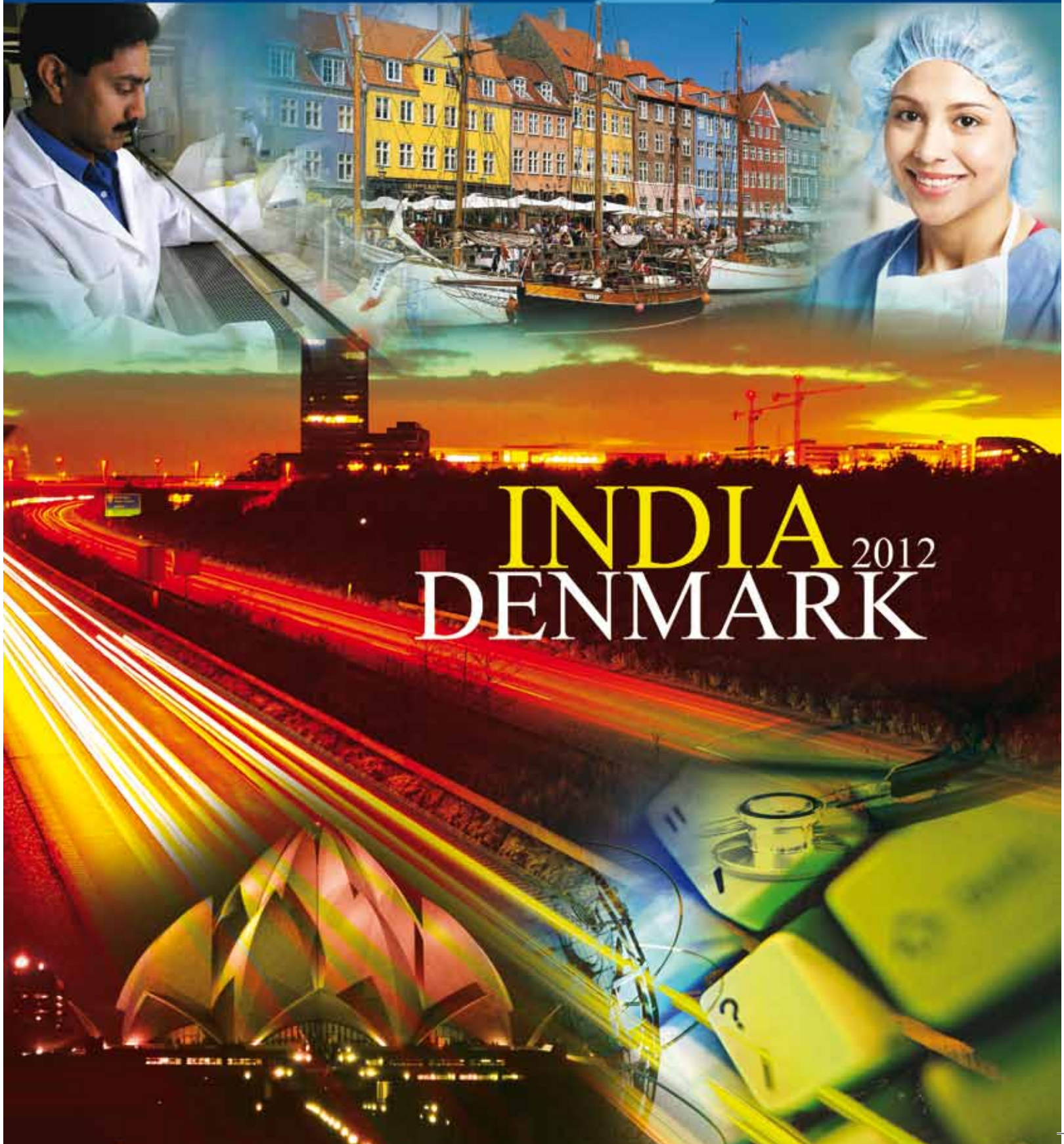


# diplomatist

Special Report  
PLUS



INDIA<sup>2012</sup>  
DENMARK

# Bridging Business and IT

On the 63rd Anniversary of India's Republic Day, we at L&T Infotech re-dedicate ourselves to renew the bond with the land of our Founding Fathers - Henning Holck-Larsen and Soren K. Toubro.

