

Outsourcing Roars Back To India, China

Washington: (IANS) Outsourcing has roared back to life in the last six months with some of it moving to countries like India, and from India to other places like China, the Philippines, Costa Rica and even Romania, according to a new study.

"After fizzling out over the past couple years as companies simply slashed jobs rather than move them, outsourcing is back in vogue," Forbes.com reported Monday citing a new PricewaterhouseCoopers study.

Cost is still the major factor," Charles Aird, managing director for shared services practices at PWC, was quoted as saying. "But people are also looking for greater efficiency, better quality and access to talent."



The list of what's being outsourced is growing, too, with much of the recent growth being driven by competitors playing catch-up to market leaders that slashed their costs prior to the downturn.

Not everything can be outsourced effectively, though, Forbes said suggesting, "Computer customer service that was outsourced to India, for example, was notorious for alienating customers."

"Dell eventually brought much of its call-centre support back into the US from India, while Apple has made a point of keeping support within the country in which the calls originate," it said.

In contrast, application development - a much more complicated skill set - that was outsourced to India has proved to be

extremely successful, it said.

There also is a risk that outsourcing some core services can cause damage to a company Forbes said citing Aird: "The key is that you've got to tie your sourcing strategy to your business strategy."

Not everything can be outsourced to the same place. India, which was the first big outsourcing centre, is largely bound by the English-speaking world, Forbes said.

Other countries such as China, with an equivalent-size labor pool; Poland, with about 40 million workers, and others, with much smaller pools of trained workers, are stepping up their outsourcing skills training for non-English-speaking countries, it noted.

Most of these operations are fairly fluid for entry-level positions. Clerical-level staff is in an almost constant state of churn, and goes to the lowest-cost region of trained workers.

Programmers are more valuable, and to prevent poaching, the salaries have risen from about \$100 a month in 1994 to about \$3,000 a month now in India, Forbes noted.

Obama's Bank Regulation Is Right, Says Vikram Pandit

Washington: (IANS) Vikram Pandit, the Indian American CEO of Citigroup, says President Barack Obama's plans to regulate and limit the size of banks is the "right direction".



As the ailing banking giant has already been weeding out companies that didn't fit into the company, "We are quite aligned with the principals he set out," he told CNBC from

Davos, where we was attending the World Economic Forum.

"We think it's generally the right direction. It shouldn't be a surprise given what we've been doing at Citi for the past few years," he was quoted as saying by the news channel.

"We're 20 percent smaller in size as a bank," Pandit said. "We've asked ourselves are we in client business or not - which we are- do these businesses belong with us or not, and if they don't we've sold them."

Echoing the concerns of other bank CEOs, like Deutsche Bank's Josef Ackermann, that if rules are set in place in the US they should be global, too, he said "It is an international industry. Level playing fields are really important around the world."

"Ultimately the G20 has to come together and call us around some set of rules. And if this is the direction they want to go in, I think that direction is generally fine with us," said Pandit.

Pandit also said that he expects the government would sell their 27 percent stake in Citi at some point over the next year. "They're inclined to sell the stock over time, and we're going to do everything we can to help them," he was quoted as saying.

Haldiram - An Empire Under Cloud

New Delhi: (IANS) The popular "Haldiram" snack-food brand, in spotlight after a life sentence handed down to one of the co-owners, is a Rs.1,500-crore (Rs. 15 billion/US\$300 million) empire of three separate companies with a common trademark, tracing its roots to Bikaner in 1937.

Sweets and savories with Haldiram brand that can be seen in some 40 countries on the shelves of chains such as Tesco, Carrefour, Sommerfield and Spineys, are made with the recipes conceived seven decades ago, albeit at different factories across regions.

"We function as three separate entities with clearly defined territories in India. We do not compete with each another. We all use the same 'Haldiram' brand name, although with different logo styles," said Sanjay Singhania, commercial head for one of the firms.

"But all three firms trace their origins to Bikaner in Rajasthan where Mr. Gangabishan Agarwal started a sweet shop way back in 1937," Singhania told IANS here, explaining the working of one of India's most popular snack-food brands with a global reach.

