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## ***New Exploration Licensing Policy II Unveiled - offers 25 new Blocks***

Under the New Exploration Licensing Policy (NELP-II) for exploration of oil and natural gas, the Government of India has recently announced a second offer of exploration blocks. Companies are invited to bid for the 25 exploration blocks on offer. A total of 16 offshore blocks including 8 deep-water blocks (beyond 400 m isobath) and 9 onland blocks, are on offer. Companies may bid for one or more blocks, singly or in association with other companies, through an unincorporated or incorporated venture.

### **MAIN FEATURES OF TERMS OFFERED**

The successful bidder would be required to enter into a Production Sharing Contract (PSC), which will be negotiated based on the Model Production Sharing Contract (MPSC). Some of the features of the attractive terms offered by the Government are:

- *The possibility of a seismic option in the first phase of the exploration period.*
- *No minimum expenditure commitment during the exploration period.*
- *No mandatory state participation.*
- *No carried interest by National Oil Companies (NOCs).*
- *Income Tax Holiday for seven years from start of commercial production.*
- *No customs duty on imports required for petroleum operations.*
- *Biddable cost recovery limit up to 100%.*
- *Option to amortize exploration and drilling expenditures over a period of 10 years from first commercial production.*
- *Freedom to the contractor for marketing of oil and gas in the domestic market.*
- *Provision for assignment.*

***“India needs to prepare for exponential growth by capitalizing on their growing base of knowledge workers and fast Internet user growth rate. India has many ingredients needed for e-Business success and just needs to add world-class telecommunications and information technology infrastructure.”***

— **Craig R. Barrett**  
**President & CEO**  
**Intel Corporation**

*(Continued on page 2)*

## **New Exploration Licensing Policy Unveiled** *(Continued from page 1)*

### **Bid Terms**

Companies are invited to bid for:

- Work program commitment.
- Profit petroleum share expected by the contractor at various levels of pre-tax multiple of investments reached.
- Percentage of annual production sought to be allocated towards cost recovery.

Separate detailed bid formats, one for onland and for shallow offshore blocks and the other for deep-water blocks are available in the bidding format provided in the information docket.

### **Bid Evaluation**

The following main parameters will be considered while evaluating the bids:

#### **i) Technical capability of the bidding company/consortium:**

Evaluation of technical capability of the bidding companies/consortia, among other things, will be based on the production and reserves of oil and gas, acreages holding and operatorship experience of the companies/consortium. In case a parent company gives guarantee, its technical parameters will be considered for evaluation. ii) Operatorship experience: For deep water blocks, bidding company/consortium must have experience as an operator in the area of exploration and production of oil and natural gas for their bid to be further considered for evaluation.

#### **iii) Financial capability of the bidding company/consortium:**

Evaluation of financial capability of the bidding companies/consortia, among other things, will be based on the net worth, debt equity ratio and profit before tax. In case of a parent company guarantee, the financial parameters of the parent company would be considered for evaluation.

#### **iv) Work program:**

Only the committed minimum work program by the bidding companies/consortia will be considered for evaluation purposes. Any contingent/ conditional work program will be ignored, while evaluating the bids. Work program offered in the first exploration phase will be given higher weightage in evaluation. Bidders would be required to commit exploration well(s) in the second and third exploration phases.

#### **v) Fiscal package:**

The profit sharing offered by the bidders along with proposed annual cost recovery limit will go into evaluation.

*(Continued on page 6)*

## **Satyam Infoway among Fortune's Top Ten Hot Global Stocks**

Satyam Infoway, India's one of largest private sector Internet service providers, is among the Top Ten Global Technology companies worldwide recommended for investment by the prestigious American business magazine – Fortune, which says that the company's rich media content and large Internet subscriber base could position it as the AOL-Time Warner of India. Others in the group include five European companies – Alcatel (French), Noika (Finnish), STMicroelectronics (Swiss), Philips (Dutch) and Kudelski (Swiss). The group also includes two Chinese, one Japanese and one Singaporean company.