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सत्यमेव जयते



**H.E. Mr. Ashok Kumar Attri**  
Ambassador of India to Denmark

# Message

**O**n the occasion of the 63rd Republic Day of India, I extend my warm greetings to the Indian community living in Denmark. I also offer my good wishes to the friendly people of Denmark.

As we celebrate our Republic Day, we pay our homage to those who have selflessly laid down their lives to win India's freedom. We remember with deep gratitude the guardians of our frontiers, farmers, entrepreneurs, industrialists, scientists, doctors and national leaders who have worked hard to transform the nation into a global economic entity. We re-dedicate ourselves to building a modern, vibrant and democratic India.

India is the largest functioning democracy in the world. It has a free media and an independent and impartial judiciary. India is committed to tolerance, equality, justice and the rule of law. Over a billion people, characterized by vast linguistic, religious, ethnic and cultural diversity, are striving together in harmony for nation building. India is known for a pluralistic polity and is a secular State where people of all religions in the world live in mutual harmony. Such diversity is the hallmark of our civilization.

Economic growth is an integral component for inclusive development. India is today seen widely as a country poised to embark on a sustained high growth path, which has been achieved only by a handful of countries in the past, and that too in such a short span since we achieved Independence in 1947. Despite severe global financial crisis, the Indian economy achieved an unprecedented growth of 8.5% from 2004-2005 to 2010-11. The crisis slowed down the growth rate to 6.8% in 2008-09, but it rebounded to 8.6% in 2010-11.

While India is an ancient civilization, it is predominantly a young country. Approximately 55% of its population is below 25 years of age. The excellent educational facilities and training institutions in India have succeeded in creating a large base of trained human resource in the field of IT, biotechnology, engineering, medical profession and various other fields. India is a software powerhouse and is an outsourcing hub for IT enabled services and business process. It is gratifying to note that computers and internet have made their way even in remote villages in India and their use is continually on the rise among the rural population in India. The number of mobile phone users in India is greatly increasing day by day. Large middle class, trained human resources, dynamic entrepreneurs, a strong industrial base coupled with a strong economy has made India an attractive destination for business and investment. No wonder IT professionals and other experts from other developing countries are choosing India as their career point.

India has embarked upon the plan to develop its infrastructure. Investments have been welcomed in such sectors as power, roads, ports, airports, green technologies, etc. A lot of our companies are investing abroad and making a success story in foreign lands.

India established relations with Denmark in September 1949. The first Prime Minister of India, Pandit Jawaharlal Nehru, visited Denmark in 1957, when bilateral relations were upgraded to Ambassadorial level and Indian Ambassador in Sweden was accredited to Denmark. The Embassy of India in Copenhagen was established in 1962, with the arrival of first resident Ambassador Mr. K.M. Kannampilly.

The special highlights of the year were successful high level visits in June 2011. Smt. Meira Kumar, Hon'ble Speaker of the Lok Sabha led a Parliamentary delegation for a bilateral visit to Denmark. Shri Salman Khurshid, Minister for Water Resources paid a highly successful visit to Denmark in the same month. These visits helped in further cementing the bilateral relations.

On this joyous occasion of India's Republic Day, I would like to convey my best wishes again to the Indian community and friendly people of Denmark.

**H.E. Mr. Ashok Kumar Attri**  
Ambassador of India to Denmark

# India-Denmark



*Right to Left: Ambassador Ashok Kumar Attri; Hon. Salman Khurshid, then Minister for Water Resources of India; Hon. Karen Ellemann, former Minister for Environment of Denmark; Mrs. Usha Kiran Attri; at India House, on 9 June 2011. Photo by Hasse Ferrold*

India's first Prime Minister Pandit Jawaharlal Nehru's visit to Denmark in 1957 laid down the foundation for a relationship between the two countries that has endured ever since. Apart from being cordial and friendly, the relationship is strengthened by synergies in the political, economic, and academic and research fields.