Haldiram Manufacturing focuses on the markets in the north with its base in the national capital, Haldiram Foods has its headquarters at Nagpur and caters to the west and the south and Haldiram Bhujawala has its hub at Kolkata and serves the east.

Even as the three entities do not divulge their turnovers, people familiar with their businesses estimate the annual revenues at around Rs. 15 billion), with multiple sources of revenues, including domestic sales and exports.

The co-owner of the Kolkata entity, Prabhu Shankar Agarwal, was recently sentenced to life imprisonment on charges of attempting to murder a tea stall owner outside his shop in Kolkata, after

he refused to vacate despite an offer of Rs.400,000 (\$8,000) and threats.

Employees familiar with the three groups said each of the three firms, though focusing on savouries and sweets, have also carved a niche for themselves in related businesses with products that appeal to regional tastes and preferences.

The Nagpur entity, for example, has introduced a new range of vermicelli and macaroni with Italian machinery that is exported to some 25 countries in the Americas, the Gulf, Europe and Asia.

Haldiram Manufacturing Company, which focuses on northern India, has established itself as a restaurant

chain with 96 varieties of dishes that also double up as retail outlets for packaged, ready-to-eat savories and sweets.

This company, the most recent enterprise in the empire with its first shop opening at Chandini Chowk in the national capital's old quarters in 1982, has some major expansion plans drawn up for both the domestic and international markets.

Haldiram Bhujawala is a Rs.500-crore (\$100 million) entity with two large shops in Kolkata's key districts and its co-owner, now convicted for murder, wanted to set up multi-storied food malls near the two outlets.

Prabhu Shankar Agarwal has said that his business had already suffered during the trial and pleaded with the judge for leniency as he was fending for a "thousand families".



'Optimism In India Has Made People Impatient For Results'

New Delhi: (IANS) The high level of optimism among the Indian people has made them impatient for results, with no room for complacency within all the pillars of democracy, including the judiciary and the media, Prime Minister Manmohan Singh has said.

"While there is unprecedented optimism in the country about our prospects for future, there are also newer challenges that we as administrators face. Governance today has become extremely complex," the prime minister said.

"Rising expectations of people make them impatient with the speed at which we deliver results. People today resent apathy, sloth and corruption in any form and at any level of government more

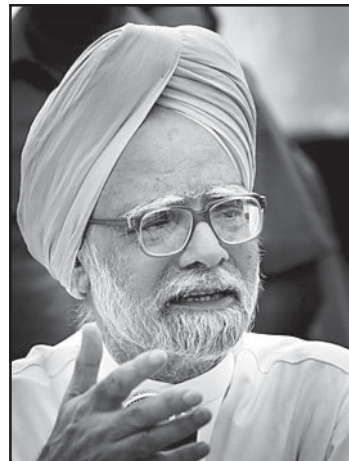
than ever before," he told a conference of chief secretaries here.

"There is clamour for accountability from all quarters — the legislature, the judiciary and the media."

The prime minister said greater connectivity and greater integration of states in the national economy also imply that what happens in one state has an impact on others, he said.

There were many problems requiring a response that is coordinated not just between the federal government and states but also among the affected states themselves, he said.

"All this requires that our response to problems and crises has to be much more creative and imaginative." For this, the bureaucracy must be well informed, trained and equipped to tackle the tasks ahead and that can happen only when the governance



apparatus is quick, innovative and flexible to match the demanding needs of today and the future.

Drawing comfort from the manner in which India handled the challenges posed by the global slowdown much better than many other economies, the prime minister stressed that inclusive growth remained the government's centre-piece of development.

"Fast economic growth has little meaning if it does not lead to the well being of the poor and the disadvantaged, of our farmers and workers, of our children, students and women. The benefits of the development process have to percolate to every part of our country."

He said it was for the bureaucracy to ensure that the numerous welfare programs of the federal and state governments are implemented in the spirit in which they have been conceived, without roadblocks and leakages, through decentralised governance.

"All this constitutes a huge task that requires dedication, commitment and persistence. I would like to add here that the central government does recognize that there is always room for improvement in these schemes and programs."