Fortune states that today Satyam Infoway claims roughly 200,000 of India's three million subscribers. Capitalizing on its heavily trafficked cricket and news Websites, Satyam is now starting to sell stocks, airline tickets, and exotic rugs and clothes. It's also pioneering broadband in India, with cable TV-based systems in Calcutta and Jamshedpur. With a mushrooming Internet population, rivals began cutting prices to the bone to lure online subscribers. The company then realized that to attract new eyeballs it would have to do more than just furnish a dial-up line. So it started buying content providers, building fatter and faster telecom pipes, widening its retail offerings, and developing its brand.

Quoting analysts of Salmon Smith Securities, the magazine states that the company's revenues would grow to \$54 million this fiscal and the company is expected to post a net profit of \$6.3 million in 2001, which would be quadrupled the following year.

# ***Insurance Sector opened in India***

After about 29 years, the Indian insurance sector has been reopened to private players. This landmark decision marks the end of a long period of waiting by prospective private insurers to get a foothold in the Indian insurance sector. The Insurance Regulatory and Development Authority (IRDA) granted approval for registration to seven private insurance companies under Section 3 of the Insurance Act 1938:

1. Reliance General Insurance Company Limited
2. HDFC Standard Life Insurance Company Limited
3. Royal Sundaram Alliance Insurance Company Limited
4. ICICI Prudential Life Insurance Company Limited
5. Max New York Life Insurance Company Limited
6. IFFCO Tokio General Insurance
7. OM Kotak Mahindra Life Insurance Limited

In the case of three other companies, the IRDA gave in-principle clearance for registration subject to satisfaction of certain conditions. These companies are:

1. Birla Sun Life Insurance Company Limited
2. Tata AIG General Insurance
3. Reliance Life Insurance

The two other proposals under active consideration of IRDA are:

1. Tata AIG Life Insurance
2. ING Vysya Life Insurance

Major companies planning to submit applications shortly include:

1. State Bank of India and Cardiff
2. Dabur and CGNU for life insurance
3. ICICI and Lombard Insurance Canada for non life insurance

The Insurance Regulatory and Development Authority constituted under the IRDA Act, 1999 was established on April 19, 2000. In terms of the provisions of the Act, the Authority constituted an Insurance Advisory Committee, and in consultation with the Committee brought out regulations to enable insurance companies to transact insurance business in a liberalized environment. Some of these regulations, including regulations regarding registration of Indian insurers (as defined in the Insurance Act, 1938) have been notified in the Gazette of India on July 19, 2000.

Since 1973, insurance business both life and non-life has been provided by state insurers viz., Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC). The GIC has four subsidiaries: National Insurance, New India Assurance, Oriental Insurance and United India Insurance.

Recently, the IRDA has launched a website ([www.irdaonline.org](http://www.irdaonline.org)) for online issuance and renewal of licenses of insurance agents. The designated persons of insurers can have access to this website to issue/renew licenses. It has also given accreditation to institutions for imparting training to insurance agents after thorough inspections carried out by the authority's officers.

# ***The Role of New Technologies in Poverty Alleviation and Sustainable Development – Conference organized by TERI***

In a continuing effort to stimulate and promote a flow of information between North America and the Asian continent on policies and market conditions, as well as identify strategies for sustainable development, a one day conference on 'The Role of New Technologies in Poverty Alleviation and Sustainable Development', was organized on November 6, 2000 by the Tata Energy and Resources Institute in Washington DC.

Several distinguished leaders, thinkers, scientists and intellectuals from across the globe, made contributions to the proceedings. The conference drew expert panelists, and participants from a spectrum of institutions representing interested stakeholders: corporations, government agencies, NGOs's, academics and researchers, development assistance agencies, and public and private sector decision-makers from the US, Canada and India.

