Economic Diplomacy
New Mandarin of India's Foreign Policy

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Today it is an universal recognition that economics lies at the core of relationships between countries. The political framework provides the context within which economic ties can be pursued, be it bilateral or multilateral. There also arise situations in which economic compulsions supplant political understanding as the basis for relationships, for example between adversaries who need to trade in capital goods or raw materials. But generally speaking, political ties provide the foundation and economics the framework for a large and diversified edifice of bilateral cooperation.

A broader vision on regional commerce has for too long been the missing link in India's strategy towards her neighbours. Trade can transform the regional scenario. A strategy to accelerate cross border commerce has the potential to end the economic partition of the sub-continent.

In recent years the major thrust area of India's foreign policy has been the development of highly friendly and economically supportive relations with her neighbours. The challenge for our foreign policy lies in convincing our neighbours that India is an opportunity not a threat, that far from being weighed down by India, they have a vast, productive hinterland that would give their economies far greater opportunities for growth than if they were to rely on their domestic markets alone. In the past India has been smug when pointing to the indecisiveness of Pakistan's establishment in resisting deeper trade and economic relations with India. But India has been equally hesitant about opening its market to its smaller neighbours – Bangladesh, Sri Lanka and Nepal. Despite soaring trade deficits with these nations, India refused to facilitate imports from these countries. India's reluctance to provide greater market access has slowed down India's political relations with the rest of the subcontinent. For instance a more innovative approach to trade with Bangladesh that will promote greater Indian investments in and more imports could break the political logjam between the two countries. Sri Lanka has been knocking at India's door for greater economic integration. Nepal desperately needs an imaginative trade policy from India not just its long-term economic fortunes but also to cope with the Maoist insurgency that has pushed the nation into a deep political and financial crisis. India needs to unveil a trade policy that aims to promote economic re-integration of the subcontinent, if necessary, through unilateral trade concessions if required.

Commerce as never before, has become a potential catalyst to move the stalled political relations between India and her neighbours. The foreign office has been aware for a while of the importance of trade as a strategy in the sub-continent.

As such India has increased the scope and intensity of its economic diplomacy in Asia-Pacific, Indian Ocean, ASEAN, SAARC, Central Asian, and European Union regions. The land route agreement between India, Iran and Turkmenistan, the full dialogue partner role with the ASEAN, the establishment of Indian Ocean Rim Association for Regional Cooperation. The sub-regional development of trade and economic cooperation with Bangladesh, Bhutan, Myanmar and Nepal and several other such decisions and actions amply reflect the new emphasis being placed on the development of India's economic and trade relations in the sub-continent. Let us take India and her relations with her northeast neighbours, Myanmar and Bangladesh as a case in point.

India – Myanmar:

Myanmar, being the second largest neighbour of India holds immense strategic importance. It provides the eastern littoral of the Bay of Bengal. An unfriendly Myanmar becoming a hotbed of foreign naval presence would be a grave threat to India's security. Myanmar

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has a big border with China in the North, contiguous with the Sino-Indian disputed border, which could be the cause of various complications. Myanmar bridges South Asia and India with South-East Asia. It also acts as a buffer between India's North-Eastern states and the Southern provinces of China.

India's foreign policy approach towards Myanmar suffered a great set back from the 1960s to the early moralistic principles in formulating her foreign policy towards Myanmar rather than the geostrategic interests. India during this time maintained that no effective relationship could be maintained with Myanmar because of the Army rule and the lack of democratic institutions. She signed a boundary agreement with Myanmar in 1967, and a maritime boundary delimitation agreement in 1986. However, India's indifference to Myanmar created a vacuum enabling China to develop strategic ties with Myanmar.

From Myanmar's part, the government suffers economic and political sanctions imposed by United States and European Union and its government does not entertain hopes for getting any aid from them. Despite being admitted to ASEAN, Myanmar's prospects for receiving major economic help are bleak. Only China undertakes some of the significant development projects, mostly in the field of infrastructure. But China alone is not in the position to satisfy Myanmar's needs in foreign aid and investment. Hence, Myanmar looks towards India to receive such support.

Appreciating this, there has been a drastic change in India's policy towards Myanmar in recent years. India decided to engage Myanmar through bilateral as well as multi-lateral means as its policy of boycott after the military takeover in the country in 1988 failed to produce desired results. The Indo-Myanmar bilateral relations received impetus last year from the visit of Than Shwe, the head of state and Chairman of the State Peace and Development Council (SPDC) of Myanmar.

The India-Myanmar border has been a concern for India. Whenever Indian security forces increase pressure on the insurgent groups in its northeastern states, they cross the 1,436 km porous border with Myanmar. Though Yangon launched a crackdown on these insurgent groups three years ago, it remained more concerned about its border problems with China and Thailand whereas, the Indian border received a low priority.

Myanmar is the only South East Asian country with which India shares both land and maritime boundaries. India sees Myanmar not only as a bridge to Southeast Asia, but also as an alternative route for transit of goods. Myanmar can further India's interest in the effective materialization of the new regional groupings like the Mekong – Ganga Co-operation (MGC) and BIMST-EC. India's trade with the BIMST countries comprising had risen by 8% in dollar terms and 6% in rupee terms to reach over $6.6 billion during 2004-05, according to the findings of the PHD Chambers of Commerce and Industry.

During Shwe's visit, both sides signed a MoU on cooperation on non-traditional security issues. Shwe assured Indian leadership that he would not allow Myanmar to be used for anti-India operations. Myanmar also showed willingness to mount a military operation against northeast militants and beef up vigil along its border with India.

The MoU would institutionalize security cooperation between India and Myanmar. Apart from operational intelligence, the countries will exchange personnel too. There is also a possibility of joint operations. As part of its security cooperation, New Delhi will provide the necessary military hardware to Myanmar.

In a bid to make the Myanmar administration take more interest on the Indian border, India has been raising Yangon's economic stakes in the region by undertaking various infrastructure projects. The Moreh-Kalemao road, the trilateral highway project from Moreh to Maesot in Thailand passing through Myawaddy in Myanmar and an optical fibre telecommunication network along the highway at a cost of $800 million are some of them.

India is also interested in enhancing bilateral trade with Myanmar. The current bilateral trade between India and Myanmar is worth $428 million. The joint task force of the two countries released a report on 25 October 2004, which stated that India-Myanmar

bilateral trade could double to $1 billion by 2006 if the two countries utilize their common border to step up economic cooperation. Reflecting good performance of India's "New Age Sector", drugs and pharmaceuticals, there has been appreciable increase in the country's exports of such products. The growing thaw in Indo-Myanmar relations had augured well for the sector as pharmaceuticals exports to Myanmar grew by over 36%.

India wants to develop the industrial potential in its northeastern region and make it a natural base for bilateral trade with Myanmar. It hopes to achieve this by developing roads, airports, power, railways, telecom, banking and finance. It also has a policy for concessional freight tariff for movement of goods.

