



## **Acquisition of Swiss Quality Paper by Saber Group**

Swiss Quality Paper owned by Horgen Papierfabrik AG was acquired by the Ludhiana based Indian company Saber Paper Group on 30<sup>th</sup> May 2009. The new owners of the Swiss company, Mr. Dinesh Soin and Mr. Abishek Soin were present at the colourful celebration in Balsthal, Canton of Solothurn. Mr. Ajaneesh Kumar, Counsellor in this Embassy was also present on the occasion. The Saber Group has been producing printing and wrapping paper and would now be producing tissues and hygiene papers also. The new Indian owners have retained the entire management and workforce of the company and this subject was widely appreciated in the local media.

## **FII's pump in US\$ 866.6 million in the capital markets in April**

According to market regulator Securities and Exchange Board of India (SEBI), Foreign Institutional Investors (FIIs) have pumped in US\$ 866.6 million in the capital markets so far in April, the highest monthly infusion in 2009, The gross purchase of equities made by the FIIs were US\$ 6.5 billion in April, while they sold shares valuing US\$ 5.6 billion, resulting in a net investment of US\$ 866.6 million. It is expected that the inflow of foreign funds into domestic equity market will continue in the near term as the global economic situation seems to be somewhat stabilising. There has been a revival in buying by FIIs in stock markets as they invested in shares worth US\$ 106.1 million in March 2009.

## **At 33%, SEZ units beat export slump**

Figures from the Commerce Department

showed that exports from special economic zones (SEZs) rose 33% during the year to end-March 2009, far outpacing the country's overall exports growth of just 4%. According to the data, exports from such tax-free manufacturing hubs totalled Rs 89,000 crore (\$18.16 billion) last year—or, 10.76% of total exports—up from Rs 66,637 crore (\$13.60 billion) a year before. India's total goods exports are estimated at \$168.80 billion in 2008-09, up from \$162 billion in the previous fiscal year. Developers have to request for an extension as formal approvals lapse after a year without investments.

## **India now member of two key bodies: PM**

While briefing the media at the conclusion of the summit, Prime Minister Manmohan Singh stated that India was quite happy with the outcome of the G-20 meet. In particular, the PM said that he was pleased about the fact that India will now be a member of the Financial Stability Forum as well as the Basel Committee on Banking Supervision, two key standard setting bodies.

## **India emerges 2nd in medical tourism race**

India spends 1.2% of its GDP on health, but takes care of foreign patients — the country ranks second in medical tourism. In 2007, Indian hospitals treated 4.5 lakh patients from other countries against topper Thailand's 12 lakh. A two-year study by healthcare researchers Deloitte revealed there's always been an inflow of patients from neighbouring countries and West Asia, but now there's a significant rise in patients from the US, UK and Europe. Cheaper treatment is a huge attraction and, during recession, that's a big fact. But other factors, too,

have contributed to the growth of medical tourism in India. As pointed by Mr. Vishal Bali, CEO, Wockhardt Group of Hospitals, Indian clinical and paramedical talent was globally appreciated and with JCI accreditation of some hospitals, international standard was proven. He added that third-party intervention through health insurance had also given it a boost," said He further stated that another significant factor was the long patient waiting list, especially in the UK and Europe. The per-capita healthcare expenditure in Korea is \$720 against India's \$94. Treatment cost is lowest in India — 20% of the average cost incurred in US; in Singapore, Thailand and South Africa, it's 30% of the US cost. Medical tourism showcases the potential of Indian healthcare sector to the world which dreaded India for the incidence of AIDS, tuberculosis, cancer, malaria and diabetes.

#### **Foreign exchange reserves rises \$2.8bn during week ended Apr 03**

Foreign exchange reserves have risen \$2.8bn during the week ending on April 03, 2009 partly on account of revaluation of non-dollar assets in reserves. Also there have been some year-end inflows that have helped boost the reserves. According to the figures released by the Reserve Bank of India, in its weekly statistical supplement, total reserves including gold and SDR rose \$2.8bn to \$255.2bn during the week ending on April 03, 2009.

