



Chief Minister of Maharashtra visits Switzerland

Hon'ble Chief Minister of Maharashtra, Mr. Vilasrao Deshmukh led a 5-member delegation comprising of Chief Secretary and Principal Secretary of the State Government of Maharashtra and Managing Director and General Manager of Maharashtra Tourism Development Cooperation, to Switzerland from September 21-24, 2008. During the visit, the delegation visited Jungfrau Railways to explore the possibilities of setting up railway projects in Maharashtra to boost tourism. They signed two Memorandum of Understandings (MoUs) with (i) Reiter Group of Switzerland for setting up a plant to manufacture cotton spinning machine, and (ii) Kuoni Travel (India) Private Limited for promoting tourism in Maharashtra.

FDI set to touch \$40 billion this year

India would be able to attract the same proportion of Foreign Direct Investment (FDI) in the second half of the current calendar year as it recorded in the first half. While addressing a seminar on Indo-Netherlands business meet, organised by the Federation of Indian Chambers of Commerce and Industry, Mr Ajay Shankar, Secretary, Department of Industrial Policy & Promotion (DIPP), said that India had seen an FDI inflow of \$20 billion in the first six months of this calendar year and the inflow was expected to top \$40 billion mark during the 12-month period. Mr Shankar said that the reason for the strong growth in FDI was due to the high degree of competitiveness in manufacturing and quality shown by Indian firms and the domestic subsidiaries of foreign companies

in the past four-five years. The Federation of Indian Chamber of Commerce and Industry (FICCI) estimate that the Netherlands holds a slot among India's top ten trading partners, ranking the fourth in terms of FDI flowing in the country.

Brand India engineering is making a headway, says Frost & Sullivan

With some part of each vehicle of the world having some touch of India, the 'India as a brand in engineering' is making headway, thanks to global original equipment manufactures (OEMs), who in a catch 22 situation are looking at low cost destinations like India as outsourcing hubs. The Indian automotive engineering services outsourcing industry is expected to grow at a compounded annual growth rate of 32% (CAGR) by 2012-13. The industry has generated revenues to the tune of \$500-600 million last year and there is \$2.2 billion potential outsourcing opportunity in the next two years. There was a need at the industry association level to spin off automobile engineering services from IT sector, furnishing an example of Satyam Ventures, which is totally into automotive engineering services. The top 15 OEMs and system providers taken together spent close to \$60 billion on engineering, and research and development (R&D) last year. Globally, the spent on research and development (R&D) in the automotive sector spent is about \$130-140 billion. While industry experts see that the country has upper hand over other low-cost destinations when it comes to engineering services, they feel the need of the hour is to innovate and move up the value chain.

Indian food market to grow two-fold by 2025

According to a study by McKinsey&Co, the Indian food market will grow two fold by 2025 with the rapidly growing Indian economy and improving lifestyles of Indians contributing in a big way to this growth. Quoting the study by McKinsey&Co, a report by the US Department of Agriculture stated "the market size for the food consumption category in India is expected to grow from US\$ 155 billion in 2005 to US\$ 344 billion in 2025 at a compound annual growth rate of 4.1 per cent." The Indian snacks market is worth around US\$ 3 billion, with the organised segment taking half the market share, and has an annual growth rate of 15-20 per cent. The unorganised snacks market is worth US\$ 1.56 billion, with a growth rate of 7-8 per cent per year. There are approximately 1,000 types of snacks and another 300 types of savouries being sold in the Indian market currently. Potato chips and potato-based items are the most popular products with more than 85 per cent share of the salty snack market, the report said. In the organised potato chips market, Pepsi and Haldiram's are some of the leading players.

Indian cos on buying spree in UK, Europe

India now ranks among the first five largest investors in British companies and equities, spearheaded by the Tatas, who made ambitious purchase of Jaguar and Land Rover auto brands. Many Indian companies are on "serious lookout" to acquire "strategically placed" British companies, including stock broking and financial firms in London, which is the heart of the European commerce and industry. According to Geneva-based UNCTAD, India has emerged as a "favourite spot" for European companies busy shifting service operations abroad to escape from high administrative and management costs. Indian

companies coming to Europe prefer to operate from London, as the city is seen as the "correct gateway" to oil-rich Middle East and commodities-rich African markets. In African markets, some Indian companies benefit from the presence of well-established Indian business communities, particularly in Nigeria, East, Central and South Africa.