To accelerate border trade, India opened a second transit point at Zowkhathar-Rhi in Mizoram earlier this year, in addition to the Moreh-Tamu point in Manipur. The opening of a new trade route also emphasized the need to speedily develop infrastructure facilities at the points of transit so that trade could take place at the earliest.

India has emerged as the largest export market for Myanmar, accounting for nearly one-fourth of it's exports. It has also become Myanmar's fourth largest trading partner. Indian imports from Myanmar have touched $400 million while exports are at $100 million. Though India wants to correct this imbalance by increasing exports, it is not in favour of any artificial balancing of trade. It wants a genuine expansion of bilateral cooperation that could exploit the full economic potential of both countries.

India is also helping its neighbour build a $30 million crude oil refinery in Thanlyin - it has invested $4.5 million in the project - and is involved with South Korea's Daewoo in exploration and production in a gas field on the western Rakhine coast.

India's Look East policy, now appears to be delivering. Myanmar's fulfillment of its promise of taking action against the northeast insurgent groups will enhance trade and economic relations and unlock the economic potential of the region and wean away people from these armed groups.

Economic cooperation with Myanmar will definitely speed up economic developments of India's Northeastern states as Myanmar provides the shortest links to South – East Asian markets by air, land and sea.

Recognising the centrality of trade in transforming bilateral relations in the subcontinent, India has lobbied to set up an inter-agency task of senior officials to work out a coherent regional trade policy. Officials from the Ministries of External Affairs, Finance and Commerce form this group. Even the United States, which until recently had concentrated on combating terrorism is now taking a greater interest in promoting freer trade in the region.

INDIA – B ANGLADESH:

India – Bangladesh relations have been mainly governed by the domestic compulsions of Bangladesh. India and Bangladesh share a 4,000-kilometer (2,500 mile) border of which only 20 per cent is fenced. India accuses Bangladesh of pushing illegal Bangladesh immigrants in India. Even after more than three decades of independence the illegal crossing of borders by the Bangla nations seems unending. Pressure on land in Bangladesh and better job opportunities in India have prompted millions from Bangladesh to resort to means, legal or otherwise, to seek a better future for themselves. India's dilemma stems mainly from its inability to prevent this illegal migration and to host such large numbers. According to the home ministry's statistics, there are 15 million illegal immigrants from Bangladesh: five million each in Assam and West Bengal and the rest in Bihar, Uttar Pradesh, Delhi and Maharashtra. Since a majority of them are Muslims, the issue acquires political, and inevitably, communal colours. Even the supposedly non-communal Left Front government in West Bengal has been forced to recognise this and seek the Centre's intervention for a coherent, workable policy on migrants. Unfortunately, that policy seems nowhere in sight. Detection is difficult and deportation a tedious process. It is quite easy to conceal one's roots, religion and language in towns where a ration card or any other identity paper is easy to purchase. The Illegal Migrants Act, that was struck down by the Supreme Court last week, has thrown the spotlight on this issue. Bangladesh denies that any illegal

migration exists just the way it denies that it is sheltering Indian militants. This kind of an exodus of migrants on the one hand upsets India's demography and socio-economic balance and on the other the militants pose a security challenge as never before. A permanent denial mode governs Bangladesh's India policy and that makes any reasonable and rational dialogue difficult. India finds herself sandwiched between having to guard not only her frontiers, but also efforts at internal sabotage. In view of the fact, that mutual distrust is growing, the Indo-Bangladesh relationship is turning to be more and more complex that requires conscious nurturing. Increased economic ties seem to be the best way out. To start with, a break down of trade barriers, promoting investments on both sides and stepping up communications, may, in the long run, pull down barriers — fiscal, physical and psychological. Indo – Bangladesh trade and economic relations have to grow. There exists ample opportunity for expanding Indo – Bangladesh cooperation in economic, trade, industrial, technical and scientific development spheres and every effort must be made to utilize these opportunities in actual practice. Both the countries can harvest rich gains through mutual economic and trade cooperation. Under the aegis of SAARC Indo – Bangladesh economic, trade and cultural cooperation is expected to grow further. Both the countries have accepted SAPTA and have granted MFN status to each other. Accordingly, both the countries should realize fully that their economic interest are both interdependent and compatible and hence be committed to give a big upward push to these in the days to come.

Bangladesh has been expressing concern over the imbalance in trade with Indian imports growing faster than Bangladesh exports. Currently Indian exports to Bangladesh are around $1.5 billion while the imports from Bangladesh are about $100million. The need to resolve the trade imbalance has assumed greater urgency with Bangladesh pegging resolution of the issue to its participation in the proposed Myanmar-India gas pipeline project. Cooperation in textile trade, the major industry in Bangladesh, as also greater market access for its ceramics and batteries are some of the areas that ought to be debated. To help both countries boost bilateral trade, India has offered a free trade agreement to Bangladesh in 2003 on the lines of the successful FTA with Sri Lanka which has not only boosted trade but also flow of Indian investment to the island nation. Bangladesh is however yet to respond to the FTA offer.

Recently, there have been some talks about the laying of the India – Bangladesh – Myanmar gas pipeline. India is the world's sixth – largest energy consumer and its consumption of natural gas is increasing at a rate of 6.1 per cent annually. It jumped from 0.6 trillion cubic feet (tcf) in 1995 to 0.8 (tcf) in 2000 and is expected to reach 1.2(tcf) by 2006. Though some of this demand is being met domestically, still a large gap remains.
Indian policymakers have initiated numerous policies to address the country's growing energy needs. For example, India is pushing for the creation of 15-45 days of emergency reserves in Rajkot, Mangalore and Vishakapatnam. India is also diversifying beyond oil to access other energy resources, such as nuclear power, coal, natural gas and renewable energy resources, as well as stepping up exploration activities within its borders.

India has also been exploring new options and sources of energy due its rapidly growing demand. Nevertheless, for the short to medium term India will have to rely on an increasing amount of imported oil and gas to meet its energy needs. As a result, India is stepping up energy diplomacy with states in the South Asia region, as well as states further afield in Central Asia, Russia and the Middle East and as far away as Latin America and Africa.

However, some of the indigenous, cheaper and nearby options closer home are not exploited to their fullest potential due to the unfavourable political climate in the sub – continent, which makes bilateral cooperation especially in the crucial sectors like gas and energy very difficult. For the same reason, the issue of 290 kilometre long gas pipeline from Myanmar to India via Bangladesh has been mired in controversy for a long time. Frosty relations between Bangladesh and India are rooted in accusations by India that Bangladesh is fueling terrorist movements in India's northeast in the presence of rising Islamic fundamentalism and anti-India sentiment in Bangladesh under the Bangladesh National Party (BNP)-led coalition government, the illegal migration between both states, and Bangladesh

accusing India of rerouting the Ganges and Brahmaputra river systems that traverse both states.

These disagreements have slowed the progress for discussions on a natural gas pipeline from Myanmar to India, which will have to pass through Bangladeshi territory, forcing India to look into the expensive option of creating a deep-sea pipeline through the Bay of Bengal that would bypass Bangladesh.

