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UK Can Benefit From Outsourcing in India: Blair

LONDON - British companies will benefit in the long run from letting some jobs migrate to India and China, Prime Minister Tony Blair has said while calling for defeating the resurgent voices of protectionism. "British companies will benefit in the long run from letting some jobs migrate to India and China," he told merchant bankers at Goldman Sachs investment bank here on March 22. In his first major economic speech since the election, Blair backed the outsourcing of call centre jobs to the developing world. Blair pointed to a recent report by the McKinsey management consultancy on outsourcing which "showed that, contrary to every instinctive reaction, such methods are not merely necessary for business to survive, but can increase the provision of jobs if the extra competitive advantage is properly used." He admitted that he was shocked by the pace of globalization, including the massive rise in computer and technocratic specialists in the Far East, but claimed Britain had no alternative but to try to compete. While conceding that not all British people felt comfortable with globalization, Blair said "through this change comes greater possibilities for people - new consumer goods, travel, tastes, experiences, but a deep and abiding insecurity." "In this whirl of different businesses, cultures and changes, people look for some security, for some fixed points. They know they cannot alter the way the world is, but they want help to get through it." "We have to take on and defeat the resurgent voices of protectionism," Blair said. "Globalization presents us with a choice: embrace it and make it work for us, or try to thwart it. This is the choice hanging over the World Trade Organization round. Without hesitation we believe in embracing globalization and making it work." He agreed that these values used to be naturally associated with rightwing politics, but said "today they are part of the agenda of the modern progressive centre left." He insisted that his government would maintain a tax-competitive economy, and would resist the latest European labor market directives, a point he will underline in visits to Spain and Portugal

and at a meeting of EU heads of government in Brussels. Blair promised significant increased in government support for science and technology to give Britain a competitive edge in an increasingly globalized world economy.

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US a Major Hub for Global Money Laundering: IIF

NEW DELHI - The US is a major hub for international money laundering with its banks accountable for 50 per cent of the one trillion dollar worth of such deals, an Indian economic think-tank has said. "The size of the money laundering worldwide through the banking sector is estimated to be between 500 billion and one trillion dollars annually with about half of that circulated through US banks," Indian Institute of Finance Director J D Agarwal told the Asia Pacific Bankers Congress held in Manila, according to a release from the Institute. "US is a major hub for international money laundering," he said attributing the problem to "too much" freedom in that country. Addressing over 300 delegates representing 11 banks from over 23 countries, he said excess freedom in Switzerland, some tax haven countries and too much controls in countries like Russia added to the menace of global money laundering. "Electronic transfers greatly facilitated and magnified the size and dimension of international money laundering where banks are directly involved," he said. It was imperative to have broad international cooperation between law enforcement and regulatory agencies for finding the source of illegal proceeds so as to trace the funding for specific criminal activities. Talking about the measures taken in India to tackle the menace, Agarwal said the Government had already issued anti-money laundering guidelines before introduction of a Bill in this regard and an RBI panel had also recommended rules for improving procedures and policies.

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Offshoring Boosts US Trade Surplus in IT Services: Cato

NEW DELHI - Contrary to the widespread fear of job loss due to offshoring to countries like India, globalization of services has created trade surplus in IT services of the US from \$2.1 billion in 1995 to \$4.2 billion in 2002, according to a US thinktank Cato. US runs a trade surplus in the IT services, a sector directly affected by offshoring. The US exports rose from \$2.4 billion in 1995 to \$5.4 billion in 2002 in computers and data processing services while imports rose from \$0.3 billion to \$1.2 billion. Thus the US trade surplus in these services has expanded from \$2.1 billion to \$4.2 billion, Cato Institute said in a trade briefing paper. In recent years, many Americans have lost their jobs and thus suffered hardship. Many others worried that they would be next in the line. There is no point denying these hard realities, but just as surely there is no point in blowing them out of proportion, it said, adding, the US economy was not running out of good jobs. "Regardless of whether economic times are good or bad, some amount of turnover is inescapably a fact of life in a market economy and this fact can not be wished away by blaming foreigners and it can not be undone with restrictions," the paper noted. There is no place for policies that seek to stifle the change in the name of preserving existing jobs. The innovation and productivity increases that render some jobs obsolete are also source of new wealth and rising living standards, the pater said. US is a major exporter of services generally and runs a sizable trade surplus. In 2002, services exports accounted for 30% of total exports and exports exceeded imports by \$64.8 billion, the paper noted.

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