Several dignitaries from India and the US attended the conference. These included the Hon'ble Sharad Pawar, member of the Indian Parliament and former Cabinet Minister, the Hon'ble Sompal, member of the Indian Planning Commission and former Minister for Agriculture, H.E. Naresh Chandra, the Indian Ambassador to the United States, the Hon'ble T.J Glauthier, Deputy Secretary, US Department of Energy, the Hon'ble Frank Loy, Under Secretary, US Department of State, and Dr. Sam Pitroda, Chairman & CEO WorldTel Ltd.

The central theme of the conference was to facilitate an understanding of the nature of poverty, the factors underlying it and the means by which it can be reduced and eliminated. In this respect, the deliberations focused on the applications of energy, agricultural and communication technologies as an opportunity for business as well as in the nature of socially and environmentally oriented programs that could be promoted in a manner that would be effective in eliminating poverty. The participants agreed that there was a need for a better understanding of the fundamentals of poverty, i.e. the factors that cause poverty, what works and what does not work in removing poverty, and what development organizations can do towards this end.

Dr. R.K Pachauri, President TERI-NA & currently a McCluskey Fellow at the School of Forestry and Environmental Studies, Yale University, announced the start of a new initiative in the shape of a Forum of like minded people for developing and implementing new technologies for poverty alleviation. He said that TERI would like to include many important ideas and recommendations that have emerged as a result of this conference to shape an agenda for developing action-oriented programs.

## ***NASSCOM 2001 – International IT Conference and Exhibition***

The National Association of Software and Service Companies (NASSCOM), the umbrella apex body as well as the Chamber of IT software and service industry in India, is organizing an international IT conference and Exhibition – NASSCOM 2001. This event is scheduled to be held at Mumbai (India) on February 7-10, 2001. More than 300 companies are expected to participate in the Exhibition and about 5000 delegates in the conference. NASSCOM 2001 consists of five events. Besides the IT conference and Exhibition, it also includes a Venture Capital Forum, a conference on Emerging Technologies and E-summit for Entrepreneurs.

Nasscom 2001 will have participation from the Who's who of the IT industry, including Mr. N.R. Narayana Murthy (Infosys), Dr. F.C. Kohli (TCS), Mr. B. Ramalinga Raju (Satyam) and Mr. Azim Premji (Wipro). The Indian Information Technology Minister Mr. Pramod Mahajan would inaugurate the Event. The whole event is being sponsored by 50 leading IT companies and is supported by the Ministry of Information Technology (India) and The IndUS Entrepreneurs (TiE).

Nasscom 2001 is about delivering content with the richest, broadest and deepest aggregation of programs covering the most important issues.

Further details are available on the following website: [www.nasscom2001.com](http://www.nasscom2001.com)

# Trail Blazers



## **SANJIV SIDHU**

Founder, Chairman & CEO,  
i2 Technologies, Inc.

Recently named in the Forbes magazine's list of 400 richest people in America, Mr. Sanjiv Sidhu, a business to business (B2B) billionaire, is the Chairman and CEO of i2 Technology.

Mr. Sidhu holds an undergraduate degree in chemical engineering from Osmania University in Hyderabad (India) and a graduate degree in chemical engineering from Oklahoma State University. In addition, Mr. Sidhu has

done graduate work in systems and control engineering at Case Western University in Cleveland, Ohio.

Mr. Sidhu founded i2 Technologies in 1988. Today, i2 Technologies, a 5000 employees strong company, has offices in several major cities of the world such as Brussels, Tokyo, Singapore, Toronto, Munich and Melbourne and proud to feel associated with clients, to name a few, Texas Instruments, 3M, Frito-lay, IBM, Johnson & Johnson, Lipton, Ford Motor Company, Dell Computers, Coca Cola.

Before forming i2, Mr. Sidhu was an engineer working in the world-renowned artificial intelligence laboratory at Texas Instruments in Dallas. Based on his observation that even the smartest people can juggle no more than nine variables when making decisions, he proposed a design for computer software based on artificial intelligence and advanced simulation techniques. The software he proposed enabled planners at Texas Instruments to dramatically improve the management of the production process by taking real-life constraints and variables into account when making planning decisions.