Fortunately, Bangladesh has recently agreed to in principle at least, to clear a proposal for pipeline through its territory for carrying gas from Myanmar to India. Bangladesh will also profit from the project in a number of ways. A Bangladesh construction company, Mohaona Holding Ltd. has evinced interest in building this pipeline. Bangladesh hoper to earn about US$125 million annually – US$100 million as wheeling charges and US$25 million as maintenance charges – from the proposed project. As part of the deal, Bangladesh will also get access to the gas as well as $125 million in transit fees. In exchange for agreeing to the project, Bangladesh is also pushing for a trade and transport corridor linking Nepal and Bangladesh through Indian territory, as well as access to hydroelectric power generated in Bhutan and Bangladesh using India's power grid.

If this proposal materializes it could change India's ties with Bangladesh for the better. If India – Bangladesh – Myanmar agree to this proposal of laying the pipeline it will open the road for further cooperation. If such economic teamwork happens South Asia could also see the benefits of regional cooperation that has so far largely eluded it only because of political and inherent suspicion. The stage is all set for economic diplomacy to come to the forefront and be the mandarin of India's foreign policy.

Textiles and Clothing: Post-ATC Scenario

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Introduction

Until 1994, world trade in textiles and clothing was governed by bilateral quotas under the Multifibre Arrangement (MFA). Following the Agreement on Textiles and Clothing (ATC) under the Uruguay Round (UR) of multilateral trade negotiations, quotas were phased out over a ten-year period, starting 1995. This process was referred to as integration of the MFA with WTO. The main criticism against this integration process was that it was back-loaded, i.e. quotas were removed by a small percentage in the initial years and about 50% of the quotas were removed in the last phase.

The purpose of the present paper is to examine the pattern of world trade in textiles and clothing after the complete abolition of quotas by the end of 2004.

Post-ATC Scenario

Ever since the quotas have been abolished completely on 1 January 2005, there has been a surge in imports of some of the industrial countries, especially from China. A

WTO study (*The Global Textile and Clothing Industry post the Agreement on Textiles and Clothing* (by H K Nordas, 2004) mentions that most analyses point out that China and India would dominate world trade in textiles and clothing (henceforth T&C), the share of China exceeding 50%. A Goldman Sachs study estimated in 2004 that prices of T&C would be down by 30%. This is only to be expected as there will be a rapid rise in exports of T&C from a number of countries.

India largely concentrates on higher-end of the market while China in the middle- and lower-ends. India, however, is dependent on foreign buyers and retailers for its brand-building. Only recently some efforts in this direction have been initiated. On the other hand, China is catching up in brand-building, fashion and design. Therefore, India will be facing competition from China in all market segments.

During the quota phase until 1994 and the integration phase of 1995-2004, several developing countries, including some least developed countries, established on their own or through joint ventures substantial capacities in T&C sectors and became successful exporters. At one stage, T&C accounted for more than 70% of total exports of Cambodia, Bangladesh and Macau, and more than 50% in the case of Pakistan, Mauritius, and Sri Lanka. After 2005, some of these countries have been facing difficulties in sustaining their exports.

Countries like India and China will face competition from countries like Mexico and East European countries, which, as members of regional groupings or because of geographical proximity will be able to 'time to the market', i.e. supply in time as per the requirements of the markets.

China's Dominance

According to the accession agreement with WTO, other countries may restrict the growth of imports of T&C from China to 7.5% under the safeguard clause. As Chinese exports of T&C have surged into the US and EU, they have decided to implement this provision in the case of China.

As per the agreement of June 2005 between the EU and China, the EU would be limiting the growth of Chinese textile exports to the EU to 10 product categories including trousers and pullovers with caps ranging from 8 percent to 12.5 percent per year. The actual growth rates of these product categories during January-March 2005 over the corresponding period in 2004 range from 51 percent to 534 percent.

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However, there are no clear provisions about how to deal with orders that were already en route to Europe. European retailers rushed in last minute orders to import from China. The EU trade commissioner said that the problem has been created by importers trying to beat the restrictions.

Chinese textile exports to the US surged 54 % during the first quarter of 2005 over the corresponding period of 2004. The US Committee for Implementation of Textiles Agreements announced in early August 2005 that it was considering an industry demand to limit imports of a range of Chinese products including cotton-, wool-, and man-made fibre socks, women's cotton and man-made fibre woven shirts as well as cotton and man-made fibre skirts, night-wear, and man-made fibre swimwear.

These are in addition to curbs already placed on seven categories of exports. China is contemplating to take measures under the WTO framework as also by restricting import of cotton from the US. About 70 % of Chinese cotton imports are from the US.

Prospects for India

Therefore, India should be in a position to take advantage of this. However, India's exports of T&C during January-May 2005 showed a decline of 13.5 % over the corresponding period of 2004. The main reason attributed for this decline is the decline in prices of T&C during this period because of the steep fall in prices. It is asserted that China is able to withstand this downward pressure because of large scale production and economies of scale.

The other factors that need to be looked into are: cost of different inputs, China's exchange rate policy, infrastructural facilities, machinery for modernization, technology, wage rates, labour productivity, etc.

According to data compiled in 2004 by the International Textile Manufacturers Federation, in 10 out of 13 yarn and fabric inputs, cost in India was higher than that of China and Brazil. This gives an indication of the lack of cost-competitiveness of India.

Indian exporters of T&C have been complaining that the reduction in duty-entitlement passbook (DEPB) rates in September 2004 and further rationalization of the scheme announced in January and June 2005 has adverse effect on the margins for Indian exporters.

After 11 years of pegging its currency yuan to the US dollar, China revalued its currency by 2.1%. Though small in magnitude, this is expected to be of some benefit to India. Now China may find it cheaper to import raw cotton and cotton yarn from India. However, the pull of the Indian domestic market may be a constraining factor. The domestic yarn price (for the average 30s and 40s count group) is said to be higher by Rs 15 per kg compared to export prices.

Both the private sector and the government in India have not put all the parameters at one place to find out in what areas there is need for improvement. Discussion is going on piece-meal which gives scope for lobbying and arbitrary decision-making.

Conclusion

Developing countries like China and India have improved their share of the world market for T&C and these two countries are expected to be major players in the near future. However, they face competition from countries which are geographically contiguous or members of a regional grouping with USA or EU. With regard to India, improving competitiveness needs close look at all the parameters like input costs, scale of production, modernization, etc. simultaneously and not in piece-meal fashion as is done at present. China is upgrading its fashion and design capabilities. Therefore India cannot afford to be complacent on this front. ◘

Venture Capital – Recent Trends in the Liberalisation Context

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Abstract

The paper reviews development of Venture Capital Funds (VCFs) and Venture Capital Investment (VCI) in the country. Concept, evolution, characteristics and scope of venture capital as an equity mechanism are discussed. This is also referred to as private equity (PE) - an investment in a company with equity securities that are generally not publicly traded. Private Equity focuses on active private equity investments that enable them to acquire a large or controlling interest in a firm with solid growth potential. As a result, PE firms can oversee, assist, and if necessary, redirect the company's activities or its management.

