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Assembly passes Bill on power theft

India Electricity (Bihar Amendment) Bill, 2002, which envisages stringent punishment for persons involved in power theft, was passed by both the Houses of the state legislature. The Bill envisages that anyone having illegal power connection or found tampering with electric meters would come within the ambit of the new Act and would be liable for severe punishment. Anyone caught for a second time on the charge of power theft would undergo a minimum imprisonment of three months which could be extended up to two years. A minimum fine of Rs 5,000 going up to a maximum of Rs 50,000 could also be imposed on the guilty.

J&K to privatise small hydel projects

The Jammu and Kashmir government has decided to open up micro and small hydel power projects to the private sector and formulate a hydroelectric policy for optimum utilisation of the state's water resources. The government is planning to give special incentives to the private sector for harnessing the state's huge hydel power potential.

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Standing Committee on Energy clears Electricity Bill 2001

The Standing Committee on Energy, headed by Santosh Mohan Deo, has cleared the Electricity Bill 2001. It has called for greater emphasis on private participation and competition, introduction of anti-theft laws at state level, open access to transmission and distribution networks and time-bound restructuring of state electricity boards (SEBs).

The report of the committee is set to be placed in Parliament and expected to be passed in the forthcoming budget session of the Parliament. With the new legislation, power producers will have access to distribution and transmission and can qualify to supply power directly to the consumers.

This will ensure a payment mechanism for power plant developers who are at present forced to deal with bankrupt SEBs rather than actual consumers. The committee has also suggested that the government expand the objective of the bill to promote competition, protection of consumers and obligations on power suppliers. It also calls for a uniform tariff policy in different states.

To boost hydel generation and facilitate faster approvals, the committee has recommended that smaller hydel projects be exempted from techno-economic clearance from the Central Electricity Authority (CEA). The committee asks all states to follow and enact anti-theft laws based on the West Bengal model. It has suggested an ombudsman for redressal of consumer grievances and special courts for dealing with power thefts. As regards SEB restructuring, it calls for mandatory reforms and a fixed time frame to implement them.

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World Bank for power tariff hike

The World Bank has recommended to the state government of Andhra Pradesh that it increase agriculture power tariff as a disincentive to high consumption and excessive exploitation of groundwater resources. In a case study on agricultural power supply in Andhra Pradesh, the World Bank suggested further advancement of graduated tariff rates. The Bank suggests that the increase in per unit rates with rising consumption levels would help in dealing with the 'rebound effect' that resulted from irrigation of larger areas with improved electricity supply causing a degradation in groundwater resources. The Bank also strongly suggested metering of agriculture pumpsets so that water pricing could reflect its scarcity value. The study says that the organisation of regional and local groundwater user groups could also help in generating awareness on sustainable groundwater use. The Bank has urged the government to expedite the privatisation of power distribution companies for efficient electricity supply, particularly to the agriculture sector.

Enron update

A joint team that inspected the Dabhol Phase I plant has observed that the internal condition of various equipment and facilities cannot be ascertained by visual inspection and a detailed assessment would need to be carried out by experts. With the looming power shortage, the center has decided that since resolution of legal disputes takes considerable time, it would be advisable to restart Phase-I, on an interim basis, with the National Thermal Power Corporation. The state government has allowed the Maharastra State Electricity Board (MSEB) to purchase power from Phase-I, at a plant load factor of 83%, at the rate of Rs 2.80 per unit. The arrangement will be pro-tem for a period of one year and would be without prejudice to the rights and contentions of the state government and MSEB in the pending proceedings.

399 hydel power sites identified

The centre has identified and assessed 399 potential hydel power generation sites in the country. It has also decided to harness potential hydel power, estimated at 1,07,000 mw, in a phased manner.

The Central Electricity Authority (CEA) and the Central Electricity Board (CEB) have divided the potential sites into three categories in order of priority. Category A comprises sites on rivers originating in the Himalayan region.

These projects will be taken up on top priority basis and will add 23,000 mw to the generating capacity. Categories B and C will be taken up later. The National Hydel Power Corporation (NHPC) is also keen on establishing joint ventures with different state corporations to tap the hydel potential. In the 10th Plan period It is estimated that out of the 41,000 mw additional capacity generation by the centre, 14,300 mw would come from hydel projects.

