

International Business News

Satyam gets 'adequate bid response'

AFP, New Delhi

The board of swindled Indian outsourcing giant Satyam said it has received an "adequate response" to its invitation for bids, as a newspaper said Saturday that IBM had joined the race.

The Economic Times said almost 130 companies had expressed interest in buying Satyam, including multinationals IBM, Fidelity Investments and buyout specialist KKR.

A Satyam spokeswoman declined to confirm the reports. A statement on Satyam's website said: "The process of registration of bidders... has received adequate response from Indian and international bidders, including private equity firms."

Four companies have publicly said they are interested in taking a 51 percent stake in Satyam, which is at the heart of India's biggest corporate deception.

They are Indian engineering giant Larsen & Toubro, which already has a 12 percent stake in Satyam; the Spice Group conglomerate, which has telecommunications interests; Tech Mahindra, an arm of the diversified Mahindra Group; and Nasdaq-listed iGATE, a technology company.

Software exporter Satyam has been struggling to stay in business since founder B. Ramalinga Raju made the stunning admission in January that he had falsified the balance sheet to the tune of one billion dollars and fudged profits.

G20 ministers discuss credit crunch fight, as split denied

AFP, Horsham, England

Finance ministers from the world's biggest economies hold talks Saturday trying to find common ground ahead of a vital G20 summit on April 2 -- but already the talk is of splits, not harmony.

The world's richest countries -- the United States, Japan and China -- plus wealthy European nations and emerging powers like South Korea will bid to lay the foundations for a plan to pull the global economy out of its tailspin.

But the build-up to the meeting at a luxury hotel near Horsham, south of London, has been marred by clashes between the United States and Europe on whether this is best done through new stimulus measures or tougher regulation.

Failure to come up with a clear commitment to action will dampen hopes that the much-heralded G20 summit, to be hosted by current G20 president Britain in London, can fulfil its promise and further hit already volatile stock markets.

On the eve of the finance ministers' meeting, Britain's finance minister Alistair Darling tried to play down talk of splits between the US -- whose positive view of stimulus is shared by Japan and China -- and Europe.



A skeleton wearing boots is used to advertise shoes at a "Global Shoes" trade fair in the western German city of Duesseldorf on Friday. The fair ends today.

US black rights group sues banks for racist lending

AFP, Washington

The NAACP African-American civil rights group on Friday filed lawsuits against US lending titan Wells Fargo and the US branch of Britain's HSBC, accusing them of "institutionalized racism."

"African-American homeowners who received subprime mortgage loans from these lenders were more than 30 percent more likely to be issued a higher rate loan than Caucasian borrowers with the same qualifications," the National Association for the Advancement of Coloured People (NAACP) said in a statement.

The lawsuits were filed in California, the group said.

Wells Fargo was quick to respond, denying the allegations, which it called "totally unfounded and reckless."

"We have never tolerated, and will never tolerate, discrimination in any way, shape or form in any of our business practices, products or services," Wells Fargo said in a statement.

"We have been working with the NAACP for the past two years to develop a partnership that would benefit the NAACP, its constituents and our communities, so we are dismayed that the NAACP has chosen to abandon that constructive dialogue in order to pursue this litigation."

Merkel rejects calls for new stimulus package

AFP, Munich

German Chancellor Angela Merkel voiced opposition Friday to a new package of economic stimulus measures US officials have called for as world leaders prepare for G20 meetings in Britain.

"We do not think much of the idea of a new package of measures" to underpin the economy, Merkel told a press conference in southern Munich after meeting with top German employers and business leaders.

Splits have emerged ahead of a meeting near London Saturday of Group of 20 finance chiefs, with the United States and Japan backing more stimulus spending and European leaders pushing tougher regulations as the best way out of the global economic crisis.

The G20 includes the Group of Seven industrialised countries -- Britain, Canada, France, Germany, Italy, Japan and the United States -- the European Union and leading developing nations including Brazil, China and India.

DELIVERY SYSTEM

Lunch couriers of Mumbai

ARUN DEVNATH and SAYEDA AKTER

In Mumbai, lunch is set to a railway timetable.

In a country where the habit of home-cooked food lives on, meals are delivered by 5,000 couriers: the Dabbawalas. They carry 200,000 custom-made lunches to different destinations every day -- mostly by train and bicycle -- with precision. Speed matters too.

In India, customs dictate what somebody eats and who prepares it. Eating out is not yet in. Here comes the relevance of Dabbawalas.

From preparation to distribution, the supply chain is the model of efficiency.