In 1988, Mr. Sidhu left Texas Instruments and founded i2 Technology in Dallas to further his idea of supply chain management. The company did its IPO in 1996. Today, i2 Technology is a major player in the scheduling and distribution market segment. Recently, his company acquired Aspect Development for \$9.3 billion.

Mr. Sidhu claims that his company would save customers \$50 billion in cost by 2005.

During his early days in India, Mr. Sidhu took keen interest in sailing and he was also a member of India's national sailing team.

## **Special Economic Zones**

The Government of India has introduced a new Export-Import Policy effective from April 1, 2000 for setting up of Special Economic Zones (SEZ) in the country with a view to provide an internationally competitive and hassle free environment for exporters.

### **Salient Features of the SEZ Scheme:**

Units may be set up in special economic zones for manufacture, trading, re-conditioning, repair or service activity. All import and export operations of SEZ units will be on the basis of self-certification. There are no minimum net foreign exchange earning or export promotion requirements. The unit simply needs to be a net foreign exchange earner. There is no ceiling on domestic sales. These units would be governed by simple customs and excise procedures.

In a short span of eight months, 4 new SEZs have been set up in India and 7 Export processing Zones have been converted into SEZs, making a total of 11 SEZs.

(For further information, please see the following website: <http://commin.nic.in/doc/sezmain.doc>)

## New Exploration Licensing Policy Unveiled *(Continued from page 2)*

### vi) Evaluation of bids will be carried out based on weightages assigned under the following four main criteria:

Criteria	Weightage on a scale of 100 points
a) Technical Capability	6
b) Financial Capability	4
c) Work Program	60
d) Fiscal Package	30

For Work Program, the maximum weightage would be given to the work program commitment for exploration phase I.

### Roadshows

The Government of India is planning Roadshow presentations in the following locations on the dates shown. Details of the composition of the Government Delegation will be announced shortly; most likely, it will be led by the Hon'ble Minister of Petroleum and Natural Gas, Mr. Ram Naik.

- New Delhi, Tuesday 9th January 2001, coinciding with the Delhi PetroTech Conference
- London, Thursday 18th January 2001, 14.00 hours, venue to be announced
- Houston, Monday 22nd January 2001, 14.00 hours, Doubletree Hotel, Post Oak
- Tokyo, Monday 5th February 2001, 09.00 hours, venue to be decided
- Singapore, Thursday 8th February 2001, 14.00 hours, venue to be decided (coinciding with SEAPEX meeting 9th February)

### One-to-one Meetings

Companies interested in detailed discussions with members of the Government of India Delegation are requested to register their interest via e-mail to [india-nelp@ihsenergy.com](mailto:india-nelp@ihsenergy.com). The meetings will be held on the day of the roadshow itself, the day immediately before and the day following the roadshow.

### Data Rooms

Data rooms will be opened as indicated below. Companies interested in inspecting the (paper) data are requested to register their interest, and/or arrange an appointment with the Directorate General of Hydrocarbons office in New Delhi, via e-mail to [chandra@dgh.ernet.in](mailto:chandra@dgh.ernet.in)

- In New Delhi, at the offices of DGH, 11th Floor Hindustan Times Building, New Delhi, from 19th December 2000
- In London at the Indian High Commission, India House, Aldwych, London, WC2B 4NA, from 8th January 2001 until 12th March 2001
- In Houston, at the Indian Consulate from 8th January until 12th March 2001

### Information Availability

A brochure of Notice Inviting Offers giving details of the blocks on offer, their geographical location on a map of India, the terms and conditions, bid formats, a copy each of MPSC and PTG will be made available free of cost to companies. Copies of these documents may also be seen at the special NELP website <http://www.india-nelp2.com> as well as at the website of the Ministry of Petroleum and Natural Gas, <http://petroleum.nic.in>.

