



Launch of India-EFTA negotiations for a trade and investment agreement

On January 26, at the World Economic Forum (WEF) annual meeting in Davos, Hon'ble Minister for Commerce and Industry Mr. Kamal Nath and his counterparts from the four European Free Trade Association (EFTA) states launched the negotiations for an India-EFTA agreement on trade and investment. The agreement would significantly enhance bilateral economic relations and strengthen the competitiveness of firms of both parties.

India's participation in WEF Summit at Davos

Mr. P. Chidambaram, Hon'ble Minister of Finance, Mr. Kamal Nath, Hon'ble Commerce & Industry Minister, Mr. Praful Patel, Hon'ble Minister of State for Civil Aviation (Independent Charge) and Mr. Vilasrao Deshmukh, Hon'ble Chief Minister of the State of Maharashtra, led India's participation in the World Economic Forum annual meeting at Davos from 22-26 January 2008. Prominent among other members who participated in the WEF meeting were Mr. Rahul Bajaj, MP, Rajya Sabha, Mrs. Shobhana Bhartia, MP, Rajya Sabha and Dr. R. Chidambaram, Principal Scientific Adviser. As in the past, Confederation of Indian Industry led a high-level delegation. Also CEOs of leading Indian companies participated in the WEF meeting.

Fifth round of Indo-Swiss Foreign Office Consultations

The fifth round of Indo-Swiss Foreign Office Consultations (FOC) was held in Berne on January 31, 2008. The Indian side was led by Mr. Nalin Surie, Secretary (West), while the Swiss side was led by Mr. Michael Ambuhl, State Secretary (SS). The discussions mainly revolved around bilateral issues while multilateral and regional issues were discussed over lunch.

India retains top offshoring slot: Gartner

India continues to be the undisputed leader in offshore services owing to government support, English language capabilities and low cost of doing business. However, China, Russia, Brazil and eastern European countries are increasingly providing credible alternatives, according to a recent research from Gartner Inc. India accounts for about 65-70 per cent of the global offshoring pie. It tops the list of 30 countries on criteria such as language, government support, labour pool, infrastructure, educational system, cost, political and economic environment, cultural compatibility, global and legal maturity, and data and intellectual property security and privacy.

2008 forecasts : In 2008, Gartner predicts offshore spending to grow 60 per cent in Europe, and 40 per cent in the US. In the Americas, Canada led the rating in seven of the ten categories, faring the worst for cost of labour. The political and economic environment remains a concern for many companies when moving work to offshore locations such as Pakistan, the Philippines, Sri Lanka and Vietnam.

India number 2 in AT Kearney FDI confidence index

China and India continue to rank first and second in the 2007 Foreign Direct Investment Confidence Index, a regular survey of global executives conducted by management consulting firm AT Kearney. China leads the Index rankings for the fifth consecutive year and ranks first among Asian investors, 34% of whom plan to invest there over the next three years. Where as India retains second place in the Index, a position it has held since displacing the United States in 2005. While China and India continue to rank first and second in the 2007 Index, 15 of the most attractive 25 FDI destinations are developing markets. Brazil, the United Arab

Emirates and Russia all rank among the top 10. South Africa and Other Gulf States (Bahrain, Kuwait, Oman and Qatar) are making their debut in this year's Index, while Vietnam, Malaysia and Indonesia are returning to the Index's top 25 most attractive destinations.

India emerges Top 3 economy in the world

India Inc. holds far more within its folds than what meets the eye. In the knowledge-driven global marketplace, where intangible assets such as intellectual property, brand, customer relationship and talent hold much more value than tangible 'visible' assets such as capital, land, building, factories et al, India emerges at the top of the podium, head and shoulders above all developed countries and blocs, barring the US and Switzerland. With an estimated intangible assets component of 74% (as proportion of Total Enterprise Value (TEV), India is just behind US (75%) and Switzerland (74%), according to Global Intangible Tracker 2007 (GIT), the most extensive global study ever on intangibles assets by the London-based Brand Finance Institute. GIT 2007, exclusive global break with ET, covered over 5,000 companies in 32 countries. For India, GIT considered the top 50 companies (by market cap) on the Bombay Stock Exchange. Global intangibles to TEV average is around 65%. This partly reflects the dominance of the software sector in the Indian stock market. And with rapid growth in healthcare, personal care, pharma and biotechnology, the country's intellectual capital is poised for a big leap. It also sets the stage for Indian brands and companies to attain critical mass and pursue global trajectories, says the study. Today, India's TEV of \$365-billion (2006) accounts for a measly 0.8% of the global figure (\$ 47.7-trillion), and tangible assets make up a small \$96-billion of that. The rest constitute a massive wealth of \$269-billion of disclosed and undisclosed intangible assets (\$3-billion and \$266-billion, respectively). And if the estimates for the first half of current year (HY 2007) are anything to go by, Indian economy with as high an intangible assets of \$320.3-billion (up from \$269-billion in 2006) could actually topple the top two economies on the intangible to TEV proportion parameter.