At a celebration of PepsiCo Bottler of the Year Award 2008 in Dhaka yesterday, Raghunath D Medge, president of New Mumbai Tiffin Box Suppliers Association, spotlighted the service in a presentation organised by Transcom Beverages Limited.

The association is a flat organisation with just three tiers: the governing council (president, vice president, general secretary, treasurer and nine directors), the mukadams (team leaders) and the Dabbawalas.

The Dabbawalas started their journey in 1890.

In the suburbs of the commercial city, thousands of wives make meals for thousands of husbands. Each meal goes into a canister and into the hands of Dabbawalas.

The word, Dabbawala, comes from tiffin dabba, a colonial reference to a box containing a light meal, and walla, the carrier.

The unusual, complex network works with the efficiency of the Dabbawalas. Lunch boxes are identified by markers.

At each train station, canisters are hand-sorted by destination. Every day the Dabbawalas cope with unyielding schedules of trains. The trains are called the biggest conveyor of meals on wheels.

This is probably the world's only large-scale delivery system that works without documents. Paper would not work. Most Dabbawalas cannot read. But the tag system of colours and numbers is almost foolproof.

Mistakes rarely happen in the Dabbawalas' logistics system, using public transport and footwork and involving multiple transfer points. According to a Forbes 1998 article, one mistake for every eight million deliveries is the norm.

The Dabbawalas achieved six-sigma quality, a rating given to corporate giants such as General Electric and Motorola. Six-sigma means no more than one error per one million transactions.

It is mainly because the system limits the routing and sorting of lunch boxes to a few central points.

Second, a simple colour code determines



Raghunath D Medge, president of New Mumbai Tiffin Box Suppliers Association, takes questions from the audience during a presentation organised by Transcom Beverages Limited in Dhaka yesterday.

not only packet routing, but packet prioritising as lunches are ferried from train to bicycle to foot.

A Dabbawala will not mix up a single order even in 27 years of service. If he ever did, someone would not eat. Lunches come from different castes. The caste system is still strong in India. If a lunch

from a family with a different religious background or caste is delivered to a man from a different religion or caste, he may not eat it.

Only two things can come as threats to the Dabbawalas. One is their own lifeline: trains. If trains come to a halt, so will the Dabbawalas. The second obstacle is popu-

lation growth. In the past, trains used to arrive every seven minutes, now they come every three minutes -- still packed. Twice as many trains, but the crowding is worse than ever. Mumbai is a victim of its own success.

The Dabbawala industry grows by 5-10 percent with up to 45 crore rupees in annual turnover, according to an estimate.

Everyone who works within the system is treated as equal: everyone gets paid about 5,000 to 6,000 rupees (around \$102-122) a month.

Although the service remains essentially low-tech, with the barefoot deliverymen as prime movers, the Dabbawalas have started embracing modern technology. The service now allows delivery booking by SMS.

To keep up with time, a website, www.mydabbawala.com, has also been put in place for online booking.

To be part of the trade, each Dabbawala is only required to contribute in the form of two bicycles, a wooden crate for the boxes, white cotton Kurta-pyjamas and the white trademark Gandhi cap.

Come rain or come shine, the service goes uninterrupted. Local Dabbawalas are known to the customers personally, which means there is no question of luck and trust. They are accustomed to the local areas they cater to, which allows them to access any destination with ease.

At the simplest, the Dabbawalas deliver home-cooked meals to individuals at workplaces and return empty boxes to homes and, in some cases, caterers. For this, they charge 300-350 rupees a month.

The BBC has produced a documentary on Dabbawalas. Prince Charles of England, during his visit to India, had visited them. Prince Charles had to fit in with their schedule, since their timing was too precise to permit any flexibility.

Thanks to publicity, some Dabbawalas had been invited to deliver guest lectures in top business schools of India, which is very unusual. Most remarkable in the eyes of many Westerners is the success of the Dabbawala trade that involved no modern high technology.

The main reason for their popularity could be the Indian people's aversion to fast-food outlets and their love for home-made food.

Yesterday's presentation seems relevant to Dhaka, as thousands of men and women across the city get up in the early hours of the morning to prepare lunches for a growing band of hungry office workers.

And while it may seem like the simplest of tasks, the ability to put tens of thousands of meals on the desks of individual customers every work day is a logistical achievement that has even gained the attention of business scholars in the west.

FINANCIAL CORRUPTION

New spotlight on Madoffs

AP, New York

Bernard Madoff and his wife had \$823 million in assets at the end of last year, including \$22 million in properties stretching from New York to the French Riviera, a \$7 million yacht and a \$2.2 million boat named "Bull," according to a document his lawyers filed Friday.

