



India, Switzerland sign MoU on intellectual property rights

India and Switzerland signed a Memorandum of Understanding (MoU) on protection of Intellectual Property Rights (IPR). The MoU was signed on 8th August 2007 by the Indian Minister for Commerce & Industry, Mr Kamal Nath, and the visiting Swiss Federal Counsellor and Minister of Economic Affairs, Ms Doris Leuthard. As per the MoU, a joint working group would be established to respond to questions relating to intellectual property, such as preventing the production, distribution and sale of counterfeit products, as well as raising awareness of the risks associated with these products. Besides joint studies on intellectual property issues, the MoU also envisages exchange of views, information and experiences regarding the protection of intellectual property at the national level. The group would meet once a year in India or Switzerland alternatively.

Government to clear 100 per cent FDI in mining

The Government has allowed 100% FDI in titanium ore mining under the automatic route. At present, the department of atomic energy (DAE) permits FDI in titanium ore mining. The move is expected to attract major investments in the country's titanium reserves, that constitute 30% of the world's reserves. Billed as the metal of future, titanium and its alloys are used as basic raw material for aircraft and aerospace, and its use is gradually increasing in other areas including chemical industries, iron and steel industries and FMCG sector.

New wagon policy to involve private players

Indian Railways is finalising a new policy to bring about state-of-the-art technology in wagon manufacturing and maintenance

and to allow private players to procure wagons on lease without investing in it. The new wagon policy, to be announced soon, is a step towards opening up of the wagon sector to private sector. The policy would allow private players to invest in special kinds of wagons and lease them to customers of railways. The Indian Railways hopes that once wagon manufacturing and leasing is opened up to public private participation mode, the wagon investors would bring the latest technology to the sector. It has also been proposed to increase the axle load of freight trains to 32.5 tonnes. The move will help wagons increase their gross weight carrying capacity to 130 tonnes from the present 91 tonnes.

FDI inflows to India treble in H1 of 2007 to US\$ 11.4 billion

Foreign Direct Investment (FDI) inflows into India touched a level of US \$ 4.9 billion in the first quarter of the current financial year (2007-08). The government's review of the FDI policy would be ready shortly and labour-intensive sectors would receive priority. Vodafone topped the list of big-ticket foreign investments in India. Matsushita Electric Works of Japan followed it with US \$ 342 million. The Delhi region received the maximum inflows of US \$ 1.3 billion, accounting for 36 per cent of the total FDI up to May 2007. If Mumbai, Bangalore and Chennai were added to the list of regions, they accounted for two-thirds of the total inflows into the country. The country had received US \$ 15.7 billion FDI in 2006-07 as compared with US \$ 5.5 billion a year ago. If reinvested earnings and other capital inflows are included, total inflows in 2006-07 add up to US \$ 19.5 billion compared with US \$ 7.7 billion in 2005-06. Mauritius continued to remain as the biggest source of FDI for India, largely because of its tax breaks that help companies from elsewhere route their funds through the island, followed by

Japan, Cyprus, the US and Singapore. Services, telecom, electrical equipment, real estate and transportation were the five major sectors that received a majority of FDI in India this year.

India is Asia's top spot for billionaires

India's emerging economic clout has made it Asia's top spot for billionaires with its 40 richest business people worth a collective US \$ 170 billion, up from US \$ 106 billion last year, according to leading American business magazine Forbes. India's top ten, worth US \$ 112 billion, account for two-thirds of that wealth. India's rising fortunes are underscored by the increasing prosperity of its wealthiest citizens. This year, for the first time in two decades of wealth tracking, Forbes counted more Indian than Japanese billionaires in its annual ranking of the world's wealthiest people. Three Indians even made it to the list of the top 20 of the world's richest. Only the US had more billionaires in the top global ranks. India's hot stock market, up 39 per cent this year, and its robust real estate market helped swell most fortunes.

Textile exports grow 4.4% in 2006-07 to US \$ 13.3 billion

India's textiles exports recorded a growth of 4.41% during April-March 2006-07 period. Exports were worth US \$ 13.30 billion as compared to US \$ 12.74 billion during the corresponding period in 2005-06, according to data released by the Ministry of Textiles. The cotton garment segment continues to occupy a major share in the export basket. During 06-07, its share in total exports stood at 45.61%, marginally above the share it had occupied during the same period in the previous year. Exports in the area were worth US \$ 6.07 billion during the 2006-07 period as against US \$ 5.77 billion during the corresponding period in 2005-06, registering a growth of 5.16%. Next in the line was cotton textiles, which occupied a share of 28% in total exports during 2006-07. Exports in the segment were worth US \$ 3.64 billion. The segment recorded a growth of 4.08% during the period as compared to the same period of 2005-06, the data said. The garments of other textile materials recorded the highest growth of 13.5% but were lower than the

16 % growth that the segment registered during the previous period. The exports in the segment were worth US \$ 409.06 million during the period. Of this, 25% of the textile products exported from India went into the US.