India among 5 nations sharing half of world production

According to a new World Bank report, five countries, the US, China, Japan Germany and India, account for nearly half of the world's GDP as measured by buying power in US dollars. The new data shows that the world economy produced goods and services worth almost \$55 trillion in 2005 and that almost 40 per cent of the world's output came from developing economies. In the new tabulations of GDP, the US remains the largest economy in the world with a world share of 23 per cent, followed by China with 10 per cent, and Japan with seven per cent. Germany comes next with five per cent followed by India in the fifth place with four per cent. The five countries thus account for 49 per cent in the new preliminary International Comparison Programme report on purchasing power parity (PPP). When measured using PPPs, world GDP is larger than GDP converted to US dollars using market exchange rates. This is because exchange rates tend to understate the purchasing power of the currencies of less developed economies. As per the report, India's share of global GDP in 2005 is slightly greater than four percent when measured using PPP-based GDP, but only two percent when measured using market exchange rates. Similarly China's share goes up from five to 10 percent. In contrast, the US' share of world GDP is 29 percent using market exchange rates, but only 23 percent measured in PPP terms. Japan's share declines from 10 to seven percent and that of Germany drops by a percentage point from six to five percent. China participated in the survey programme for the first time ever and India for the first time since 1985. The five largest developing economies, China, India, Russia, Brazil and Mexico, account for more than 20 percent of global output and over 27 percent of the world expenditures for investment purposes, according to the report based on price data on goods and services in 146 countries, adjusted to reflect local cost and affordability, and converted to dollars.

Investment by VC firms up five-fold

According to the Quarterly India Venture Capital Report published for the by Dow Jones VentureOne and Ernst & Young Venture capital firms invested more than \$777 million in 57 deals for entrepreneurial companies in India during the first three quarters of 2007. The investment grew nearly five times this year compared with

\$158 million in the year-ago period and more than twice the annual investment record of \$320 million set in 2005. The report covers venture capital investment specifically, which Dow Jones VentureOne defines as growth capital made available to entrepreneurial companies in exchange for ownership in the form of private securities. These investments are often of a shorter term and do not include private equity investments such as leveraged buyouts or mezzanine and debt financing. The report showed that 54 per cent of all venture deals in India were for companies in the information technology (IT) categories as 31 rounds were completed in the first nine months of the year, accounting for more than \$327 million worth of investment. Venture capitalists committed \$95 million in eight deals for communications and networks companies in India during the first three quarters of the year, with most deals and investments setting records. The data also showed that service-oriented companies were also a popular draw for venture capitalists investing in India's business consumer and retail industry. Overall, the industry accounted for 21 deals and \$376 million worth of investment in the first nine months of 2007, but \$329 million or 88 per cent of all investment in the industry went to 17 deals in the consumer business services sector.

India's FDI for fiscal year to September at US\$ 7.2 billion

Foreign direct investment (FDI) during the first seven months of the 2007/08 fiscal year stood at \$7.2 billion. The total FDI including reinvested earnings was \$19.5 billion on '06/07.

Reliance, Tatas among 100 emerging global challengers

Larsen and Toubro, Suzlon and Bharat Forge may be names not big enough on the global arena as of now, but they along with domestic giants like Tatas, Birla, Mahindra and Ambanis figure among 100 firms posing an "urgent threat to industry leaders" of the world. According to a new list of 100 New Global Challenger Giants by Boston Consulting Group, India is home to 20 such firms, next only China that accounts for 41. Tata Group alone accounts for one-fourth of Indian participation with five companies -- Tata Steel, Tata Motors, Tata Consultancy Services (TCS), Tata Tea and Videsh Sanchar Nigam Limited (VSNL)

-- figuring in the list. Reliance Group, IT giants Infosys, Wipro and Satyam, automakers Bajaj Auto and Mahindra & Mahindra, pharma majors Ranbaxy, Dr Reddy's Labs and Cipla, Aditya Birla group's Hindalco Industries, L&T, Bharat Forge and Crompton Greaves are also on the list. These new global challengers from rapidly developing economies are globalising so quickly that they pose an urgent threat to the industry leaders globally, the US-based management consultancy major said in an accompanying report. BCG said that 17 new companies have joined the annual list of 100 emerging giants, including one from India -- Suzlon Energy.