Indian environment of venture capital funds, particularly through institutional sources like Industrial Development Bank of India (IDBI) and Small Industries Development Bank of India (SIDBI) is presented in detail. To make the programme dynamic to meet the needs of entrepreneurial interests in the small and medium enterprises sector, changes taking place are covered in some depth. Role of the nodal agency, Securities and Exchange Board of India (SEBI) in supervising and monitoring the functioning of venture capital funds is highlighted. Involvement of the Indian Venture Capital Association (IVCA) in pursuing with the Government of India for revision of guidelines for Venture Capital Funds at different periods is recapitulated.

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1. Introduction

Venture Capital is defined as "an equity by which an investor supports an entrepreneur with finance and business skills to exploit market opportunities; thus obtain long-term market gains." Venture capital is primarily for new entrepreneurial ventures, which involve high risk, but at the same time promise high reward.

Commercialisation of new technologies developed indigenously is one of the directions supported by venture capital. Venture capital is made available in the form of equity and equity-related instruments. The institutions / investors providing venture capital assistance get themselves deeply involved in the venture by providing necessary managerial and marketing support, and networking opportunities till the venture reaches the take off stage of becoming successful. Venture capitalist combines risk capital with entrepreneurial management and advance technology to create new products, new companies and new wealth. Risk finance and venture capital environment can bring about innovation, promote technology, and harness knowledge-based ventures. In this sense, venture capital is different from other types of financing such as (a) development finance, (b) seed capital, (c) term loan / conventional financing, (d) passive equity investment support, and (e) R&D funding sources. Venture capital is a source of investment in the form of seed capital in unproven areas, products or start-up situations. The concept of venture capital is relatively new to the Indian economy, and is gaining prominence in the recent years.

In developed countries such as U.S.A. and U.K., venture capital financing, entirely through private initiative, with hardly any involvement of the government institutions, has achieved miracles in stimulating entrepreneurial growth in unproven and risky ventures which offered high potential for growth. In developing countries like Taiwan, Singapore, South Korea, and Israel, the scheme has contributed phenomenally to economic growth. Indian approach is modelled on the U.S.A. and U.K. patterns, with pro-active role of the Government and a regulatory environment to secure benefits to the small and medium enterprises (SMEs) in particular.

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2. Growth of Venture Capital Funds (VCFs) in India

2.1 Evolution

Venture capital financing as a source of providing funds to new, high risk, not necessarily high-tech ventures is of recent origin in the Indian context. As conventional financing schemes are generally security oriented, and are meant for projects based on established / proven technology, the need for venture capital finance was keenly felt by small and medium enterprises (SMEs) in particular. For meeting the risks of projects promoted by entrepreneurs who take to unproven innovative projects, and those with professional background and experience, venture capital finance is of utmost necessity. As commercialisation of Research and Development (R & D) work involves definite risk; more so, when the processes have not been commercialised, specific incentives are provided by a number of institutions for entrepreneurs opting for these technologies. Venture capital finance is also to be dovetailed with these incentives.

The concept of venture capital as a new financial service was introduced in India in the fiscal budget for the year 1986-87, followed by promulgation of Research and Development Cess Act, 1986. The Act imposed 5 per cent cess on all know-how import payments to create a pool of funds for, *inter alia*, venture capital activities initiated by Industrial Development Bank of India (IDBI). Consequently in March 1987, IDBI introduced Venture Capital Fund (VCF) scheme for financing ventures seeking development of indigenous technologies / adaptation of foreign technology to wider domestic applications. Similarly, Industrial Credit and Investment Corporation of India (ICICI) started financing technology-oriented innovative companies. ICICI in association with Unit Trust of India (UTI) formed a venture capital subsidiary called TDICI - Technology Development and Information Company of India - with headquarters at Bangalore, for taking up venture capital activity. Industrial Finance Corporation of India (IFCI) formed Risk Capital and Technology Finance Corporation (RCTC), with headquarters at New Delhi. TDICI is now known as ICICI Venture Funds Management Company Ltd. or ICICI Venture; and RCTC is now known as IFCI Venture Capital Funds Ltd. (IVCF). Their main focus is on development and commercialisation of viable indigenous, often, untried technologies. Almost at the same time, Credit Capital Venture Finance Limited was started in the private sector. This has mobilised funding from global funding agencies, with the joint sponsorship of Commonwealth Development Corporation, London (U.K.), Credit Capital Finance Corporation, Asian Development Bank (ADB), and Bank of India, a public sector bank in India.

In November 1988, Government of India announced the first venture capital guidelines in the Parliament. The guidelines were aimed at providing Venture finance to technology start-ups, promoted primarily by first generation entrepreneurs. In 1989, the World Bank selected four institutions to start venture capital activities in different parts of the country under its Industrial Technology Development Project. These included ICICI at Mumbai, Gujarat Industrial Investment Corporation (GIIC) in Ahmedabad, Andhra Pradesh Industrial Development Corporation (APIDC) in Hyderabad, and Canara Bank in Bangalore. Later on, two more institutions were added. These are IFCI at New Delhi, and Infrastructure Leasing and Financial Services Ltd. (IL & FS) at Mumbai. All these institutions formed separate companies for handling venture capital activity; and have been following Government of India guidelines. Names of the parent companies, and the nomenclature of the Venture Capital Funds promoted by them are given here.

Parent Institution	Venture Fund Promoted
ICICI	TDICI, renamed as ICICI Venture Funds Management Company or ICICI Venture
IFCI	RCTC, renamed as IFCI Venture Capital Funds Ltd. (IVCF)
IL & FS	Pathfinder
GIIC	Gujarat Venture Capital Finance Ltd. (GVCFL), with all India coverage
APIDC	APIDC Venture Capital Ltd., with coverage as Andhra Pradesh
Canara Bank	Canfina - VCF, with focus on southern states

Among the public sector banks, State Bank of India (SBI) and Canara Bank took the lead. SBI Capital Markets, promoted by SBI is operating VCF. A few other public sector banks followed the direction later. Punjab National Bank is one among them, which started PNB Financial Services. From 1996, there has been an increased level of activity in the venture capital industry. More funds have been set up both by existing companies and by new ones in the public and private sectors. There has also been an increased availability of foreign funds for Indian venture capital investments.

The World Bank made a significant contribution towards the development of Venture Capital industry in the country, through its support in the early stages in particular. It developed manpower resources, created international exposure, encouraged networking, and interactions among venture capital companies in India to foster cohesiveness, and contributed to professionalisation of venture capital companies.

The Indian Venture Capital Association (IVCA) which was formed in 1992 by 12 domestic VCFs, took vigorous follow-up with the Government of India to streamline the guidelines for venture capital in the country. Securities and Exchange Board of India (SEBI) was granted statutory powers in 1992 with the main objective to regulate and develop the Indian securities market. The SEBI Act empowered SEBI to *inter alia* regulate the venture capital funds, as these funds are part of the overall securities market; and is a source of capital. All the VCFs including the new ones are to be registered with SEBI. With economic liberalisation and reforms, several Mauritius - based offshore private equity funds started investing in India, from 1996; and more so from 2001.