India Inc raises record US \$ 22 bn in 6 months

In the current year till July, Indian capital markets have seen their largest-ever initial public offerings (IPOs) and a mega follow-on public offer (FPO). The year also witnessed the highest-ever fund raising by Indian companies. In the period January-July 2007, Indian companies raised US \$ 22.3 billion through the IPO, FPO and convertible bond route. The US \$ 22.3 billion figure includes funds garnered by Indian companies from both domestic and international capital markets. Of this US \$ 17.3 billion were through IPOs and FPOs on BSE and NSE, US \$ 4.8 billion were raised through Foreign Currency Convertible Bonds (FCCB) in international markets.

IT industry crosses US\$ 50 billion mark in FY07

The Indian information technology (IT) industry crossed the US \$ 50 billion mark in 2006-07. Dataquest's annual "DQ Top 20" survey of the Indian IT industry revealed that the IT industry recorded a growth of 32 per cent in rupee terms and was a little shy of 30 per cent growth in dollar terms during the year. With a growth of 35 per cent, IT exports continued to hold the majority of the revenue share by contributing US \$ 38.4 billion to the total revenue of US \$ 56.7 billion. The domestic market continued its three-year average growth rate of 27.2 per cent by contributing US \$ 18.2 billion, accounting for the rest of the revenue pie. Catalysed by the emerging domestic BPO market, IT enabled services (ITES) reported a growth of 48 per cent to touch US \$ 1.3 billion. The domestic IT services market reached US \$ 5.1 billion by reporting a 30 per cent growth. Packaged software industry witnessed a 19 per cent growth to touch US \$ 2 billion. The top 20 IT players recorded the highest growth rate in the millennium by recording a 44.3 per cent growth rate. With the top three players, Tata Consultancy Services (TCS), Infosys and Wipro, bagging several large deals and expanding their consultancy

business, the top 20 companies accounted for almost 77 per cent of the total software services exports.

India ranks 5th in global steel output

India has moved up two places in the global ranking and is now the fifth largest producer of crude steel in the world, with the revised figures for production in 2006, ahead of South Korea and Germany. An expert committee set up by the Union Ministry of Steel has revised the production figures for crude steel in the calendar year 2006 to 49.45 million tonnes as against 44 million tonnes, which puts India in the seventh position among global steel producers. The revised figures for crude steel production in 2006-07 is pegged at 50.71 million tonnes and those of finished steel at 51.90 million tonnes.

Insurance outsourcing can hit US \$ 10 b in 5 years

IT Outsourcing by insurance companies in India could be an US \$ 8-10 billion opportunity over the next five years, according to global offshoring advisory firm Everest Group. The outsourceable functions include systems integration, reengineering, IT infrastructure management, business intelligence solutions and business process outsourcing (BPO). The BPO business alone is expected to account for about US \$ 4-5 billion over the next five years. Currently, the banking, financial services and insurance (BFSI) vertical accounts for about 24-47% of Indian IT companies' revenue. The domestic insurance sector is expected to grow to US \$ 60.5 billion by 2010 from the current US \$ 10.2 billion, according to estimates by industry chamber Assocham. Over 70 million insurance policies would be sold over the next five years and insurance companies would require over half a million agents, besides several thousand operations staff for tasks like claims processing and customer service. IT outsourcing has assumed strategic importance. The BFSI sector was the highest spender on IT in 2006 and is expected to see its IT spends increase 12-27% this year, according to industry body Nasscom.

