The problems faced by the students range from feelings of loneliness and depression to stress caused by increasing academic demands.

The issues don’t have to be confined to the classroom. “It could be homesickness or a case of academic backlog or even an affair gone awry. We need to remember that these students are nothing more than teenagers or boys and girls in their early 20s,” a faculty member from IIT Mumbai said.

At IIM-Bangalore, the cases are seen more during the time of placements and exams. “The summer placements are during November first week. And in September there are exams. It is mostly I year students who come to the centres as the second year students would have been accustomed to the system by then. I feel that the cases have come down over the years as the students are mainly people with work experience and they know what they are walking into,” said Abhishek Mittal, Mitra volunteer.

The counsellors frequently get students who are worked up with various issues. “There are students who come by their own to me. In some cases, they go to the health centre with problems related to stomach and sleeplessness. When the centre realises that there is nothing physically wrong with them, they refer the student to me. Sometimes even the professors and guides send them,” said Dr Nalini.

The cases at IISc are usually divided into the stages of their course programme—first year, second year and so on. Students who are in their second and third year of research go through mental agony when their projects don’t go well. They lose heart, tend to change the project and even think of discontinuing.