#### **India among top 12 manufacturers, finds Unido**

According to United Nations Industrial Development Organisation (UNIDO) analysis based on 2007 figures, India ranks among the top 12 producers of manufacturing value added (MVA). In textiles, India is ranked fourth, after China, USA and Italy; while in electrical machinery and apparatus it is ranked

fifth. It holds sixth position in the basic metals category; seventh in chemicals and chemical products; 10th in leather, leather products, refined petroleum products and nuclear fuel; twelfth in machinery and equipment and motor vehicles. UNIDO found that the share of developing countries in the world's manufacturing value-added output has almost doubled in the last 18 years due to the shift of production units and outsourcing of services from developed nations. UNIDO in the International Yearbook of Industrial Statistics 2009 stated that developing countries produced almost 30% of world MVA at the end of 2008 as compared to 16% in 1990. The per capita MVA doubled as early as 2006, while the industrialised world achieved merely 30% increase, it added. For India, the growth rate of MVA output rose from 6.9% in 2000-2005 to 12.3% in 2005-2007. The MVA per capita grew 10.6 % in 2005-2007 compared to 5.2% in 2000-2005. The share of MVA in India's Gross Domestic Product (GDP) stood at 14.8% in 2006 compared to 13.8% in 2001, UNIDO stated in the yearbook. Manufacturing still contributes around 15% of GDP of the country.

#### **Indian investors most optimistic in Asia-Pacific**

According to a survey conducted by Dutch financial services firm ING, investor sentiment in India had improved significantly in the first quarter of 2009. India's score in the ING Investor Dashboard Sentiment Index jumped 75% over the previous quarter (October-December 2008) with more than half of those surveyed in the country saying that their household financial situation would improve in the next quarter. The survey, which tracks investor sentiment and behaviour of mass affluent investors each quarter from 13 Asia Pacific markets, revealed that India's index moved up from 76 in Q4 of 2008 to 133 in Q1 of 2009, representing a move from pessimistic to optimistic zone. The survey

showed investors in India were the most optimistic in Asia. Indian investors were also much more confident about their job security compared to other markets with around 64% Indians saying that the global economic crisis did not have any negative impact on their jobs and gave a positive outlook for the second quarter of this calendar year. The positive reversal in investor sentiment in India in Q1 of 2009 against Q4 of 2008 was much more significant than that in China. China's score in the index moved 20% to 123 as against 75% jump for India.

### **Drug firms may exceed growth targets**

Leading Indian drug companies such as Cipla, Sun Pharma, Dr Reddy's Laboratories and Wockhardt were likely to exceed revenue growth targets set for financial year 2008-09. Dr Reddy's Laboratories, which was celebrating its 25th year of inception, had targeted 25 per cent growth in revenues for 2008-09. In the first three quarters, the Rs 5,000-crore company recorded revenue growth of 25 per cent, 30 per cent and 49 per cent respectively. According to analysts, the company was likely to have a good showing in the last quarter with about 20 per cent growth, thanks to good revenues from sumatriptan succinate, an authorised generic version of GlaxoSmithKline (GSK)'s Imitrex. The company launched the product in November last year, with exclusive sales opportunity for six months. Another company that has performed beyond expectations is Sun Pharmaceutical Industries, India's largest drug company in terms of market capitalisation. Sun Pharma gave a guidance of 18-20 per cent growth in revenues for 2008-09, but it has already recorded 50 per cent growth in net sales to Rs 3,137.9 crore (\$ 627.58 million) for the first nine months, from Rs 2099.4 crore (\$ 419.88 million) in the same period in 2007-08. Net profit was also up at Rs 1422.9 crore (\$ 284.58 million), up by

86 per cent, compared to the same period last year. According to a Religare Hichens Harrison earning estimate, second largest domestic drug maker Cipla's March quarter sales were expected to go up by over 23 per cent to Rs 1,383.1 crore (\$ 276.62 million) on year on year basis and profit after tax to grow by 60.2 per cent to Rs 253.3 crore (\$ 50.66 million) on year on year basis. Lupin Ltd, another top five Indian drug company, also had better than industry average performance in the first nine months. The company, which was growing at over 30 per cent in the last four years, maintained 38 per cent growth in turnover and 49 per cent growth in profits in the first nine months of 2008-09.

### **TCS wins £54.7-m contract from UK agency**

Tata Consultancy Services has been roped in to provide IT systems for several schemes managed by the UK-based Child Maintenance and Enforcement Commission. TCS would be paid £54.7 million (Rs 410.2 crore) to provide solutions related to case management, case assessment and payment calculations, automated scheduling of payments, financial and arrears management and enforcement, according to computer-weekly.com.