NSE becomes world's 2nd fastest growing stock exchange

The National Stock Exchange became the world's second fastest-growing bourse in terms of number of listed companies, while Bombay Stock Exchange consolidated its position as the biggest bourse. NSE recorded a 16.6% jump in the number of listings to 1,274 during one-year period ended July 2007, while BSE became home to a total of 4,853 companies, according to the World Federation of Exchanges (WFE)

Wipro strings largest IT deal for US \$ 600 million

The Indian IT giant, WIPRO, unveiled its biggest buyout to date, and the largest for the Indian IT industry. Wipro Technologies has signed a definitive agreement to acquire the Nasdaq-listed Infocrossing for US \$ 18.70 per share, pegging the enterprise valuation of the IT infrastructure management services firm at US \$ 600 million, including US \$ 60-million debt, in an all-cash deal. This marks Wipro's 12th acquisition in the IT space and the ninth in the past 24 months alone, in what is being famously tagged as 'string of pearls' strategy. The entire process of acquiring Infocrossing is likely to close by December 2007, and the acquired entity will be merged with Wipro's subsidiary in US — Wipro Inc. This buyout brings in revenue of US \$ 232.4 million with 900 people spread across five locations in the US. Wipro, for the first time, is in process of acquiring a publicly-held company. This acquisition is a perfect fit for its technology infrastructure services (TOS) and gives it an undisputed lead in remote infrastructure management services..

Nokia to invest US\$ 100 million in India

India has emerged as the second largest handsets and network equipment market after China for telecom giant Nokia, which has manufactured 60 million mobile phones at its Chennai facility in just 18 months. India moved ahead of markets like the UK and the US in the first half of this fiscal based on sales of handsets and network business. In 2004, Nokia had employed 450 people in India but today the company has over 9,000 in India. Total outlets in India currently stands at 95,000 out of which 50,000 are selling exclusive Nokia brand phones. Initially, the manufacturing unit was catering to the

domestic market, but currently about half of the production is exported to about 58 countries. The company has invested \$50 million in its Telecom Park, which will also have seven global component manufacturers as part of the ecosystem. The Park is likely to generate over 30,000 jobs when fully operational. Today, Nokia hosts a comprehensive Nokia R&D, manufacturing and design presence. Moreover, Nokia is the country's leading provider of wireless infrastructure through Nokia-Siemens networks, the newly merged entity. This not only reiterates its commitment and belief in the market but also underscores India's emergence as a strategic resource hub for Nokia globally.

Karuturi's bed of roses in full bloom

India Inc's shopping list isn't restricted to the world's top car and mobike companies, Scotch and tea labels, hotels and steel factories—a bunch of roses too could make up for the necessary pleasantries. Bangalore-based Karuturi Networks has acquired Dutch floriculture major Sher Agencies in a Euro 50-million (US \$ 69 million) deal to become the world's biggest rose producer. After the takeover, the company's top line will bloom from US \$ 25 million to US \$ 100 million. Karuturi's rose-producing capacity will also grow from about 150 million stems to around 650 million. Prior to the deal, Karuturi was among the four largest rose producers in the world, the others being Sher, James Finlay of Hong Kong (which originally owned what is now called Tata Tea) and World Flower. Karuturi now plans to invest in building capacity in Bangalore and Ethiopia, where it is already present, as well as in Kenya, where it will get Sher's floriculture business

Food Industry

The Indian food industry is estimated to be worth over US\$ 200 billion and according to the Confederation of Indian Industry (CII) is expected to grow to US\$ 310 billion by 2015. India is one of the world's major

food producers but accounts for less than 1.5% of international food trade. This indicates vast scope for both investors and exporter. Processed food market is the most important segment of the food industry accounting for over 32% of the total food market. While India has an abundant supply of food, the food processing industry is still nascent: only 2% of fruit and vegetables; and 15% of milk produced are processed. This sector has been attracting FDI across different categories.

Many major multi-national companies like Coca-Cola, Pepsi, Britannia, Danone, Nestle, Cadbury, Lever's Kelloggs, Heinz, International Best Foods, Walls, Perfetti, Van Melle, etc have made their presence in India. At the same time many others are drawing their plans to enter or expand their presence in the industry: World's largest beer company, Belgium-based InBev, is entering into a joint venture with the R K Jaipuria group to market its flagship brands Stella Artois and Beck's. American giant Coca Cola plans to invest US\$ 250 million in India in the next three years. The US-based private equity fund, New Vernon Private Equity Limited (NVPEL), has decided to invest US\$ 11 million in Kochi-based masala major, Eastern Condiments, the flagship company of Eastern Group. America's largest chocolate and confectionery-maker Hershey is acquiring 51 per cent stake in Godrej Beverages & Foods for US\$ 54 million.

EMBASSY OF INDIA,
SWITZERLAND
KIRCHENFELDSTRASSE 28, CH-3005 BERNE
TEL : 031-351 11 10 Fax : 031-351 15 57
E-mail : india@spectraweb.ch
Website : www.indembassybern.ch

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.