Southern states impose strict power discipline

The four southern states of Karnataka, Tamil Nadu, Andhra Pradesh and Kerala and the Union territory of Pondicherry have embarked a strict power discipline regime beginning January 1, 2003.

Under this regime, every extra unit drawn will attract a hefty penalty. The availability-based tariff schedule entails that the states pay one-and-a-half times more tariff per unit for drawing more power than intended from the southern grid. The schedule is similar to the successful western grid formula.

The four states and the Union Territory receive 4090 mw of power, which covers approximately 20% of their respective requirements, every day from four central power generating stations in the south. Dry runs of this schedule have been continuing since Novemember till the scheme was implemented.

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KREDL to add 1,500 mw of biomass-based power

In a bid to tap non-conventional energy, the Karnataka Renewable Energy Development Ltd (KREDL) will set up around 200 units of biomass-based power plants. These power plants, with a capacity to generate 7.5 mw each, will add about 1,500 mw annually to the state electricity grid by utilising existing biomass and cultivating new energy plantations in wastelands. The cost of each power plant is estimated at Rs 300 mn, including cost of plantations. KREDL expects at least 10% of the state's energy requirements could be met through renewable and non-conventional energy sources by 2010. It estimates that another 1,200 mw of power can be added to the state's electricity grid from sources such as wind energy, small hydro power projects and cogeneration. The state has the potential to generate 300 mw from wind energy, 300 mw from small hydro-power projects and 583 mw through co-generation. KREDL, in collaboration with the Indian Institute of Tropical Metrology (IITM), has identified 15 sites for commercial generation.

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Torrent Group's 675 mw power project in Surat

The Torrent Group is setting up a 675 mw power project in Surat. A memorandum of understaning for fuel supply to the Rs 25 bn project has been signed with private parties. The power distribution will be undertaken by the Rs 6-bn Surat Electricity Company (SEC) that distributes 2.1 bn units of power in Surat itself. Currently, SEC is engaged in distribution of power in a licenced area of 52 square km in Surat. In 1997, the government extended its sanction for power distribution by thirty years, up to 11 April, 2028. The Torrent group has successfully implementated a 655 mw dual-fuel combined cycle power plant in Bharuch. The group is one of the two independent power producers (IPPs) to set up an over 500 mw private power project in the country. It has strategic alliances with Michigan Consolidated Gas Company of US, Gujarat Power Corporation Ltd and PowerGen of UK and Siemens AG of Germany.

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Maharashtra clears 1000 mw project for NTPC

The Maharashtra government, has given an in-principle clearance for a 1,000 mw coal-based power project by NTPC in the coal rich Nagpur region. The project cost originally estimated to be Rs 40 bn will escalate by 5% if the government remains firm on its decision of NTPC bearing an expenditure of Rs 2.25 bn for the development of the Gosikhurd reservoir needed for the project.

Open competition mooted

The Indian mobility scenario is set for a big change. The Department of Telecommunications (DoT) has initiated the process of allowing any number of operators to provide mobile telephony. DoT has approached the Telecom Regulatory Authroity of India seeking its opinion on the move. Since the licences for mobile services are technology-neutral, players would be able to offer mobile services using their existing networks. However, the Cellular Operators Association of India, has expressed its reservations on the proposal as nowhere in the world is there free-for-all competition owing to spectrum limitation.

BSNL to bundle Net with basic services

In an ambitious move to expand its Internet footprint and provide a whole range of new value-added services to its subscribers, Bharat Sanchar Nigam Ltd (BSNL) has set the ball rolling on its National Internet Backbone Phase II (NIB-II) project. The company hopes to mop up an additional 1.1 mn customers, in Phase II spread over the next two years, by bundling these services with its basic services. Its internet network (NIB-I) consists of about 400 nodes covering most of the district headquarters. Its service platform is designed to serve up to 650,000 customers.

Phase II of the project is expected to be commissioned by end-June 2003, after the company reaches this threshold. The objectives of NIB - II are to address convergent IP network infrastructure, connectivity services and content services. This envisages the setting up of an IP Network infrastructure covering 71 cities.

Reliance unveils its infocomm service

The WLL network of Reliance Infocomm offers calls at Rs 1.40 paise per minute. It has a pulse rate of 15 seconds which makes these calls cheaper than any competitor. There is also a provision to enable calls from different parts of a particular state giving the service an edge over any other WLL or CDMA offer. The network is able to forward as well as receive calls from other mobile networks. Long-distance calls too are more cost-effective. The company will offer trans-state calls at rates equivalent to local call rates at public booths.