Basin Information Dockets for each of the basins wherein the blocks are being offered for exploration of oil and gas are available. These dockets contain information on regional and local geology, status of exploration activities and hydrocarbon potential along with a brief write-up on block(s) on offer. The CD-ROM of Basin Information Dockets is available for purchase. The Data Packages of all the blocks on offer are available in digital mode. The digital data sets comprising seismic data, navigation data, relevant maps including Time Structure maps and well-log data (wherever applicable) for the individual block are available for purchase.

The hard copies of the Basin Information Dockets and Data Packages are available for inspection at data viewing centers for NELP-II at New Delhi, Houston and London. Separate reports on interpretation of speculative seismic data for the blocks offered in Ganga and Vindhyan basins and reports on satellite gravity data for offshore areas are also available, but their purchase is optional.

For a bid to be valid, bidding company or consortium, as the case may be, is required to purchase the requisite Data Package of the block to be bid unless Data Package for the block has been purchased earlier by the company or any member of the consortium.

# Economic Update

**Food grains Stocks:** Stocks of food grains stood at 40.06 million tons as on October 1, 2000. This level of stocks was higher by 36.5 percent than the level of 29.35 million tons as on October 1, 1999.

**Industrial Production:** In 1999-2000 (April 1, 1999 to March 31, 2000), industrial production increased by 8.1 percent as against 3.8 percent in the financial year 1998-1999. During April-October 2000, industrial production recorded an increase of 5.7 percent over the corresponding period of the previous financial year. During this period, the three sectors i.e., mining, manufacturing and electricity recorded cumulative growth rates of 7.5 percent, 5.8 percent and 4.6 percent respectively.

**Infrastructure Industries:** In 1999-00 the production in infrastructure industries grew by 7.8 percent, as compared to 2.5 percent in 1998-99. During April-August (2000-01), production in infrastructure industries grew by 6.3 percent as compared to 5.8 percent in the corresponding period of the previous financial year.

**Money Supply:** During the financial year 1998-99, money supply (M3) growth was 19.2 percent. In 1999-2000 (March 31, 1999 to March 31, 2000), money supply growth was 13.9 percent. In the current financial year (from March 31, 2000 to December 01, 2000), money supply (M3) increased by 11.5 percent. The annual growth rate of M3 as on December 01, 2000 stood at 16.2 percent. The Prime Lending Rate, as on December 8, 2000 was 12 to 12.50 percent as against 12.00-12.50 percent on, December 10, 1999. The Deposit Rate ranged between 8.50 to 10 percent as on December 8, 2000 as against 8 to 10.50 percent as on December 10, 1999.

**Foreign Trade:** Exports in dollar terms during 1999-2000, increased by 11.6 percent as compared to a decline of 1 percent during 1998-99. Imports, in dollar terms, increased by 10.2 percent during 1999-2000 as against 2.7 percent during 1998-99. During April-October 2000, exports in dollar terms registered a spectacular increase of 20.51 percent over the corresponding period of the previous financial year. Imports also recorded 14 percent growth during

April-October 2000. Oil imports during April-October, 2000-01 are valued at \$9.7 billion, which is 84.51 percent higher than oil imports valued at \$5.3 billion in the corresponding period last year, which is one of main reasons for increase in imports. During this period, non-oil imports declined by 3.48 percent over the corresponding period of 1999-2000.

**Foreign Exchange Reserves:** Foreign Exchange Reserves (excluding Gold & SDRs) were \$35 billion at the end of March 2000 as against \$29.5 billion at the end of 1998-99 (March 31, 1999). These reserves stood at \$36.9 billion as on December 15, 2000.

**Exchange Rates:** The average market exchange rate of the Indian Rupee per unit of US Dollar, Pound Sterling, Deutsche Mark, French Franc, Euro and Japanese Yen was Rs. 46.34, Rs. 67.34, Rs. 20.19, Rs. 6.02, Rs. 39.71 and Rs. 0.43 respectively during October 2000. During October 2000 the Rupee appreciated against Pound Sterling, Deutsche Mark, Euro, Japanese Yen and French Franc and depreciated against US dollar compared to the average market rate during September 2000.