Ad industry to grow 61 per cent

After witnessing an average growth rate of only 12-13 per cent over the last three years, the Indian advertising industry is set to grow 61 per cent by 2010 with advertising spend climbing to US \$ 9182.7 million from US \$ 5680 million in 2007. For every US \$ 12.5 spent by advertisers, US \$ 2.27 is spent on television and the print media while the outdoor media accounts for US \$ 0.12. The rest is divided between cinema, radio and the Internet, says the report. According to industry experts, 2008 will mark the beginning of this upswing. Advertising spends are expected to increase 12-14 per cent across television, print, outdoor and the Internet media in 2008 itself. The Internet medium is set to witness 150 per cent growth in 2008 over the current year as more advertisers are expected to choose it over magazines and outdoor advertising. Making a global forecast, ZenithOptimedia predicts that the global ad expenditure will grow to 6.7 per cent in 2008, up from 5.3 per cent this year, thanks to the Olympic Games, elections in the US and European football. The total world advertising expenditure, according to ZenithOptimedia, will touch \$485 billion in 2008 up from \$455 billion this year.

Switzerland eyes Indian investment

With India gradually emerging a global economic powerhouse and many Indian companies aggressively perusing global acquisitions, Switzerland has made a strong bid to attract foreign investment from India's private sector. Twenty-four Indian companies, including Tata AG, Birla AG, Ramco, Infosys, Wipro, TCS, Divi's

Laboratories, Amas Bank, Preroy AG, Dr. Reddy's, Neillsoft and Glenmark have already set up base in Switzerland. Switzerland has already identified India as a country of high priority in its long-term economic strategy. The European nation is also offering sops to Indian companies to invest there. According to Swiss government officials, global industry leaders prefer Switzerland because of the country's economic policy, tax advantages, best environment and business orientation and Indian companies could get these benefits. Apart from India, the Swiss are also wooing investment from United States, China, Japan, Belgium, Netherlands, Finland senior government official said. Swiss companies are also planning to tap business opportunities in India. They are looking for investment options in textile, telecom, auto, precision engineering. As per the latest FDI statistics, Switzerland is now ranked as 9th largest foreign investor in India. The Swiss direct investment in the first four months of the current fiscal has exceeded the total figure of last two years. The bilateral trade between the two countries continues to be growing steadily and is set to touch CHF 3 billion mark in 2007, for the first time.

India growing as preferred destination for clinical trials

India is growing as a preferred destination for global clinical trials and research, with the market being estimated to reach \$1.5 billion by 2010, which may trigger a shortage of around 30,000 to 50,000 clinical research professionals by then. Fluency in English, high quality of medical personnel, lower costs and high availability of patients to conduct the research and trials is turning India a preferred destination. Mr. Santosh Hegde, Bilcare Research, President, Clinical Research Services, stated that the Clinical trials market grew by around 65% in 2006. He emphasized that more foreign companies, especially from the US, were outsourcing their clinical trials and research to India especially in the fields like diabetes, oncology and lifestyle diseases. While in the US, it might take nearly three years to get around 100 patients to conduct trials on them, in India the same number could be gathered in about six months, which meant "it was a huge saving on time and money to conduct these clinical trials", Mr. Hedge said.

Pachauri, Gore accept Nobel

At the award ceremony of Nobel Peace Prize for the year 2007, Mr. Al Gore put the onus on the US and China to take the lead against global warming. India's Rajendra Pachauri, chairman of the United Nations' IPCC which shared the prize with Mr. Gore received the Nobel medal on behalf of the UN panel. In his acceptance speech for the peace prize, Mr. Gore said, "While India is growing fast in importance, it should be absolutely clear that it is China and most of all my own country, the United States, the two largest carbon dioxide CO2 emitters that will need to make the boldest moves, or stand accountable before history for their failure to act." He added that both the US and China "should stop using each other's behaviour as an excuse for stalemate and instead develop an agenda for mutual survival in a shared global environment." In his acceptance speech, Mr. Pachauri stressed the potential for cutting back on greenhouse gases without affecting economic growth.

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