## Joint Commission

In February 2008, Denmark and India signed an agreement to establish a Joint Commission for Cooperation, to strengthen bilateral ties in all fields of mutual interest, including:

- Establishment and implementation of a Joint Indian-Danish Commission as a frame for partnership and political dialogue.
- Intensified exchange of visits at both ministerial and parliamentary committee level.
- Strengthened dialogue on climate and energy with a view to ensuring concord concerning a new global climate agreement up to COP15 in 2009.
- Working towards a wide-ranging EU-India partnership agreement intended to ensure broad strategic dialogue and cooperation.
- Strengthened dialogue and concrete

measures to further global and regional security, including fighting terrorism and the proliferation of weapons of mass destruction.

- Concrete political cooperation to promote peace and stable democratic development in the region and in India's neighbouring countries where Denmark is particularly engaged; these include Afghanistan, Bangladesh, Burma, Bhutan and Nepal.
- Continued focus on the promotion of respect for human rights, also in international forum and as part of the regular human rights dialogue between the EU and India.
- Continued support for a reform of the Security Council, including expanding it with India, among others, as a permanent member.
- Danish-Indian cooperation on disaster prevention, inter alia in the light of climate changes.
- Conducting regular meetings between a Danish research institution and one of the leading Indian think tanks with a view to discussing highly prioritised subjects and furthering joint solutions.
- Strengthening Danish dialogue with the

Indian State Governments that are of special interest to Denmark.

## Trade and Investment

Bilateral trade between India and Denmark doubled from US\$530.9 million in 2003 to US\$211.3 million in 2010. It stood at US\$1188.8 million during January-September 2011. Indian exports to Denmark increased to US\$728 million in 2010 from US\$300 million in 2003 (US\$ 728.3 million during January-September 2011) and imports from Denmark reached US\$483.3 million in 2010 from US\$230.9 million in 2003 (US\$460.5 million during January-September 2011). Major Indian Exports to Denmark are apparels, ready-made garments, textiles, fabrics, yarns, carpets, road vehicles and components, metal goods, iron and steel, footwear, travel goods including leather goods, industrial machinery and accessories, and chemicals. Major Danish Exports to India are medicinal and pharmaceutical products, power generating machinery, industrial machinery, metal waste and ore and organic chemicals.

Direct investment flows from Denmark to India during 2009-2010 were US\$75 million and US\$231 million respectively. During January-September 2011, direct investment flows from Denmark to India was US\$75.4 million. Major Danish investments in India have been made in sectors like harbour and port modernization and expansion, beer breweries, wind turbine and rotor blade manufacturing, agro-intermediates and insecticides, and the engineering sector. Among Indian IT companies, Tata Consultancy Services (TCS) and L&T Infotech have their offices in Denmark since 1990 and 2000. In the last few years, other Indian IT companies like Infosys Technologies, ITC Infotech and Mahindra Satyam have also started their operations in Denmark.

Important existing Bilateral Treaties and Agreements between India and Denmark:

- Technical Cooperation Agreement – 1970;
- Agreement on an Integrated Fisheries Project at Tadri, Karnataka – 1981;
- Investment Promotion and Protection Agreement (BIPA) – 1995;
- Protocol on Avoidance of Double Taxation (DTAA) – 1995;
- MOU for cooperation between CII and Confederation of Danish Industries – 1995;
- Protocol on Foreign Office Consultation – 1995;

- Joint Business Council Agreement between FICCI and the Danish Industry (DI) – 2002;
- MOU on Biotechnology for Bilateral Cooperation – 2004;
- Agreement for establishment of a Bilateral Joint Commission for Cooperation – Feb 2008;
- MOU for Cooperation in New and Renewable Energy – Feb 2008;
- Arrangement on Gainful Employment for Family Members of the Diplomatic;
- Mission or Consular Posts – Feb 2008;
- MOU on Clean Development Mechanism – Oct 2008;
- MOU on Cooperation in the area of Environment – September 2009;
- MOU on Labour Mobility Partnership – September 2009;
- Social Security Agreement – February 2010;

### Cultural and Education

Danish educational institutions are showing great interest in entering bilateral exchange agreements with well-accredited Indian higher education institutions in the fields of IT and economics, including those in health, education and technology programmes. The Nordic Centre in India is an example of cooperation in the education and cultural area. Nordic universities and their Indian partners cooperate here to organise courses and seminars in India as well as exchanges of students and teachers with educational institutions.



