

Vibrant Gujarat Global Investors Summit 2009

Information Technology Seminar

Vibrant Gujarat Global Investors Summit - 2009

Vibrant Gujarat Global Investors' Summit is a biennial investment event organized by the Government of Gujarat with active participation of the business and industry. Starting with 2003, the three previous summits have been quite successful and have seen investment agreements worth over 200 billion USD. The Summit of 2007 alone saw the investments to the tune of 150 billion USD.

It is with this background that the state organised the Vibrant Gujarat Global Investors' Summit- 2009. Apart from exhibitions and seminars, one-to-one meetings are also organized as part of the summit. The summit is a common platform for policy makers, industrialists, thought leaders and opinion makers which provide a unique environment for taking decisions for the sustainable growth of the state.

This Fourth Global Investors' Summit seeks to promote industrial and human capital growth in the State of Gujarat, while focusing on sector specific trends, opportunities and the way forward for sustainable development.

About the Seminar

- **Seminar Theme:** Information Technology Industry in Gujarat: 'Today & Tomorrow'
 - **Seminar Date / Time;** January 12, 2009, 14.00 – 17.00 Hours
 - **Seminar Venue:** Seminar Hall No. 1
 - **Summary of important participants in the event:**
 - **Session chairperson:** Mr. Ajai Chowdhry, Chairman, HCL Infosystems Ltd.
- a. **Government of Gujarat Cabinet Ministers and Officials:**
- **Mr. Narrottambhai Patel**, Honourable Minister - Panchayats, Rural Housing, Rural Development, food and Civil supplies and consumer issues
 - **Dr (Mrs.) Mayaben Kodnani**, Honourable Minister of State for Women & Child welfare, Higher Education
- b. **Eminent Speakers:**
- **Mr. Rich Lechner**, Vice President, Energy, Environment & Green Data Center Initiatives, IBM Ltd.
 - **Dr. Jai Menon**, Director, Technology & Customer Services Group and CIO, Bharti Enterprises Ltd.
 - **Mr. Ashish Kulkarni**, CEO, Big Animation (ADAG)

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➤ **Mr. Binod H R**, Senior Vice President and Head, India Business Unit, Infosys Ltd.

➤ **Mr. Sunil Bahl**, CEO, Gujarat International Financial Tec-city

c. **Dignitaries:**

➤ **Mr. Vu Quang Diem**, Ambassador, Vietnam

➤ **Mr. Wenchyi Ong**, Director General, Taipei Economic & Culture Centre, New Delhi

➤ **Mr. Asim Ghosh**, Chairman, Cellular Operator Association of India

➤ **Mr. Nirav Shah**, President, GESIA

➤ **Mr. Rajiv Vaishnav**, Vice President, NASSCOM

➤ **Mr. Vinnie Mehta**, Executive Director, MAIT

➤ **Mr. Leon C. L. Lee**, Director, Economic Division, Taipei Economic & Cultural Center

➤ **Mr. Fan Juan-Pai**, First Commercial Secretary, Economic Division, Taipei Economic & Cultural Center

➤ **Mr. Eric Tsai**, Head-Marketing, Chinatrust Commercial Bank

➤ **Mr. Jesse C. K. Wang**, President, Evergreen Shipping Agency (India) Pvt. Ltd.

➤ **Mr. Wayne Tseng**, Chief Representative, Wan Hai Lines (India) Pvt. Ltd.

➤ **Mr. Kamal Verma**, Director - Business Development, Continental Engineering (India) Corporation

➤ **Mr. Alok Gupta**, Chief Financial Officer, Delta Energy Systems (India) Pvt. Ltd.

➤ **Mr. Steven Chen**, Vice President, Apache Investment Holding Pte. Ltd.

Seminar Proceedings

The seminar on “Information technology industry in Gujarat: today and tomorrow” commenced with a warm welcome to the *dignitaries, Speakers and the audience* by Hon’ble Minister Mr. Narrottambhai Patel.

In his introduction of the sector, Mr. Raj Kumar mentioned the potential and growth of the IT sector in Gujarat. It was ascertained that the IT exports from the state has been growing at a rate of 35% in the last three years and the State government is also taking comprehensive measures to improve employability and awareness in the sector.