2.2 IDBI Venture Capital Fund (IDBI VCF)

IDBI has been operating the Venture Capital Scheme since 1987 for providing assistance for ventures involving commercialisation of indigenously developed technology, adaptation of imported technology to wider domestic applications, as also for all software / Information Technology (IT) ventures.

The scheme is applicable to existing and new enterprises concerned with proposals relating to development of technology from the level of the laboratory or bench scale onwards till the stage where it is mature for commercial application. Assistance under the scheme covers capital expenditure as well as operating expenditure (including market development expenses) during the agreed development period. The amount of assistance will be decided on a case-to-case basis after allowing for an appropriate involvement / stake of the promoter. It is proposed to have a flexible approach in this regard but typically, a minimum promoter's contribution of 10 per cent in case of schemes costing up to Rs.50 lakh, and 15 per cent for projects above Rs.50 lakh cost is envisaged. The focus of IDBI was on small and medium projects. After SIDBI started the Venture Capital scheme for small enterprises in 1992, IDBI's coverage has been limited to medium enterprises.

IDBI would provide assistance in the form of both equity as well as loan. The assistance to equity may be in the form of equity capital and / or interest free soft loan carrying a service charge of one per cent per annum. In case, it is in the form of interest free soft loan, IDBI would be free to raise the interest to normal applicable rate after a maximum period of three years. The loan assistance would be at the rate of 6 per cent per annum; but IDBI would be free to review and raise it to the normal applicable rate, once the commercial size of the unit starts making profits. The composition of assistance in various forms will be structured to suit the nature of the proposal.

A normal repayment period up to 10 years including an initial moratorium of three years is envisaged. In order to enable a faster recycling of funds under the scheme, IDBI would negotiate with the assisted concern for accelerated repayment of loan instalments and for buy back of its equity holdings. Besides, there would be provision for sharing of royalties, profits, etc. IDBI may explore possibilities of exit from these projects through take over, merger, etc., where necessary. In the event of development projects becoming unsuccessful, assistance given under the scheme along with the promoter's stake may be written off.

2.3 SIDBI - Promoted Venture Capital Funds

SIDBI constituted Venture Capital Fund in October 1992 to increase the flow of venture funds to the SSI sector. As most of the venture funds are increasingly

funding larger companies, SIDBI stepped in to fill the gap, as a long felt need of SSI units. The corpus of SIDBI Venture Capital Fund started with an initial contribution of Rs.10 crore. It has progressively increased it to Rs.125 crore by March 2003. The fund is being utilised for venture capital assistance to SSI units directly, and for subscribing to the corpus of the existing / prospective venture capital funds, including industry - specific funds, with the objective of enlarging SIDBI's outreach to small scale units. As per the policy initiatives spelt out in the Union Budget 1996 - 97, SIDBI can participate in VCFs set up by public sector institutions, as well as private companies set up at state / regional level, and sector - specific funds, up to 50 per cent of the total corpus of the funds, provided such a fund is dedicated to the financing of small scale enterprises. SIDBI's entire contribution is to be utilised for SSI units. The first dedicated SSI Venture Fund was set up in Gujarat by GIIC as Gujarat Venture Finance Ltd. (GVFL) with all India coverage. Its corpus is Rs.40 crore, out of which SIDBI's contribution is Rs.20 crore. APIDC in Andhra Pradesh started a Venture Fund about the same time with 50 per cent contribution from SIDBI.

SIDBI Venture Capital Scheme

The focus of the VC scheme has been to assist innovative small size projects which have features of high risk, high growth, and higher than normal returns. In view of the risk associated with the VC assistance, it is sanctioned on a highly selective basis. The technology evaluation done by SIDBI consists of in-house evaluation, feedback from outside experts, and appraisal by the screening Committee of Experts. Assistance has been extended under the scheme to a wide range of industries including software and Information Technology, biotechnology, food processing, electronics, chemicals, etc. The projects involved either of the features like manufacture of the products for the first time in the country, new untried indigenous technologies, and import substitute projects. Instruments of finance used are equity, equity - related instruments, and conditional loan. Besides interest, conditional loan requires payment of royalty on sales. In the initial years, assistance was made by way of conditional loan only, but gradually the equity component is being increased. Entire assistance by way of equity only is not possible because of the small equity base of SSI units, and reluctance of SSI units to part with equity. Conditional loan has its limitations as there is an outflow of funds which limits the availability of funds for the assisted unit's growth, particularly where there is delay in project implementation. It is expected that with more favourable conditions being created for equity participation by investors in 'small cap' companies, there would be greater momentum to VC financing.

SIDBI's Creation of an Integrated Venture Fund Structure

In order to facilitate the availability of VC assistance to SMEs, SIDBI has promoted a three-tier integrated VC system for development of SSIs in software / IT-related sectors in all its comprehensiveness, at regional, national and international level so as to effectively integrate and enhance the opportunities for the industry, both in domestic and international markets.

Regional strategy

As a first - tier programme, SIDBI has taken steps for setting up state / regional level VC funds dedicated to SSIs in software / IT industry with participation from state level institutions / banks/private sector. Up to March 2003, SIDBI has contributed to the corpus of 15 state / regional level funds. Out of them, 10 are at state / regional level, and 5 at all India level. Ten states covered are: Andhra Pradesh, Gujarat, Karnataka, Kerala, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu and Uttar Pradesh. SIDBI is setting up a micro venture capital fund for small innovations, in collaboration with the National Innovation Foundation (NIF), at Ahmedabad, with a commitment of Rs.10 crore as its contribution towards the corpus of the fund. NIF is under the Union Department of Science and Technology. This will meet the needs of early stage risk capital to technological innovative projects being set up at various incubation centres and technology parks.

National Venture Fund for Software and IT Industry (NFSIT)

Though the state level funds would take care of small size firms and grass roots projects, a need was felt for launching a similar fund at the national level as the second - tier programme which would help in up scaling the activities of these grass root successful

firms, and devote to promoting projects and products with high technical inputs. Accordingly, SIDBI promoted Rs.100 crore close-ended National Venture Capital Fund for Software and IT Industry (NFSIT) in collaboration with the Union Ministry of Communications and Information Technology (MCIT) and IDBI. NFSIT was launched in December 1999 to meet the requirements of software and IT companies in the SS Sector to enable them to achieve rapid growth, and maintain a competitive edge in the domestic and international markets. Being an All India Fund, NFSIT can earmark funds for incubation projects with high risk and high return profile including software products for international markets. The national fund would also have international linkages which state level funds may not be able to provide. The Fund can also access international networking and co-investment from international venture capitalists. Further, the success of units assisted by this Fund would have a demonstrative effect to kick start software activity in other states where it is at a nascent stage.