India, has taken the lead to organize a large number of cultural, artistic, educational and business events from 18 August 2012 to 13 January 2013 under the title “India Today – Copenhagen Tomorrow” to bring greater appreciation of contemporary India to Danish Society



Indian Council for Cultural Relations (ICCR) has established a rotating professorship at the Copenhagen Business School (CBS) since 2009. It has also decided to establish another rotating professorship at the University of Aarhus. Holck-Larsen Foundation, established by one of the two Danish founders of Larsen & Toubro Ltd. India, has taken the lead to organize a large number of cultural, artistic, educational and business events from 18 August 2012 to 13 January 2013 under the title “India Today – Copenhagen Tomorrow” to bring greater appreciation of contemporary India to Danish Society.

The Danish National Museum’s Tranquebar Initiative is a research and restoration project between the National Museum and a number of Indian and Danish institutions. The objective is to focus on the Danish settlements in India and their significance in Danish history during the 18th-20th centuries. The activity consists of a number of projects including conservation of buildings and gardens, collecting ethnographic pieces from Tranquebar, creating a network between individual researchers and institutions in Denmark and India, and creating a model for future Danish research cooperation with non-European countries.



# India Tourism

## *Incredible India Beckons!*

**I**ndian Tourism is all about exploring India's natural beauty, exotic diversity, history, folk art, tribal crafts, ancient rituals and traditions spread in its exotic beaches, palm-fringed backwaters, mist-clad hill stations, lush tropical forests, stark desert landscapes and wildlife in a dazzling display of colour, harmony and diversity.

India's hotspots in tourism start with the mighty Himalayas that guard the country in the north and that spread in thousands of places in the landmass that meanders into the two seas and oceans of the east, west and south.

World over tourists treat India as special because its platter is sumptuous – refreshing hill stations; fascinating beaches; enchanting wellness resorts; fastidious backwaters; melodious historical places; thought-provoking forts and monuments; proud cultural sites; dazzling houseboats; pleasure filled luxury hotels; royal splendour at heritage hotels; picturesque landscapes; well defined pilgrim circuits and what not. India is a hot

destination for niche the visitor looking for MICE, leisure holidays, honeymoon holidays, wildlife tours, beach vacations, adventure vacations, pilgrimage tours and heritage tours for whom custom made packages are in circulation.

India's globally famed frontline destinations include: Delhi; Mumbai (Bombay); Calcutta; Jaipur in Rajasthan; Agra, Gujarat; Goa; Kashmir; Mussourie; Uttarakhand; Darjeeling; Kerala; Khajuraho; Mysore; Bangalore; Kodaikanal; and Mahabalipuram in Tamil Nadu.

### **Destination Award**

Indian destinations offer incredible touring and holidaying experience. In fact, India was awarded globally for the 'World's Leading Destination' in London at the World Travel Market 2011. The award for World's Leading Tourist Board also went to India. Receiving the award in London in the month of November 2011, India's Tourism Minister Subodh Kant Sahai said India has set the target to attract another five million over the next

two or three years. Sahai said that the aim was to increase India's share in the international tourist arrivals from the present 0.6 percent to 1 percent – one billion travellers – by the end of 2016.

### **Rejuvenation**

The voyage to Indian heritage is incomplete without seeking mental peace and rejuvenation. India transforms and redeems the guest who comes to her lap; the myriad mental images that can be formed by the spiritual ecstasy emanating from the camphor of many faiths expressed in various festivals and melas including the magnificent Kumbh Mela.

India is home to numerous UNESCO designated World Heritage Sites like Hampi, Konark and Khajuraho, or the breathtaking Ajanta and Ellora Caves—one of the finest expressions of Indian artistic endeavour ever.