The seminar was then taken over the chairperson of the session Mr. Ajai Chowdhry, one of the six founder members of HCL, India’s leading Technology and IT Enterprise. He gave the audience an insight into the potential of the computer hardware & semiconductor industry in India. Dr. Jai Menon, Director, Technology & Customer Services and Group CIO, Bharti Enterprises

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Ltd. than made a presentation on “promoting local access & Connectivity to enhance outreach and deliver the benefits from ICT”.

The third speaker of the evening, Mr. Binod HR, Senior Vice President and Head, India Business Unit, Infosys Ltd. presented a paper on “taking Gujarat’s Industrial Prowess to the IT Sector”. It was followed by a presentation on “Gujarat International Finance Tec-City (GIFT) – emerging global hub for BFSI” by Mr. Sunil Bahl, CEO, GIFT.

Mr. Ashish Kulkarki, CEO, Big Animation presented a short animation film to showcase the potential and opportunities in the field of animation. The session also saw Mr. Rich Lechner, Vice President, Energy, Environment and Green Data Center initiatives, IBM Ltd. presenting a paper on “transforming Gujarat into an international Data Centre hub”. This was followed by Mr. Wen Chyi Ong’s speech where he mentioned that it was more feasible for Taiwanese hardware companies to set up their manufacturing facility in India rather than expanding it in Taiwan to create synergy with India. The presentations were followed by a question and answer session and the signing of MoUs which was conducted in the presence of the Hon’ble Chief Minister of the State, Mr. Narendra Modi.

The seminar session was concluded by Mr. Ajai Chowdhry and Ms. Mayaben Kodnani delivered the Vote of Thanks.

Major ideas emerging out of the seminar

Highlights of some of the important ideas, personal thoughts and suggestions that were shared by the distinguished speakers during the seminar are outlined as below:

Mr. Ajai Chowdhry, Session Chairperson and Chairman, HCL Infosystems Ltd.

- Electronics hardware industry in India accounts for only 0.7% of the global electronics hardware industry
- Computers account for 19% of Indian electronic industry, coupled with this domestic consumption in India is poised at USD35 bn and is growing at a rate of 30 % annually. He suggested that this has opened a huge opportunity for electronic manufacturing in India because availability of low-cost, high-skill manpower and growing domestic market due to low penetration levels today are an added advantage for India.
- Other advantage is the attractive Government policy for all semiconductor manufacturing facilities wherein 20 % capital subsidy will be provided for first 10 years for SEZ units and 25% capital subsidy for first 10 years & exemption from Countervailing duty for Non SEZ units
- He mentioned that contract manufacturing would become a USD500 bn opportunity

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by 2010. Design Services and component exports is projected to be a USD7 bn & USD5 bn business by 2010 respectively

- It was suggested that India Inc. should invest in Electronic Manufacturing Services (EMS), telecommunication equipment and semiconductor chip manufacturing. It was also suggested that foreign component manufacturers should be encouraged to set up plants in India.
- Mr. Chowdhry classified steps required to facilitate the hardware manufacturing industry into three measures – tariff measures, non-tariff measures and development of exports. In tariff measures, he suggested consistency in policy and low taxation as catalysts while in non tariff measures, he suggested developing domestic demand, developing component industry and supply chain, inviting anchor clients from Taiwan, Europe, US, etc, leveraging R & D strength, and the need to market India as immediate alternatives. It was also suggested that the focus should be on promoting exports from India.

Dr. Jai Menon, Director, Technology & Customer Services Group and CIO, Bharti Enterprises Ltd.

- He explained the concept that any application like movie, radio, can be transferred through any network like mobile 2.5/ 3, fixed line, Data transfer –

DSL, WiFi, Wimax, IP, or cable & satellite network in any scenario like Personal Area Network, Home Area Network, Vehicle Area Network, Local Area Network, etc to any device mobile, pc, phone, TV.