The launch of the service assumes significance in the backdrop of a recent Supreme Court order directing the Telecom Dispute Settlement and Appellate tribunal to reconsider its decisions providing level-playing field to cellular operators with WLL. The decision of the apex court came after cellular operators contended that WLL operators were being given undue advantage they paid a lower license fee than GSM (cellular) operators but were allowed to provide mobile service. Though WLL operators were not given any direct orders, cellular operators welcomed the ruling.

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Finance Ministry rules out the Rural telephony fund

The finance ministry has directed the ministry of communications against the setting up of a Rs 14-bn universal service obligation (USO) fund for expanding the domestic telecommunications network to non-urban areas. The rationale, says the finance ministry, is that the communications and IT ministry has already allocated Rs 23 bn in the Union Budget 2002-23 to cover operational losses for rural telephony incurred by Bharat Sanchar Nigam Ltd (BSNL). This is in addition to Rs 13.20 bn earmarked for other communication services. Thus, the ministry is of the view that there was no need for a fund outside the ambit of Consolidated Fund of India.

However, the communications ministry does not see eye to eye with the finance ministry. It is of the opinion that the move could jeopardise its aim to set up village telephones by telecommunication companies. These companies were being enticed with the promise of support from the USO fund.

According to the finance ministry, the USO fund does not exist and hence no head of accounts had been allocated for it. This means the 8-12% of the annual revenues that cellular operators pay as licence fees to the government will accrue only to the Consolidated Fund of India and not to the USO corpus. At stake is a Rs 8 bn fund expected to balloon to Rs 14 bn by year-end. The modalities to separate the USO fund and the Consolidated Fund of India are also being worked out.

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Cellular operators and limited mobility case

Cellular operators may need to approach the Telecom Dispute Settlement Appellate Tribunal (TDSAT) to set a date for hearing of their case against limited mobility. The Telecom Regulatory Authority of India (Trai) Act requires TDSAT to decide on an appeal within 90 days. However, the hearing might be delayed since Justice SC Sen, chairman, TDSAT, is retiring shortly. In case a new person is appointed soon, the three-judge bench will decide on the case. The TDSAT will have to look into several issues raised in the recent Supreme Court judgement. In addition to the issue of level-playing field, it will also have to look into substitutability of cellular service with WLL.

BSNL and rural telephony targets of private operators

Bharat Sanchar Nigam could be entrusted with filling the shortfall in targets set by private parties to provide telephones in the villages. The central government is expected to take a decision on the issue by the end of the month as it is committed to provide a phone in every village by December '03. The proposed investment would depend on whether the technology used is cellular, fixed- line or WLL. BSNL will be compensated for taking on the target of private operators. At present BSNL has committed to provide phones in 40,000 villages while the private players have an unfulfilled commitment of 50,000 villages.

Asianet's overseas calls at Rs 4 per min

Asianet, one of the largest private sector investors in Kerala with over 500,000 subscribers, has launched a dial-up internet access service and PC-to-phone telephony service. Through this service, customers can make overseas calls at rates as low as Rs 4 per minute. The company has invested Rs 3.50 bn in a project of nearly 40,000 km of hybrid fibre-coaxial cable network, 50 earth stations and sophisticated facilities for network monitoring, data centre operations and Web services. It is also implementing an ambitious plan to create an information highway by laying an optical fibre backbone that would provide high-bandwidth connectivity to all parts of the state and also inter-link the company's various local networks. This could lay the roadmap for for several other next generation services such as digital, pay and interactive television. Currently, the company's dial-up Internet access service, KeralaOnline offers two rate-plans. The first provides 10-hour Internet access at Rs 95 and the second is a 25-hour pack costing Rs 275.

Bharti may have to pay up Rs 5 bn on JT Mobile row

The Bharti group may have to pay over Rs 5 bn to the Department of Telecommunications (DoT) as outstanding dues in the case pertaining to its acquisition of JT Mobile's Punjab cellular licence. The independent arbitrator, appointed in September 2001 following a Cabinet decision, has ruled that DoT is entitled to claim the amount from Bharti. While the arbitrator has backed DoT's claims, the matter will now have to be referred to the Telecom Commission before a formal note is sent to Bharti. The modalities of the payment also have to be worked out. Since the decision to appoint an arbitrator was taken by the Cabinet and was supported by both DoT and Bharti, any appeal against the decision is unlikely.