### **HCL Tech bags \$100-m Xerox deal**

HCL Technologies announced that it had bagged \$100 million multi-regional data centre services, and transformation contract from Xerox Corporation. The contract — spanning mid-range services, business continuity and disaster recovery for Xerox's information management operations — would be spread over six years. The new win comes just days after HCL Technologies bagged a \$350-million IT outsourcing services order from The Reader's Digest Association Inc (RDA).

### **Ports to be demarcated from SEZ**

Ports in special economic zones will now have to be set up in the non-processing area and will have to be demarcated from the rest of the SEZ. This is a part of the new guidelines issued by the Commerce and Industry Ministry, which also address the administrative structure and process of clearing cargo in ports in SEZs. The demarcation would be done jointly by the Development Commissioner and the Customs Commissioner. The new norms, which will be included in the SEZ Rules, 2006, have also called for a separate entry and exit route for the transport of goods from domestic tariff areas. There shall also be separate storage space allocated to SEZ cargo and DTA cargo to ensure that they are not mixed or diverted.

### **India will grow 8%-plus as soon as global economy is back on track: Rakesh Mohan**

Voicing his view on the growth of the economy, Reserve Bank of India Deputy Governor Rakesh Mohan said that while there would be some moderation in growth in the immediate future due to uncertain global market conditions, it is felt that India would return to its trend of 8% plus growth rate as and when global economy returns to normalcy. Addressing the media in Mumbai, while unveiling the report India's financial sector assessment prepared by the central bank's committee on financial sector assessment, he said that despite the widening trade deficit, the current account deficit had remained modest, largely due to high levels of private transfers and service sector exports. The low debt-to-equity ratio in the Indian corporate sector points to higher internal accrual and buoyancy in their revenues and profitability. Recent times had, however, seen a sharp correction in the valuations of listed firms as also in their profitability, as has happened globally. To that extent, there could be some reversal in the

declining debt-to-equity ratio in the Indian corporate sector in the current context. He added that given India's high exposure to oil imports, coupled with the widespread impact in times of higher oil prices on the economy, a more efficient use of oil products was warranted. He emphasized another major concern; both domestically and globally, had been the rise in food prices. However, the recent correction in global prices, along with the series of measures already taken by the government on the supply side, had begun yielding results. He underlined the need to improve both the forward and backward linkages in agriculture through better credit delivery, investment in irrigation and rural infrastructure, improved cropping patterns and farming techniques, and development of the food processing industry and cold storage chains across the entire distribution system.

### **India emerges as third largest market in low-carbon and green goods & services**

India has a market value of £191 billion in low-carbon and environmental goods & services (LCEGS). With a 6% share of the £3,046.- billion global market, the country is tied with Japan at the third position. The US leads with a market-share of 20.6% worth £629 billion. It's followed by China with a marketshare of 13.5% worth £411 billion, according to a new British government report. Asia has been identified as the emerging epicentre of the sector, more popularly referred to as a low-carbon economy. The emerging economies in Asia represent 38% of the global total, followed by the Americas, with 30% and Europe with 27%. The report breaks down the LCEGS sector into three parts: traditional environmental services, such as recycling, and water and waste management; renewables, such as wind, hydropower and biomass; and emerging low carbon, including nuclear power, carbon finance and building technologies. Of the LCEGS

market of £3,046 billion in 2007-08, the low-carbon businesses accounts for nearly half of the market or £1,449 billion. Renewable energy accounts for 31% or £940 billion, and traditional environmental activities make up the final 21% or £657 billion. Some of the largest products and services by market value include alternative fuels, 18.5% (emerging low-carbon sector); building technologies, 12.8% (emerging low-carbon sector); wind power, 11.5% (renewable energy sector); and alternative fuels for vehicles, 11.2% (emerging low-carbon sector), states the report.