- Various types of network are available in country like optical fiber network, cable network, IP network, etc and most profiteering network in India is Satellite network. Gujarat has connected 13,000 villages through e-gram network. He also presented one video featuring services provided through this e-gram network and experiences of users and customers of the e-gram network.
- Information tone will help to develop both India and 'Bharat' simultaneously. It will also open new landscape for technology to get faster & denser, service providers to aggregate and simplify, business model to evolve with cooperation, consumers to enjoy affordable & simple services, and to vanish differences between rural & urban, enterprise & small medium businesses, languages, etc.
- Talking to challenges, he mentioned that the technology should reach out to more of the billions and must be having simple, contextual & meaningful application to touch people's lives and must be affordable so that all have equal opportunities of access.

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Mr. Binod HR, Senior Vice President and Head, India Business Unit, Infosys Ltd.

- Gujarat is already a leader in many industrial segments and products, hence, it was suggested by Mr. Binod that now the focus should shift to developing the IT sector in the State.
- He presented factors that play a significant role in attracting investments in the IT sector – such as – Client convenience (international connectivity, world class luxury hotels), Employee convenience (quality of life), Strategic risk assessment and Cost of operations.
- It was pointed out that entrepreneurial culture of the lower working class people; less cosmopolitan environment and inadequate engineering talent pool are some of the impediments to Gujarat becoming a leading IT State.
- Mr. Binod suggested that the Government should encourage setting up of quality engineering colleges in the State, promote employment in the IT/ ITeS sector, invite IT majors to recruit from Gujarat and ensure that the entrepreneurial acumen is leveraged only at the middle and top level management.
- He also mentioned some extraordinary efforts should be done by Gujarat government to differ itself from other state like using the expertise of people who have done it already, Give “free land” to

reputed Institutions to set up Engineering Universities – they will then create the pull effect. On behalf of Infosys he made commitment to start Campus Connect and Project Genesis program for enhancing the employability of students in IT/ITeS sector.

Mr. Sunil Bahl, CEO, Gujarat International Finance Tec-City (GIFT)

- Mr. Bahl hinted that GIFT will provide 91 million sq ft of built up area and create 1 million direct & indirect jobs.
- He said that around USD 15 billion investment expected in GIFT wherein core infrastructure would comprise USD2.3 bn (INR105 bn), User pay utilities – USD5.6 bn (INR250 bn) and real estate – USD7.7 bn (INR348 bn).
- While talking about the selection of Gujarat as a destination for the GIFT project, he mentioned that location selection was based on five parameters viz. people, business environment, market access, infrastructure & general competitiveness.
- He also presented a brief about the proposed infrastructure, connectivity detail and various fascinating aspects of GIFT with a remark that “GIFT is just not gift to Gujarat but to the Globe”

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Mr. Ashish Kulkarni, CEO, Big Animation (ADAG)

- Using a short animation film to make his point, Mr. Kulkarni said that animation is the new age presentation since Indians have an inherent art of story telling and like to be entertained.
- He stressed that reforms in the education system would encourage and instill artistic skills and talents in the students. He also suggested that the Government make policy on animation gaming, and visual effects keeping in mind the potential and opportunities that exist in this field.

Mr. Rich Lechner, Vice President, Energy, Environment & Green Data Center Initiatives, IBM Ltd.

- Mr. Lechner highlighted the need for an efficient and new generation data centre to meet the challenges created by high proliferation of IT devices and services leading to greater complexity and interdependence.
- Also, talking about its relevant to India, he mentioned that the total Data Centre capacity in India is projected to grow by 31% between 2007 and 2012. And he suggested that besides catering to the domestic market, India can also emerge as the hub for data centre hosting for nearby markets such as the Middle East, East Africa, and Southeast Asia in the long term.

- He mentioned his concern over the fact that at the current annual generation capacity of 1,30,000 MW, India faces shortages of nearly 9% with peak load deficits being higher at 10-11%. However, he expressed his confidence in Gujarat to become a hub of data centre citing the favourable factors like available surplus and uninterrupted power, IT infrastructure, longest OFC network, and proximity to emerging markets.

Investment Commitment

| Sector | MoUs | Investments (in INR Cr.) | Employment |
|---------------|-----------|--------------------------|-----------------|
| Telecom | 4 | 22600 | 18800 |
| Semiconductor | 3 | 20000 | 15200 |
| IT/ITeS SEZ | 4 | 1751.27 | 82500 |
| IT Services | 8 | 1655.69 | 23992 |
| Total | 19 | 46,007 | 1,40,492 |

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