NFSIT became operational during 1999-2000, and it completed its first full year of operation in 2000-2001. SIDBI has set up two subsidiaries, viz., SIDBI Venture Capital Limited (SVCL), to act as Asset Management Company (AMC) for the Fund; and SIDBI Trust Company Limited as a Trustee Company for the VC funds promoted by SIDBI. SVCL carries out the business of setting up, advising and managing VCFs; and has been acting as Investment Manager to NFSIT. For the corpus of NFSIT, Government of India's contribution is Rs.30 crore, SIDBI's Rs.40 crore; and the balance is expected from other institutions, to make the total as Rs.100 crore. SVCL raised the entire committed corpus from the contributors by March 2004. NFSIT assists projects offering potential for attractive growth and earnings. The Fund's primary focus is on unlisted small companies set up as private or public limited companies in the growing info-tech sector, software industry and related businesses, such as e-commerce, networking, multi-media, data communication, and value added communication services. The extent of investment will depend on the size, nature and stage of the project, its expected growth rate, etc. The minimum investment would preferably be above Rs.50 lakh per enterprise. Assistance from the Fund will be structured on a case-to-case basis, and will include equity and / or equity - related instruments. The Fund will also consider co-investing with other VC funds, including international funds. The Fund will divest its shareholding preferably through IPO (Initial Public Offer). The Fund may consider buy back of shares by promoters at a price which may be mutually settled. Besides financial assistance, SIDBI Venture Capital Ltd's role as investment manager of the Fund is to help the entrepreneur in a number of areas to manage his business more effectively; and achieve rapid growth in the internationally competitive environment.

Under NFSIT, SVCL sanctioned VC assistance during 2003-04 aggregating Rs.20.90 crore (6 companies) as compared to Rs.16.50 crore (7 companies) in 2002-03, Rs.15.20 crore (6 companies) in 2001-02, and Rs.29.24 crore (13 companies) in 2000-01. The cumulative sanctions (net of cancellations) at the end of March 2004 aggregated Rs.59.89 crore (25 companies), compared to Rs.54.89 crore (24 companies) at the end of March 2003. Disbursement during 2003-04 was Rs.7.63 crore (4 companies) as compared to Rs.7.47 crore (4 companies) in 2002-03, Rs.6.81 crore (3 companies) during 2001-02, and Rs.15.46 crore (9 companies) in 2000-01. Cumulative disbursements since inception of the Fund up to March 2004, aggregated Rs.37.72 crore (21 companies), compared to Rs.30.09 crore (17 companies)at the end of March 2003. Slow growth in sanctions and disbursements during the recent two years is due to the cautious approach followed by SVCL in line with similar domestic VC funds on account of depressed market conditions in the last two years. In order to spread risk, SVCL has created a diversified portfolio to cover a wide area of IT industries, such as products, services, internet - related businesses, IT training, and IT enabled services. In view of the high growth prospects of BPO / ITES units, NFSIT has increased its stake in these areas during 2002-03. In the present scenario, NFSIT and state/regional funds promoted by SIDBI have emerged as a major source of VC funds for the SME sector.

Considering the present trend, SVCL has set up a second national fund, *viz*., SIDBI Growth Fund, with a corpus of Rs.100 crore which would focus on small units in pharma, bio-tech, light engineering, software, IT and other growth-oriented knowledge based industries.

It is proposed to raise the corpus to Rs.500 crore in due course. This fund is in addition to the already established National Fund for Software and IT Industry, with a committed corpus of Rs.100 crore.

International Strategy

Further, as the third-tier programme for IT and software industry, SIDBI has planned to set up an International Dollar Denominated Venture Capital Fund in collaboration with In-tech Venture Group (IVG), Mauritius. The Fund will be located in the Silicon Valley in USA to help Indian small scale IT companies to access the international markets, setting up global scale capabilities, buying out small technology companies, and setting up joint ventures, particularly in USA and European Union (EU) countries. The main objective of the Dollar Denominated Fund would be to help Indian SSI units to enhance the business opportunities which in turn would increase the foreign exchange earnings for the country.

3. Constraints Experienced by VCFs and Suggestions

There are over 70 operating offshore VC funds focusing on India as a country in 2002. It is estimated that over 80 per cent of them are dollar funds, and the rest are rupee funds. The total cumulative assets under management are over US $5 billion. The investments in various sectors in 2000 alone are placed at around US $1 billion. This has given tremendous boost to IT sector from 2000. The total venture capital/ private equity investments have touched $1 billion during 2003-04 from $600 million in 2002-03. VC/PE funding in the calendar year 2003 was in the $500-600 million range, a sharp drop from $1.1 billion in 2002 and $900 million in 2001.

"Post Dot com" bust, the VC industry has started its recovery. The initial push has been provided by BPO and ITES. The BPO has shelved itself at the top position in the VC portfolios. However, the focus of investments is slowly shifting from IT, Software and BPO to other sectors as well such as retail, power and infrastructure, and in manufacturing industries where India has become globally competitive.

During 1999-2003 (5 years) the private equity investments have grown at an astounding rate of 82 per cent of compound annual growth rate (CAGR) while the runner up, Sweden did not give much competition, and managed to achieve a CAGR of 57 per cent. However, in 2003, more than 60 per cent of private equity flow was invested in non-technology sectors like Banks, FMCG (fast moving consumer goods), pharmaceuticals, and telecom. In the years to come, real estate, BPO, entertainment, retail and consumer sector, and manufacturing industries like textiles, auto ancillaries and pharmaceuticals sectors will attract investments from VCFs.

VC industry has thus begun to come of age in India, given the increased investments and successful exits by private equity funds during 2002-04. Though the investments in the initial stage or start-up financing have more or less been stagnant, there is increased momentum in the late-stage financing. Certain regulatory facilitations and the prospering economy are expected to act as a healthy breeding ground for the VC industry.

The regulatory, tax and legal environment should play an enabling role. Internationally, venture funds have evolved in an atmosphere of structural flexibility, fiscal neutrality and operational adaptability. Resource raising, investment, management, and exit should be as simple and flexible as needed, and driven by global trends. In view of the increasing global integration and mobility of capital, it is important that Indian VCFs as well as Venture finance enterprises are able to have global exposure and investment opportunities. Apart from large investments flowing into prospective areas, adequate attention needs to be paid to SMEs planning to commercialise R & D know-how through innovative approaches, and also other SMEs with high growth potential offering opportunities.

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Export performance of cement industry

G.Aruna Yagna Narayana*

Abstract

Cement is the basic material for any construction activity, be it buildings, dams, reservoirs, canals; a concrete road for faster movement of goods and services or bridges for road and rail services. Only those countries which are endowed with adequate deposits of the basic raw material - cement grade limestone can produce cement. There are many countries without such deposits and depend on imports. Thus cement is a globally traded commodity. The article gives an account of cement (and clinker an intermediate product in the production of cement) trading by various countries as also the performance of Indian cement industry over the years.

Introduction

Cement, being the basic construction material, is used world over for all major construction needs. However, only countries endowed with adequate cement grade limestone reserves can produce cement advantageously while others have to depend on imports of cement/clinker.

Global Cement Scenario

World cement production was 1,954 million tonnes in 2003. Total world trade was 137 million tonnes. Thus, global trade in cement accounts for only 7% of production (for a more detailed account see Annexure).