The document, prepared for the Securities and Exchange Commission at the end of last year, was contained in papers filed with the 2nd US Circuit Court of Appeals in an effort to get Madoff freed on bail.

Among the couple's assets: a \$12 million half share in a plane, \$65,000 in silverware and a \$39,000 piano. It values their four properties -- in Manhattan, Montauk, Palm Beach, Fla., and Cap d'Antibes, France -- at \$22 million, and the furniture, fine art and household goods in the homes at \$8.7 million.

But the bulk of Madoff's assets, according to the document, consists of an estimated \$700 million value put on his investment business. Madoff said during his plea that the market making and proprietary trading side of his business were "legitimate, profitable and successful in all respects."

The couple's monthly expenses included \$100,000 for legal fees, \$140,000 for personal security, \$2,860 for a housekeeper and \$885 for a gardener, the document said. It also detailed more mundane monthly expenditures, such as \$700 each for electricity and phones, \$370 for cable, \$250 for doctor visits and \$70 for entertainment at the Manhattan penthouse, where Madoff was required to remain while on bail.

Madoff pleaded guilty Thursday to 11 charges, including fraud, perjury and money laundering, in what could be the biggest swindle in Wall Street history. He faces a maximum sentence of 150 years in prison, and the judge immediately jailed him.

In arguing for his release, Madoff's lawyers say they would have a difficult time preparing for his sentencing without the ability to see him frequently to review his finances. They say they expect Madoff will be kept in solitary confinement, with limited contact with his lawyers, at the Metropolitan Correctional Centre in Manhattan.

They point out that Madoff did not flee after his December arrest, even though he "was always cognizant of the fact that he would die in prison."

"The reality of a life in prison term is not a recent revelation to Madoff, but an inevitability that he has been aware of since his arrest, if not earlier," the lawyers wrote.

An appeals court will hear the case Thursday.

Thus far no one else has been implicated in the scam, and it could be a while before anyone else is arrested and the full extent of the swindle comes to light. On Thursday, Madoff took all the blame for his fraud and tried to create a wall between himself and his family.

Given the size of the paper trail -- a \$65 billion scam, 5,000 victims and monthly statements going back nearly two decades -- experts say it could be six months to a year before charges are brought against any accomplices.

The FBI has refused to discuss the status of the investigation. But experts say it's certain that Madoff's closest relatives and



In this courtroom rendering by artist Christine Cornell, former Wall Street financier Bernard Madoff (C foreground), defence attorney Ira Sorkin (C-L), federal prosecutor Marc Litt (C-R) and judge Denny Chin (R) are seen as Madoff plead guilty to a \$50 billion Ponzi scheme in a Manhattan federal court on March 12 in New York City.

associates are high on authorities' list of people who may have known what was going on.

Among those under scrutiny is Madoff's wife, Ruth, who withdrew \$15.5 million from a Madoff-related brokerage firm in the weeks before Madoff's Dec. 11 arrest, including a \$10 million withdrawal on Dec 10.

Passing references to Ruth Madoff during her husband's guilty plea Thursday drew laughter from a mocking audience of investors still bristling over a disclosure several weeks ago that she wants to keep \$69 million in assets, including the couple's \$7 million Manhattan penthouse.

In addition, she faces potential civil litigation as a result of the collapse of her husband's financial empire. Her lawyer has

declined to comment.

Also on investigators' radar is Madoff's 63-year-old brother, Peter, who was instrumental in building Madoff's investment firm.

In the days following his brother's arrest, Peter Madoff helped regulators examine the company's books, his lawyer said at the time.

But the brother resigned about a week later and, like the rest of the family, has never spoken publicly about the case.

Bernard Madoff's sons Andrew, 42, and Mark, 45, also worked for their father in a trading operation he has insisted was legitimate and separate from his fraudulent investment advisory service.

The sons, who shared their father's extravagant lifestyle, also

have denied any wrongdoing through their attorney. The lawyer has called them victims of the scheme and claimed they had "no access to overall financial information about their father's firm."

Besides the family, investors have questioned the role of Frank DiPascali, chief financial officer of Madoff's money management business.

A lawyer for DiPascali declined to comment on Friday. Lawyers for the brother and sons did not immediately return telephone messages.

So far, federal authorities are believed to have spoken to several clerks who handled some of the voluminous paperwork Madoff admits he fabricated, including tens of thousands of fake account statements.