As per the Cabinet decision, a security deposit had been taken from Bharti and depending on the verdict any refund was to be paid out of this. As per this decision, interest on the amount of refund has also become payable to DoT. In other words, while Bharti will have to forgo the Rs 4.50 bn that it had paid up, it will also have to pay interest on the amount for the one-year intervening period.

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Tata Tele launches WLL service in Delhi

Tata Teleservices has launched its wireless (WLL) and wireline basic telephone services in Delhi under the brand name 'Tata Indicom'. The company's product offerings include wireline, fixed wireless and CDMA mobile services in Delhi. As part of mobile tariff, the company is offering a standard tariff plan at a monthly rental of Rs. 200, outgoing calls for Rs. 1.20 per three minute and free incoming calls. The security deposit for local access is Rs. 2,400, for local, STD and ISD combine Rs. 4,400 and the activation fee is Rs. 1,000 plus 5 per cent service tax. There are no free local calls under the standard plan. In another attractive package — Friends 599 — the company will not charge any monthly rental on a monthly commitment of Rs. 599 and will offer 400 free local calls.

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21% cell users willing to take WLL: IDC

Around 21% cellphone users are "highly willing" to try mobile wireless in local loop (WLL-M) service, according to research firm IDC. In a survey of 850 cellphone users in 10 cities, IDC found that Kolkata led the pack of users wanting try WLL-M.

As per the report, as high as 45% of GSM (a standard used by Indian cellphone companies) users in Kolkata were willing to try WLL, against the average of 21% at an overall level. The report elaborated that cellphone users in Thiruvananthapuram (40%) and Ahemedabad (29%) followed Kolkata in inclination to try WLL-M. In metros like Delhi, Mumbai and Chennai, the percentage of highly-willing respondents was 18%, 20% and 14% respectively. In Chandigarh only 2.5% were willing.

The report also said that the lion share of business for WLL was expected to come from new connections and not from churns or people switching over to a new operator or service. Cost effectiveness was the key motivator for trying WLL. However, the top-end and high-profile GSM users were unlikely to follow the rank and file immediately.

In brief...

- The Brihanmumbai municipal corporation (BMC) is planning to concretise major roads in Mumbai. The civic standing committee has allocated Rs 826.4 mn towards the proposal to concretise around 30 roads in the city and the suburbs. Roads that have been concretised have a life span of about 15 years. Regular asphalt roads, on the other hand, need repairs every year, especially during the monsoon season. The city had adopted a road concretising programme in 1989 and by 1990 about 300 kms had been concretised. The programme was abandoned two years ago owing to paucity of funds.
- The railways have to shell out only Rs 250 crore as the total liability for Konkan Railway Corporation in 2002-03, as against Rs 530 crore projected earlier. Since the ministry of railways has already paid up the sum, it is through with its liability for this fiscal. The rest Rs 280 crore will be rolled over as fresh debt, as per the financial restructuring plan chalked out by the Infrastructure Development Finance Company (IDFC).
- The railway ministry has signed memorandums of understanding with the governments of Karnataka and Maharashtra to launch joint venture companies to undertake suburban transport projects. A suburban transport project in Mumbai and four rail projects in Karnataka have been identified.
- The railways are limiting private sector participation upto services like catering. They will also spending around Rs 160 bn on renovation of old rail tracks during the next six years.

Railways and the golden quadrilateral project

The railways have launched a new company called Rail Vikas Nigam Ltd to execute the Rs 80-cr Golden Quadrilateral project. The new company will also execute two projects for connectivity with ports and build four mega bridges under its Rashtriya Rail Vikas Yojana. The Cabinet had earlier approved a special purpose vehicle (SPV) for raising Rs 150 bn for the projects.

The Rashtriya Rail Vikas Yojana is expected to add new lines between the four metros wherever necessary, modify important stations and enable faster movement of freight trains at 100 km per hour to make railway freight attractive. The reason for focusing on the Golden Quadrilateral network was that carried 65% freight and 55% passenger traffic even though it accounted for only 16% of the total network.