5 Leading Countries (2003)

	Production		Consumption		Export		Imports	
1	China	813.190	China	808.892	Thailand	12.232	USA	22.823
2	India	120.360	India	116.424	Turkey	10.404	Spain	8.154
3	USA	92.843	USA	112.281	Japan	9.733	Bangladesh	4.900
4	Japan	68.898	Japan	60.125	Indonesia	7.344	Nigeria	3.216
5	Korea	59.733	Korea	58.302	India	8.889	Singapore	2.857

Source: CEMBUREAU, May 2005

Indian Cement Industry

Indian cement industry, with a capacity of 163 million tonnes and a production of around 132 million tonnes in the financial year 2005, ranks second in the world cement producing countries.

India started exporting cement/clinker in 1989. There have been shortages for several decades due to government restrictions on sales and distribution of cement. Commencing with a mere 1.5 lakh tonnes in 1989-90, exports grew to 9 million tonnes in 2003-04 and further to 10 million tonnes in 2004-05. Thus while India exported 7.4% of its production in 2003, it accounted for around 6.5% in global trade[1].

The following graphical presentation gives the growth of exports over the years

Today, India exports cement/clinker to around 25 countries, which include not only SAARC countries but also countries in West Asia, Africa, Europe, Australia and few Islands of Indian Ocean.

With large deposits of major raw material limestone and coal, which is a raw material and fuel, India is in a position to export to the tune of 15 – 20 million tonnes annually. However, the country faces several constraints, which hinder the export performance.

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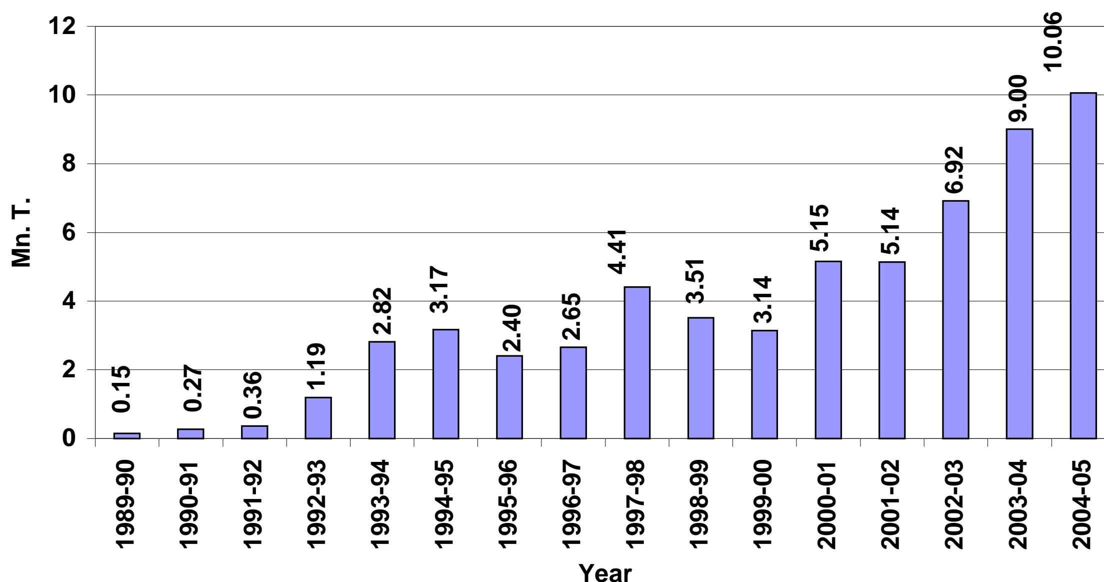

Constraints faced by the Cement Industry Competitivity

In spite of the fact that India is the second largest cement producer in the world and produces cement at lowest cost, it suffers in competitiveness in the export market. The main impediments for competitiveness are – high taxes and levies, high port, customs and bunker charges, high rail/road/ocean freight and lack of modernized ports with bulk handling facilities.

High Levies and Taxes

High levies and taxes which include royalties on limestone, coal and gypsum, power, sales tax on stores and spares for cement production hurt competitivity.

High Port, Customs and Bunker Charges

Port charges are high compared to our competitive countries. Even for captive ports in the west coast of India port charges are high.

Delay in custom formalities result in huge demurrage charges adding to costs.

Heavy bunker charges are another deterrent for cement/ clinker exports, especially as compared to far-east and middle east countries where majority of the vessels go for their bunker and exporters in that region gets benefit of freight along with large availability of vessels, while Indian exporter ends up paying more freight due to expensive bunker charges and unwillingness of others to bring their vessels.

High rail/road/ocean freight

Plants at or near the coast account for around 35% of the county's capacity. Plants far from coasts that export, incur huge rail transport to reach the nearest port, thus becoming less competitive.

Increasing ocean freight also makes Indian cement less competitive in the international market.

Lack of modernized Ports with bulk handling facilities

Ports are the main outlets for exports and their efficiency is essential for enhancing exports. Indian cement industry is facing several constraints pertaining to ports:

1. **Low rate of ship loading**
   The loading rate of cement is very low in most of the ports because most of cement exports are in bags of 50 kg. Present loading rate of cement and clinker at Indian ports is around 400 – 1000 tonnes per day as against 8000 to 10000 tonnes per day at international ports.

[1] An analysis of the exports of countries for the year 2003 reveals that several countries exported a large amount of their production – to name a few – Cuba 76%, Venezuela 58%, Canada 45%, Thailand 43%, Colombia 34%, Greece 29%, Taiwan 27%.

2. **Lack of Infrastructure**

   Inadequate storage facilities necessitate heavy demurrage to waiting ships adding further costs.

3. **Absence of bulk handling**

   All over the world cement is transported and distributed in bulk which results in substantial savings in freight costs and eliminates packaging costs.

   Lack of bulk handling facilities at ports acts as a deterrent in competitivity for Indian cement.

India has a special advantage that it can easily supply cement by rail/road/ inland water transport to adjoining countries viz. Bangladesh, Pakistan and Nepal. However, due to infrastructural constraints for rail and road (narrow congested border routes) export is adversely affected.

Inland water transport system is an energy efficient and cheaper mode of transport for a large number of commodities. The main problem is that the basic infrastructure has not been developed.

Future Prospects

India is strategically located to export cement/clinker not only to its neighbouring countries but also countries across the far and distant continents. With the thrust being given by the Government to develop ports, roads and other infrastructure and increased target set for export performance, cement industry would be able to achieve appreciable growth in the following years and earn precious foreign exchange.