### **Plan to reduce solar energy cost**

The Government is planning a project to reduce the cost of production of alternative energy to a significant level so as to promote the use of renewable energy and reduce dependency on the known energy sources. As per the plan, the Department of Science and Technology of the Government of India has formed a consortium taking eminent researchers from leading IITs to undertake research on solar energy production. The project was initiated almost six months ago with a team of 55 researchers from different IITs across the country. The team is expected to come out with the report shortly, post which the Government is planning to involve the private sector to make the project a success. The Government is evaluating the scope of developing a hybrid solution that is least dependant on transmission grid, and which can bring down to the cost of solar energy to Rs 9 per kilowatt/hour from about Rs 12-14 kw/hour, with a minimal investment. The project is expected to benefit certain belts in the country which do not have the transmission line and the grid integrated solutions will be of immense help.

### **Mauritius replaces US as India's biggest investment partner**

Despite the global financial crisis, inflow of foreign capital to the country has in-

creased sharply in 2008. The aggregate inflow of foreign direct investment (FDI) had more than doubled in 2008 — up 113.3% from Rs 65,495 crore (\$ 13099 million) in 2007 to 139,725 crore (\$ 27945 million) last year. Its share in India's aggregate FDI inflow has increased dramatically from about 19% in 2000 to 43.7% last year. Mauritius accounted for about half of India's total FDI inflow in 2007. Interestingly, capital inflow from the US, which had suffered most from the financial crisis, has increased 107.3% last year against a rise of only 9.6% in the previous year. The US' share in India's total FDI inflows, however, has declined further in 2008 as the total FDI inflow has grown at a higher rate. As a result, India has witnessed a massive change in the order of her investment partners too in the recent years.

### **Bet big on buying parts locally**

Software skills are a big attraction. Makers of luxury cars are increasingly looking at making India a sourcing hub for components, besides using more local components in cars for the Indian market. Mumbai-based automobile analyst that India was emerging as a major hub for auto components due to competitive pricing, high product quality and high degree of competitiveness in software and engineering. German luxury car maker BMW is likely to sign the first direct sourcing deal with local vendors by the end of this year. Currently, it is evaluating vendors on quality. They plan to work with Indian vendors in design and tooling, and not mere component sourcing. BMW is looking at the bigger picture," said a company spokesperson. BMW currently sources horns for its 3- and 5-Series sedans from India through tier-II suppliers, while components such as handle bars and die casts for its motorbikes are sourced directly. The company now plans to source engineering services and components that involve casting and forging from India for its worldwide ancillaries requirement. There

are also plans to source electrical components, as well as software, for in-car applications. Kronschnabl had earlier indicated to Business Standard that a high-ranking delegation from Germany had talks with Infosys in this regard. The company also sources directly from local vendors for its Chennai plant, where it assembles around 3,000 units of three- and five-series sedans. Currently, the local content in BMW cars for the Indian market is around 10 per cent. Another German luxury car maker, Mercedes Benz India, is servicing its operations in Japan, Germany and the US with products sourced from India. "We have been sourcing services and components out of India since 1998. On an average, we have grown the sourcing volume by about 10 per cent per year," said Wilfried Aulbur, managing director and chief executive officer, Mercedes Benz India. The company sources components like crankshafts and grab handles from India. "We expect growth in sourcing to continue, at least at the historic rate of 10 per cent," Aulbur said. Mercedes recently decided to increase the headcount at its Bangalore R&D centre by up to four-fold in the coming years. The centre employs around 200 engineers. Sources in the company indicated Mercedes would increasingly look at sourcing software for its global operations from the India R&D centre. "Certain global projects have been identified and the research centre here works on developing innovative products and technology for Mercedes' worldwide operations," said a company spokesperson. Among the luxury segment players, Skoda Auto India, a part

of the Volkswagen group, is betting big on increasing localisation for its small car, the Fabia, to offset cost pressures. "We now source components like wheels and horns for Fabia from local vendors and are looking at taking this up to over 50 per cent in the next two years. That will give us a definite cost advantage," said Homas Kuehl, member, board of directors (sales and marketing), Skoda India. He said that currently, the local content in Fabia was around 5 per cent.

#### **DISCLAIMER**

*The information given in the Newsletter is prepared on the basis of various inputs available to the Embassy and is for general reference. It should not be construed as an endorsement of the views contained therein*

#### **EMBASSY OF INDIA, SWITZERLAND**

KIRCHENFELDSTRASSE 28, CH-3005 BERNE  
TEL : 031-351 11 10 Fax : 031-351 15 57  
E-mail : [india@indembassybern.ch](mailto:india@indembassybern.ch)  
Website : [www.indembassybern.ch](http://www.indembassybern.ch)