The special purpose vehicle has been registered as Rail Vikas Nigam following the Cabinet approval. Under the mega bridge scheme, the railways will build a bridge over the Brahmaputra at Bogibeel in Assam, two over the Ganga near Patna and Munger in Bihar and another over the Kosi for Rs 35 bn. The port connectivity project is expected to cost Rs 30 bn. It will build multi-modal corridors to the hinterland using double-decker wagons.

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Indian railways to run on $313 M ADB safety rails

The Asian Development Bank (ADB) of Manila has granted a $313-mn line of credit to Indian Railways under the Railway Sector Improvement Project. The project has drawn up an eight-year framework focusing on various aspects such as accounting practices, management information systems, restructuring production units, hiving off non-core activities and placing the railways on a more commercial footing.

The project is estimated to cost $579.2 mn. Of this, 46% of the cost amounting to $265.6 mn will be borne by the Government of India. The ADB loan is spread over 25 years with a grace period of five years. The rate of interest will be determined in line with Libor-based facility of the Bank. ADB will be providing an additional $5,00,000 facility for management consultancy services.

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$488 mn World Bank loan to upgrade UP roads

The World Bank has approved a $488 mn loan to improve capacity, quality and safety of the existing road network in Uttar Pradesh (UP). The roads project will also enhance capacity of the Public Works Department to manage and deliver quality road services. The project will undertake upgradation of 3500 km of roads.A recent road condition survey found that only 17% of the 6,300 km core road network in UP was in good condition.

The project has four main components. The first comprises upgrading and widening of approximately 1,000 kms of state highways. The second component will fund rehabilitation of highways and other important roads through overlaying and repairing damages on approximately 2,500 kms. The third will support the Public Works Department through technical assistance, advisory services and training of staff and managers. The fourth will finance the implementation of traffic management measures to reduce traffic accidents and speed up commercial traffic at selected state border crossing checking facilities.

In brief...

- The Environment and Health Foundation (EHF) and Project Agasthya, which is working towards sustainable water management policy, is in the process of drafting an efficient and sustainable 'eWaste Management' policy for Bangalore. As per the estimates, 14-20 mn computers are scrapped worldwide every year. Around 10-15% of goods are reused and recycled, while other 15% end up in landfills. The rest are stockpiled by consumers. The negative environmental effects of growing consumption of electronic hardware are visible in the end-of-life stage. The effects are potent mostly on soil and water bodies, including groundwater. And it has been proved often that policy intervention is often needed when the market fails to address environmental problems. The project aims to create awareness among the public, industry and policy-makers on the environmental concerns due to e-waste proliferation. A study is also under way on the environment threat and introduction of new knowledge and partnerships with the public and corporates of Bangalore.
- With the success of "Rural Bhoomi", Karnataka's acclaimed land records computerisation programme, the revenue department is planning the introduction of "Urban Bhoomi". Rural Bhoomi, deals only with agricultural land, and has so far computerised over 20 mn land record documents. It also provides farmers with copies within 30 minutes. Urban Bhoomi is designed to computerise data related to houses or habitation, in rural and urban areas. Pilot projects have been launched in Mysore and Hubli and based on the response, the project will be introduced throughout the state.

10th Plan suggests central corpus for urban transport

With a view to channelise central assistance into urban transport systems in various cities, the 10th Plan has suggested setting up of a national urban transport development fund with an initial corpus of Rs 30 bn. An equal amount is to be raised through taxes and cesses taking the total amount available to Rs 60 bn. The fund will be primarily aimed at making urban rail-based transport systems a reality. The Plan document calls for city-wise specific projects for rail-based urban transport systems together with funds requirement. As per the Plan document central assistance at par with assistance given to the Delhi Metro project is a commitment to be fulfilled as and when these projects get started. According to industry sources, the fund is too less to be of much use specially since rail-based systems are highly capital intensive and require long tenor loans besides equity. The World Bank in its recent report on the transport sector has also recommended creation of non-lapsable transport funds with contributions from user-charges and from central, state and municipal agencies.

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Karnataka government mulls privatising urban water supply

The Karnataka government is contemplating handing over urban drinking water supply to private operators as many of the government agencies, particularly the municipalities, are not been able to handle the system efficiently. The Karnataka Urban Water Supply and Drainage Board (KUWS&DB) had alongwith the Chief Minister of the state made a recommendation of privatising water supply in the 2002-03 budget proposals.