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Annexure I

World Leading Producer Countries (2003)

	Country	(Million Tonnes)				(Kg.)
		Production	**Consumption**	**Export**	**Import**	**Per Capita**
Asia	China	813.190	808.892	5.332	2.538	626
	Japan	68.898	60.125	9.733	0.857	471
	India	120.360	116.478	8.889	-	110
	Korea	59.733	58.302	3.147	1.879	1216
	Taiwan	18.474	14.848	5.035	1.699	657
	Thailand	28.368	23.455	12.232	0.004	366
	Indonesia	30.647	27.539	7.344	0.049	129
Europe	Russia	42.204	40.607	2.052	0.132	288
	Italy	43.511	43.482	2.256	4.525	747
	Germany	33.409	29.927	4.663	1.509	362
	Spain	44.758	46.224	1.252	8.154	1129
	France	20.352	20.678	1.710	2.450	346
	U.K.	11.716	12.818	0.350	2.400	213
Americas	U.S.A.	92.843	112.281	0.885	22.823	385
	Brazil	34.010	33.785	0.602	0.603	191

Source: *CEMBUREAU, May 2005.*

GIFT NEWS

The 6th Public Lecture on "Recent Trends in Financing Retirement - Implications for India" was delivered by Prof. Mukul G. Asher, Professor of Public Policy, National University of Singapore on 22nd July at Hotel Dolphin, Visakhapatnam.

A one Day workshop on "Balanced Business Score Card" was jointly organized by GIFT and JNTU on 12th August, 2005 at JNTU Campus, Hyderabad.

GIFT Academic Advisory Council Meeting was held on 20th August at GIFT.

The Six Convocation for MPIB Batch VII was held on 20th August 2005. Shri Anil K. Khandelwar, Chairman and Managing Director and Prof. M.R. Rao, Dean Indian School of Business were the guests of honour.

Shri Karuturi Ramakrishna Managing Director, Karuturi Networks Limited Floritech, Bangalore, was conferred GIFT honorary fellowship.

Sarvottam Darshan received the GIFT President's Gold Medal, Santosh Sadanand Kavatkar Gold Medal, Sanjay Kumar Silver Medal, and Meera Ganesh and Puneet Bansal received the Bronze medal.

GIFT is an offshoot of Gandhi Institute of Technology and Management (GITAM) located in the port city of Visakhapatnam on the east coast of the country, a city that hosts several large industrial organizations – Visakhapatnam Port Trust, RINL, LG Polymers, HPCL, Marine Products Export Development Authority (MPEDA), Visakhapatnam Special Economic Zone (VSEZ), Office of the Joint Director General of Foreign Trade (JDGFT) and Customs Authorities. Established in 1997 in academic collaboration with the Indian Institute of Foreign Trade, Ministry of Commerce & Industry, Government of India, GIFT offers a two year Masters in International Business (MIB), the flagship programme of the Institute. An integrated business school with teaching, training, consulting and research as the four pillars of its activity base, GIFT has serviced a host of organizations related to foreign trade like APEDA, SIDBI, FAPCCI, Tobacco Board, Horticulture Board, CONCOR, various chambers of commerce, SMEs and prospective entrepreneurs in the fields of export marketing, export finance, foreign exchange risk management, commodity futures; logistics and supply chain management, entrepreneurship development; and WTO agreements and implications for business. The Centre for Entrepreneurship is a new initiative of the Institute. As part of its social responsibility, GIFT has taken up sponsored research and brought out the Visakhapatnam Development Report 2003.

MANAGEMENT DEVELOPMENT PROGRAMMES JULY 2005 - 06

Name of the Programme	Dates	Venue	Programme Coordinator
WTO			
1. Demystifying WTO	August 2005	Cochin	Prof. V L Rao
2. – do-	November 2005	Bhubaneswar	
3. – do-	January 2006	New Delhi	
4. Textiles & Clothing – post MFA	March 2006	Visakhapatnam / Hyderabad	
Insurance & Risk Management			
1. Has insurance delivered the goods in the post-privatization era? Performance and perspectives	October, 2005	Visakhapatnam or Mumbai	Prof. Sundararajan Parthasarathy
2.The future of Risk Management in India: Challenges and responses	February, 2006	Chennai or Bangalore	
Marketing			
1.Indo-Latin American Bilateral Trade Opportunities & Challenges	Sep, 2005	Hyderabad / Delhi	Prof. Gan Bhukta
2.Indo-American Economic Trade Opportunities & Challenges	Oct, 2005	Chennai/ Hyderabad	
3. Marketing of Services – Strategies for Competitive Edge	Nov, 2005	Hyderabad	
4. Rural Marketing – New Paradigms	Dec, 2005	Hyderabad/Calcutta	
AEZ's			
The Changing Scenario in Floriculture Exports	Nov- Dec, 2005	Delhi/Pune	Dr. D Ravinath
Finance Export Risk Management	22-23 Jan, 06	Hyderabad	Prof. V K Kumar
Working Capital Management	26 Nov, 2005	Girijan Corpn. Vizag	Kameshwar Rao
Operations/Strategy			
1.Workshop on Supply Chain Management	October, 2005	Hotel Bliss, Tirupathi	Prof.K.Ranganathan
2. Balance Scorecard	12 Aug, 2005	JNTU Hyderabad	
3. Global Mindset	Nov/Dec, 2005	Visakhapatnam	
Seminar on Intellectual Property Rights and Technology (GIFT and NALSAR Law University, Hyd'bad)	Feb, 2006	GITAM Campus, Visakhapatnam	Dr. R. Anita Rao

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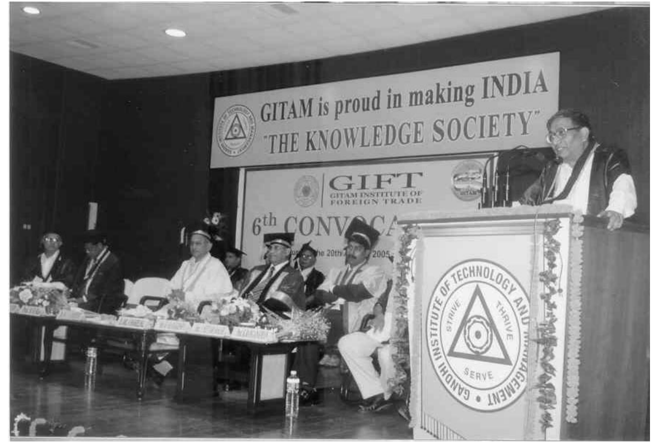
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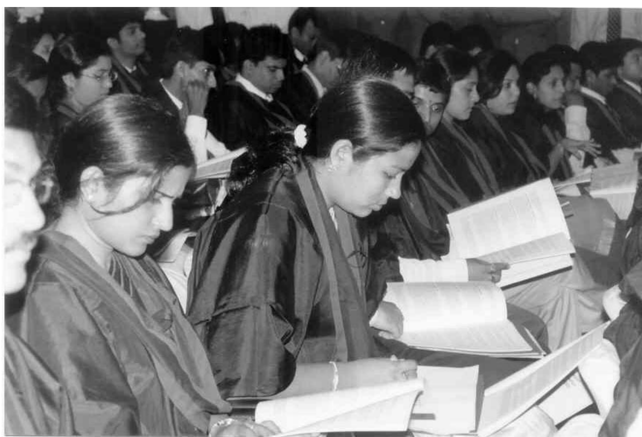

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GIFT brings out this quarterly publication GLOBAL VISTAS to provide analytical articles and commentaries on issues relating to international trade developments, and WTO and related trade issues. We at Global Vistas invite contributions with a word limit of 2000 words from academics, trade and industry that are of contemporary relevance.

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