The tourists can ruminate over the ramparts of ancient forts and palaces that have withstood the test of time and tragedy. He can also get stupefied by the splendours

of Buddhist architecture in Sanchi, or the Mahabodhi Temple Complex at Bodhi Gaya; both designated as 'World Heritage Sites' by UNESCO; or be enthralled by the excavated site in Nagarjunakonda—the most extensive remains found anywhere of the international heritage of Buddhism—containing innumerable relics ranging from early Stone Age to the late medieval period.

The guest can amazingly moon over the gracious confluence of Mughal and Indian craftsmanship in Agra and elsewhere; or marvel at the magnificent Victoria Terminus in Mumbai—exemplar of the Indo-Saracenic style that flourished during the British Raj.

### Unending Delights

Be dazzled by Goa's Churches and convents, and perhaps sneaking in some time to soak up some sun on one of its idyllic beaches. Relax in the tranquil backwaters of Kerala—renowned for its ancient heritage of Ayurvedic treatments and spas— where blue waters converge across verdant paddy fields and tall coconut palms sway in the misty rain wondering whether Earth has snatched a fistful of rainbow from the sky. Also indulge in the melodic strains of Indian classical music, which traces its origins to hymns contained in the ancient sacred texts, the Vedas (4000-1000 BC), and evolving with Sage Bharata (c. 200 AD), perhaps the earliest known Indian musicologist, enunciating the navarasas (nine emotions) –love, humour, pathos, anger, heroism, terror, disgust, wonder and serenity.



*Palace on Wheels*

The 'great-outdoors' can include the rugged natural beauty in numerous national parks and sanctuaries, which are declared world heritage sites such as Kaziranga, Manas, or Keoladeo among others.

### Princely India

If the craving for mental thrill does not

subside, tap the Forts and Palaces of Princely India, some of which are now Heritage Hotels. Relive India, as it were, and see history through the eyes of these rare still-standing witnesses as perfect ensembles of India's cultural heritage and custodians of its history. They conjure up enthralling visions of a bygone era's grandeur accompanied by

## Enjoy the Royal Train Journey on 'PALACE ON WHEELS'

The Palace on Wheels is a 30-year old luxury tourist train of the Indian Railways to promote tourism in Rajasthan. The train service was refurbished in August 2009 with a new decor, itinerary and cuisine.

The train departs from New Delhi and during its eight day journey, travels around Rajasthan with stops in Jaipur, Jaisalmer, Jodhpur, Sawai Madhopur, Chittaurgarh, Udaipur, Bharatpur, and Agra. In the past, tickets for the Palace on Wheels were restricted to foreign nationals only by the Government of India, however, it was later opened up to Indians as well.

The concept of the Palace on Wheels was derived from the royal background of the coaches, which were originally the personal railway coaches of the erstwhile rulers of the princely states of Rajputana, Gujarat, the Nizam of Hyderabad and the Viceroy of British India.

There are 14 coaches in the train. Each of them is named after former Rajput states and matches the aesthetics and interiors of the royal past – Alwar, Bharatpur, Bikaner, Bundi, Dholpur, Dungargarh, Jaisalmer, Jaipur, Jhalawar, Jodhpur, Kishangarh, Kota, Sirohi and Udaipur. Facilities include a bar with selected Indian and international spirits, a lounge with a good collection of books, and a television and DVD player.

Each coach has four cabins (named saloons) with twin beds, wall-to-wall carpeting, air-conditioning, DTH satellite television, channel music, intercom, attached toilets, running hot and cold water, and personal attendants. The train has two restaurants, The Maharaja and The Maharani, with a Rajasthani ambience and serving continental, Chinese, Indian and Rajasthani cuisines.

World over tourists treat India as special because its platter is sumptuous – refreshing hill stations; fascinating beaches; enchanting wellness resorts; fastidious backwaters; melodious historical places; thought-provoking forts and monuments; proud cultural sites; dazzling houseboats; pleasure filled luxury hotels; royal splendour at heritage hotels; picturesque landscapes; well defined pilgrim circuits and what not

a sense of nostalgia to sojourn in the era that is never to return.