As a first step, the Board will take over from the Hubli-Dharwad Municipal Corporation (HDMC) the task of supplying water after the latter threw up its hand and expressed its inability to mange the task at hand. The Board is also keen on completing the 127 drinking water projects undertaken by it at an estimated cost of Rs 5 bn. Financial institutions like LIC and Hudco and national banks like Vijaya Bank and Corporation Bank have already extended cooperation in this regard.

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Most hospitals lack effective medical waste facility: Study

Though the central government's deadline for hospitals to implement rules on bio-medical waste management expired on December 31, 2002 Mumbai city is far from ready. As per a report titled "'Infected Mumbai: city's medical waste incinerators at a glance", by the Mumbai Medwaste Action Group, many hospitals don't have a waste-management cell and workers handling the waste were not given any protective gear. Most hospitals surveyed by the group did not segregate waste into infectious and non-infectious lots as stipulated by the ministry of environment and forests in 1999. The objective of the action group, which since 1995 has been promoting medical-waste management, was to review the functioning of incinerators installed in eight city hospitals and the civic corporation's common facility at Sewree. As per the report none of the city's incinerators, including the BMC's centralised facility, complied with the rules.

Wipro sees Q4 global IT revenue at $162 mn

Wipro Ltd, India's third largest software exporter, expects global IT revenue in the fourth quarter ending March 31, 2003 at $162 mn. The company has reported consolidated net profit of Rs 2.31 bn and consolidated revenue of Rs 11.08 bn in the third quarter ended Dec 31. For the quarter ending March 2003, the company estimates revenue in global IT services to be approximately $162 mn, in Wipro- Spectramind approximately $12 mn and in Wipro HealthScience approximately $2.5 mn. The company also expects volume growth and prices in IT services to stabilise.

Net users' base up 34% in '02

The internet subscriber base went up by about 34% to 3.2 mn at the end of 2002. While 23.6% subscribers were logged on to Sify, VSNL was close behind with 21.6% subscribers. MTNL was at a close third. As per the latest projection by IDC, the number of subscribers is expected to grow at a compounded annual growth rate of 27% to reach 8.2 mn by 2006. Despite ISPs aggressively selling to corporates, 70% dial-up subscribes continue to be home users and 30% business users. IDC expects revenues of Rs 1.80 bn in 2002 to grow at a CAGR of 140% to reach Rs 59.40 bn in 2006. The traffic is estimated to grow from 334 mn minutes usage at a CAGR of 133% to 9.83 bn minutes usage in 2006. Besides drop in access rates, the market growth can be attributed to falling PC prices leading to higher PC and internet penetration. The ISP market in India is undergoing a transformation from high-volume, low-value to low-volume, high-value services.

New Jersey Bill not to hit Indian IT firms: Nasscom

Nasscom has stated that the New Jersey Bill, relating to US government outsourcing, will not hit the Indian IT industry. However, the association is stepping up efforts to make concerned lawmakers in the US aware of the implications of the bill. It is also planning to mobilise support of the Indian community on the issue. As per Nasscom's estimates even if every state in the US passes the bill, total business affected would be less than 2-3% of total software exports from India.

The New Jersey Bill, aiming to ban American companies taking government contracts from shifting their call centres abroad for cheap labour, was passed by New Jersey Senate leading to apprehensions that the move would curtail job opportunities for local workers. As per Nasscom, the Bill is yet to pass through two more stages for final approval and is not in line with WTO norms. It plans to take up the matter with government if need arises but will first spread awareness about the issue through the Indian community in the US.

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Indian position in global software strong: PwC

India's position in the global software service sector is very strong with Israel and Ireland being the only countries that can give it any competition, according to PricewaterhouseCoopers (PwC). However, these countries are still struggling to gain critical mass. This works in India's favour. As per PwC, China, projected as a major threat to India's position in the global software services and IT enabled service, is far behind owing to lack of capability in English.

The biggest advantage India has over China is language. In areas like embedded software and hardware, where language is not an issue, China can pose a threat. Markets like Philippines too do not pose any threat as they have yet to reach a level of sophistication comparable to Indian companies.

With software getting more importance in the schemes of companies, it is no longer a mere back office supporter but a major business driver and source of competitive advantage, the report said.