Luxury goods market in India keep its cool

Across all luxury segments such as property, auto, apparel and accessories, manufacturers are reporting enthusiastic sales this year. The reason is simple - the upper-rich consumers' boisterous lapping up of products and services that command a premium. With a growing millionaire base in India, the luxe market is growing annually at around 35% CAGR. Hence, a lower price tag wouldn't quite appeal to the affluent lot even in an economic slump. And the current scenario is proof enough that this holds good across all major categories. The economic downturn has not stopped India's largest real estate developer, DLF, from selling 90% of its upcoming luxury project, Magnolias in Gurgaon which will be ready for possession in 1-2 years. Ditto is the case for realtor Omaxe which is witnessing robust sales for its luxury apartments in the National Capital Region (NCR) priced at an upwards of Rs 6 crore (US \$ 1.27 million). It's pretty much the same trend in the luxury automobile segment. Buoyed by the great market performance of its cars in the Indian market; BMW, has had a good 2008 so far. It has sold 1,673 cars in India so far this year. They have just revised their sales target for the year to 2,800 cars from 2,000 cars that they started with. Similarly, compatriot Audi reported a 123% rise in sales in the first quarter of 2008 and now aims to sell 1,000 cars this year. Mercedes-Benz, which has been operating in India for the past 10 years, has reportedly set a target of 3,000 cars for 2008. It registered sales of 748 units in the April-June quarter this year as compared to 515 units in the

SEZs expected to receive US\$ 45.73 billion as investments by 2009

Special Economic Zones (SEZs) are set to see major investments after the straightening out of certain regulatory tangles. According to India's Commerce Secretary, Mr. G K Pillai, India has approved 513 SEZs till August, 2008 of which 250 have been notified. Investments are expected to cross US\$ 45.73 billion by December 2009, providing incremental employment to 800,000 people. During the last three months, investments in excess of US\$ 3.65 billion in SEZs have been announced by various firms. Ansal Properties & Infrastructure Ltd will be investing around US\$ 823.42 million for IT SEZs in three States. Tata Realty & Infrastructure is planning to invest more than US\$ 686.05 million to build an IT SEZ, in a joint venture with the Tamil Nadu Government. Infrastructure Leasing & Financial Services, in a tie-up with Maharashtra Industrial Development Corp (MIDC), will be investing about US\$ 1.82 billion in SEZs in Maharashtra. State-run trading firm, MMTC Ltd, has invited bids to set up SEZs in various sectors. MIDC will be developing 22 SEZs in Maharashtra. Duty drawback credits, extended to exporters alone, will now be offered to developers as well. Mr. L B Singhal, Director General, Export Promotion Council for EOUs and SEZs, said that offshore banking units would also get exemption from complying with statutory liquidity ratio. As per statistics from the government's SEZ site, till August, 2008 around US\$ 18.52 billion have been invested in SEZs, generating employment for around 350,000 people. Last year, SEZs generated about US\$ 15.23 billion in exports, a 92 per cent rise from the previous year. India's total exports during the period grew by 23 per cent to US\$ 155.5 billion.

Domestic BPO sector to treble revenues by 2012

According to a study by the Pune-based research firm, Valuenotes Database, domestic business process outsourcing (BPO) firms would collectively employ about 0.54 million employees in the next four years as against 1,40,000 staff currently. In the same time period, it will achieve revenues of Rs 22,800 crore (US \$ 4851 million) from Rs 6,900 crore (US \$ 1468 million) in fiscal 2008, the study suggests. Apart from opening new vistas of opportunity for third party BPO companies, the growth in domestic BPOs would help in creation of job opportunities in semi-urban pockets of the country.

Third party vendors

Third party players will be better positioned to benefit from this growth wave going forward as companies are increasingly choosing them instead of forming a captive to get back-office work done. By 2012, revenues for third party vendors will grow at an annual rate of 44 per cent to Rs 7,700 crore (US \$ 1638.29 million) from Rs 1,800 crores (US \$ 382.97 million). (Currently, third party companies collectively control 27 per cent of this market.) Telecom, banking, financial services and insurance together amount for nearly three-fourths of the total revenue generated by this sector. Low value but high volume services such as data entry, digitisation and aspects related to customer assistance would be easily outsourced in the Indian context. Going forward, organisations and institutions in verticals such as government (for e-governance programmes) and retail (for customer loyalty and retention) are expected to increase outsourcing.

India likely to have 270 million 3G subscribers by 2013

Research agency Strategy Analytics' VP,

Wireless Practice, Mr. David A Kerr said that India was likely to have 270 million 3G subscribers by 2013, becoming the leading 3G market amongst emerging countries. Currently, the country's overall mobile subscriber base is around 290 million. The guidelines for 3G services have been issued, and the Government hopes to introduce the services by December, 2008.