**Rate of Inflation:** The annual rate of inflation based on the Wholesale Price Index (WPI) stood at 8.01 percent for the week ended December 9, 2000. The annual rate of inflation based on the All India Consumer Price Index for Industrial Workers (CPI-IW) for September 2000 stood at 3.5 percent over September 1999.

**Foreign Direct Investment:** The Foreign Direct Investment (FDI) flows during 1999-2000 were US\$ 2155 million, as compared to US \$2462 recorded during 1998-99. During April-September 2000, the FDI flows were \$1178 million as against \$1089 million recorded during the corresponding period last year.

**Portfolio Investment:** Portfolio Investment flows during 1999-2000 were US \$3026 million as compared to US \$(-)61 million recorded during 1998-99. During the first seven months of the current financial year (April-September 2000), the Portfolio flows were \$576 million as against \$1352 million recorded during the corresponding period last year.

## NEWS BRIEFS

- **Intel Inc.**, the US computer major has recently joined hands with Satyam Infoway to launch new value-added services through its enhanced data centers. The services are aimed at large and high traffic e-business.

Satyam Infoway is deploying the Intel 'NetStructure 7370' application shaper, a policy-based application subscriber management system that supports managed application services. The 'NetStructure 7370', provides a comprehensive infrastructure that enables Satyam Infoway to provide, monitor, measure and track each application that it offers. - *Economic Times*

- The US-based **Transactions Unlimited Inc** (TUI), engaged in telecom solutions, and the Hyderabad-based Aikya Infosystems, are working towards merger plans including the possibility of equity swap aimed at leveraging the overseas development center of the latter.

This association will also help both the companies to make use of each other's capabilities, like the marketing and business opportunities of the US company as also the development capabilities of the Indian company and its facility. The Indian facility will also develop the necessary training program to cross-train employees.

This development will also help their major clients including Worldcom, ADC Telecom, Pacific Bell, Andersen Consulting to address vertical markets of

financial services, healthcare, insurance, telecom as also partners like BEA Systems, CBSI, Comsys and Oracle Corporation. - *Business Line*

- **Altera**, the Nasdaq-listed \$836-million computer major, is setting up a 100 per cent subsidiary Altera Software India, with an initial fund corpus of \$5 million.

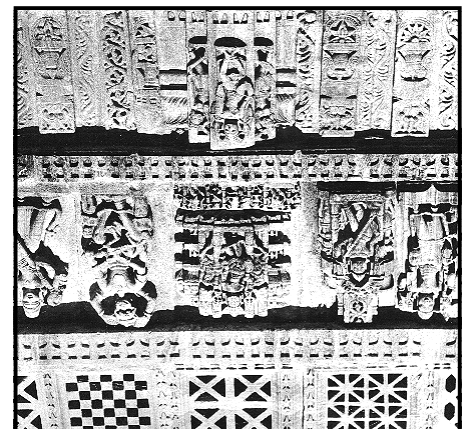
The company is planning to set up research and development plus manufacturing centers in the country. The company would market only those products in India which it manufactures in the country. The company believes that there is a great potential for PLDs in the telecom and data equipment market of the country. - *Economic Times*

- **HCL Perot Systems (HPS)**, a 50:50 joint venture between **HCL Technologies** and the US-based **Perot Systems Corporation**, has said that its investment of up to \$2.8 million on raising quality levels has paid rich dividends. The company has not only qualified as the youngest company to get the SEI-CMM level 5 rating, but has demonstrated up to 400 per cent returns on investment on quality.

HPS has launched itself into providing quality related services to customers in the three areas of process, technology and people recently. The India operations of the company grossed a turnover of \$70 million during the 1999-2000 fiscal, and as part of its restructuring, the company has doubled its manpower to 1,800.

The company is focused on providing quality services in the telecom, financial, manufacturing and travel/logistics sectors, with predominantly overseas clients. - *Business Line*

**NOTE: This newsletter can also be seen at:**  
<http://www.indianembassy.org>  
<http://www.indiaserver.com>



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