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Huge potential for software exports to Japan

India's software exports to Japan have the potential to grow 15- 20% by 2004 as against 4% at present, according to Wipro chairman Azim Premji. The rationale that compulsion of global competition would soon force Japanese corporates to outsource from countries like India is the basis for this growth. However, in order to realise this business potential, Indian software companies mudy invest in Japanese language development and Japanese companies must change their conservative approach towards outsourcing.

Wipro has already has trained 150 software engineers in the Japanese language. The Karnataka government is also planning to set up a Japanese study centre in Bangalore to train software professionals in the language. It is willing to set up a separate zone for Japanese companies if they chose to set up ventures in Karanataka. To further explore the export potential, India and Japan also need to sort out tax-related matters which were acting as an impediment.

Wipro and Microsoft in agreement

Wipro is in the process of signing a BPO arrangement with Microsoft Corporation. Wipro maintains that while the BPO business is picking up, it is yet to mature into a sustainable activity. Describing Wipro's relationship with Microsoft as multi-faceted, Wipro and Microsoft have decided to focus on selling jointly in the market. It is because of this "sell to and sell with approach" that Wipro is the largest reseller for Microsoft products. The two majors are working on multiple client arrangements and building a 'sell with' concept to exploit the market. Currently Wipro has 150 people working on Microsoft Technologies and a dedicated Microsoft Learning Centre.

NIIT SmartServe and MIFAS in deal

NIIT SmartServe, the remote business process management arm of NIIT, has secured a $10 mn deal from UK based Misys Independent Financial Advisory Sevices (MIFAS). Under the five-year deal, NIIT SmartServe and MIFAS will set up an advanced quality assurance centre for the latter's core business processes. The process will be executed out of NIIT SmartServe's new 560-seat facility in Gurgaon and will help MIFAS increase its monitoring and compliance checking capabilities among the its 7,000 member independent financial advisors. The order from MIFAS is one of the first core processes to be migrated into India in the areas of insurance.

Mastek to enter BPO

Mastek is evaluating its entry strategy into the BPO business. It is examining possibilities like, partnering an existing BPO firm, buying out a running business or setting up greenfield operations.

ITC Infotech in JV with ClientLogic

ITC Infotech India, a wholly owned subsidiary of ITC, is floating a joint venture (JV) with Nashville-based ClientLogic, a privately-held US Business Process Outsourcing firm. The company is one of the leading names in the global IT-enabled services realm offering the entire gamut of international services ranging from integrated customer acquisition, list management/brokerage, eCommerce solutions, outsourced call centre solutions, database design/development to multi-channel customer and technical support.

ITC Infotech is in the final stages of detailing out the JV agreement with ClientLogic. The terms of the agreement are yet to be finalised. The equity structure and name of the proposed JV are also under negotiation.

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Software exports to grow faster in 2004

India's software exports are likely to increase by over 30% on a year-on-year basis by March 2004 owing to a likely pick-up in the US economy, according to Nasscom. Software and allied exports, relying on a growing pool of low-paid engineers and English-speaking graduates, rose 29% on a year-on-year basis to about $ 7.5 bn in the year to March 2002. The industry expects 30% growth in 2002-03. The performance of the industry majors in the first half of the current financial year indicates that the industry is on track of achieving 30% growth as targetted for this financial year. Currently, the US accounts for more than 60% of the market for Indian IT industry. Nasscom is of the opinion that it is necessary to promote the 'India' brand followed by the 'India IT brand' and then individual Indian companies in the US market.

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BPO firms to maintain growth in 2003

Indian business process outsourcing (BPO) firms are expected to maintain their growth rates through 2003 as orders continue to flow from foreign companies. Industry watchers and experts are of the opinion that availability of managerial talent, strong processes and customer relationships provide the necessary edge to BPO companies for maintaining a lead over their software cousins. BPO firms like Wipro Spectramind, HCL subsidiary E-Serve, MsourcE and E-serve International have all reported good revenue growth.

Analysts argue that high growth rates demonstrated by BPO firms seem unusual only when are compared to software service growth rates (between 30% to 40% y-on-y) and not when compared against performance an year ago. The current year, also labelled as the 'ramping up phase', witnessed established BPO firms such as Progeon, Nipuna, HCL E-Serve and Spectramind in dialogue with about seven to eight prospective customers. This compares favourably with the scenario last year which saw a VC-funded startup phase.

The Gartner group envisages newer BPO models such as joint ventures, built-operate-transfer and shared-services models, which will result in higher growth next year.

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