IT firms' sales may touch \$11 bn by 2015

The IT industry, dominated by software services and BPO segments, is rapidly seeing the emergence of product companies and a latest study projects that India could account for roughly 2%, or \$11 billion, of global product business by 2015. In the first-ever survey of India's software products segment conducted by Nasscom along with Zinnov Consulting, the study lists 371 companies in this sector with two-thirds of them being less than three-years old. These companies together had combined revenue of \$1.4 billion in FY'08 growing at 44% CAGR in the last three years. The Nasscom-Zinnov study has projected that India's software products space may touch \$11 billion by 2015. This could mean that Indian companies will be accounting for nearly 2% of the overall global products business estimated at \$500 billion by then. Interestingly, at present, the top 10 companies accounted for around 85% of the existing industry revenue, with the top five including Finacle of Infosys Technologies, I-Flex, Subex and TCS products division, forming the bulk of it.

Logistics to see 15-20% growth

Indian logistics industry is expected to grow at 15% to 20% per annum, reaching its revenues of \$385 billion by 2015, said a report prepared by Cushman and Wakefield, which term the sector as new pow-

erhouse for the real estate sector in times to come. As per C&W estimates, the market share of organised logistics players is expected to double to approximately 12% in the same period. The new logistics centres will give big boost to the industrial activities in the country. The report revealed that 110 logistics parks spread over 3,500 acres at an estimated cost of \$1 billion are expected to be operational by 2012. Around 45 million sq ft of warehousing space will be ready in the next four years. Mumbai has emerged as the preferred location for the development of logistics parks with an investment of approximately \$200 million. The city will witness the development of seven to eight logistics parks on 600 acres around Mumbai. The other cities that fall within the established locations include Kolkata, Chennai and Hyderabad. According to the report, these locations are characterised by excellent port, rail and road connectivity and are witnessing significant investment in infrastructure. High concentration of organised retail, established manufacturing hubs and proposed SEZ developments will further augment the attractiveness of these locations. Besides the established centres, a number of hubs like Nagpur, Vizag and Gurgaon have also emerged. But currently they are lagging behind in support infrastructure. However, due to high ratings on other parameters such as geographic location, existing and proposed manufacturing clusters and SEZs and accessibility, they are promising locations for the purpose. Gurgaon has advantage of being situated on the golden quadrilateral with easy access to the dedicated freight corridor.

Suzuki to make India small car hub

After overtaking parent Suzuki in annual sales last fiscal, Maruti Suzuki is all set to play a pivotal role in the Japanese auto major's global plans and emerge as an "exclusive base" for small cars. Maruti Suzuki MD S Nakanishi said that quality and

productivity have improved manifold in Maruti Suzuki in the last few years. Suzuki would sell the A-Star, which would be solely manufactured in India, in Europe from the last quarter of this year. Suzuki plans to export 1,00,000 units to begin with, reserving only 50,000 units for the domestic market. It also has plans to increase overall exports four-fold by 2010, against the 53,000 units exported in 2007-08. Mr. Nakanishi said that the company wanted to take it to 2,00,000 cars annually by 2010-11. He further stated that exports would enable the company to be at the frontier of technology, quality and manufacturing excellence

Indu Projects, CARE, Hopkins to jointly set up health city

A consortium of real estate developer Indu Projects, US-based healthcare major John Hopkins and Hyderabad-based CARE Hospital is setting up a 2,000-bed health city in Nagpur. The consortium will invest around Rs 750 crore (US \$ 159.57 million) in the project through a combination of debt and equity. The health city envisions building 10 super specialty hospitals and will primarily target overseas patients. In the first phase, the health city will have 750 beds and it will be operational in the next 36 months. Hyderabad-based Indu projects will be responsible for the development and management of the project, while CARE Hospitals will operate the hospital.

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John Hopkins will be the knowledge partner but will also hold equity in the consortium. Indu Projects will fund majority of the investment and is expected to hold stake in the consortium, although details of the holding structure are being worked out. In addition to the above referred project,. Fortis Healthcare has also announced its decision to set up two medicities in Gurgaon and Lucknow and its plans for setting up another 10 such projects in the next 10 years. Renowned cardiologist Dr Naresh Trehan is also setting up a medicity in Gurgaon.

Ranbaxy is India's biggest pharma firm

Ranbaxy has emerged as the leader in the domestic pharmaceutical retail market, with a share of 5.2% for the April to June quarter. It also maintained the top slot in each of the past three months, with a share of 5% in June, higher than the last year's market leader Cipla's share of 4.9% during the same month. Ranbaxy registered the highest growth of over 18% during the quarter, while in June alone, it had a growth of over 15%. According to ORG-IMS, overall the pharma market valued at nearly Rs 33,000 crore (US \$ 7021.27 million). The highly-competitive market witnessed a growth of nearly 9% during the quarter ended June.

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