There is also the opportunity to relive that period and be spoilt; be pampered, and even if only for a fleeting, transient moment in history—be royal? There are umpteen heritage hotels that make you relive, albeit vicariously, the lives of Royals; to exhume their aura and revel in ‘regality’.

Soak in the luxury and opulence that was once the purview of Royalty. Sleep where the King slept; regale yourself with a royal repast on a silver platter; walk the corridors of erstwhile power; stalk the rooms where every wall has a tale to tell; and be allured by the romance, treachery, plot and connivance that was part and parcel of the palace intrigue. Live the heritage, and the phrase ‘Live Life King Size’ will never ring truer!

### Beaches

India’s natural beauty overwhelms anyone at the umpteen beaches that crisscross India’s 7000 km long coastline. Revel at the nature’s gift by lying on the smooth sandy beaches and soak in the warmth of the sun, or take a quiet walk barefooted to craft a great experience to calm the body. Most beaches have the cover of reputed hotel chains and resorts. They range from tropical beaches with silver or golden sand to coral beaches of Lakshadweep; Goa, Kerala, Andhra Pradesh, Gujarat, Maharashtra and Tamil Nadu.



*One of the Lakshadweep beach*

### Adventure Tourism

For the adventurous, nothing beats India as a destination. Snow capped Himalayas, erratic streams, safaris, water sports, elephant safaris, mountaineering, skiing, gliding, trekking, river rafting, etc are breathtaking.

The snow-capped mountainous of the Great Himalayas are ideal for adventure tourism. Jammu and Kashmir, Himachal Pradesh, Uttarakhand, Sikkim, and the upper fringes of West Bengal, are part of Himalayan mountainous region and the finest zones of adventure tourism. Besides the Himalayas, the Western Ghats and Eastern ghats of South India, and various wildlife sanctuaries and national parks are excellent zones for adventure tourism in India.

### Desert Tourism

The eerie beauty of a desert in Rajasthan’s Thar attracts millions of tourists from all parts of the world. Thar Desert is also known as the Great Indian Desert stretching into states of Rajasthan and northern Gujarat in an expanse of 800 km in length and 400 km in width.

Jaisalmer town that is mostly sandy or stony, lies at the heart of the Thar Desert. Rising from its sandy stretches is the magnificent fort of Jaisalmer, at city that has earned the place the sobriquet, Golden City. Around 42 km from Jaisalmer is the immensely famous Sam Sand Dunes. A camel safari trip to this place will be a lifetime experience to enjoy the magic of the desert. At the edge of the Thar Desert are cities of Jodhpur and Bikaner.

Undoubtedly, India’s charm cannot be captured in a few lines of passionate narrative. There is little exaggeration to say that India wields the magical power to change life in more ways than one ever imagined.

**Take the Indian journey now, and be mesmerised....**



*Caves of Ajanta & Ellora*



## Larsen & Toubro Infotech: Danish Origin, Indian Enterprise

**L**arsen & Toubro Infotech (L&T Infotech), one of the fastest growing IT Services companies, is a key part of Larsen & Toubro (L&T), a USD 11.7 billion company. L&T is India's 'Best Managed Company' with presence in the areas of engineering, manufacturing and financial services.

L&T was founded in Mumbai, India, by two Danish engineers, Mr. Henning Holck-Larsen and Mr. Søren K. Toubro in 1938. This is perhaps the only such instance of an Indian company having been founded by two Danes. To this date, L&T remains in the forefront of engineering, technology and infrastructure building initiatives in India. The Danish origin, culture and business relationships between L&T and the Nordic region are fresh and are an integral part of the L&T Group. So much so that the L&T Group Global Headquarters building (L&T House) in the southern part of Mumbai, India, houses the Danish Consulate.

Apart from our Danish heritage, L&T Group has strong relationships with Finnish, Norwegian & Swedish Trade bodies while L&T Infotech has a Nordic presence for over 10 years, with offices in Stockholm, Oslo, Espoo and Copenhagen. The Company has partnerships with several Nordic companies in Engineering & Financial sector.

The L&T Group's culture of openness, an all-pervasive commitment to quality, a strong learning and training culture is in sync with the work culture prevalent in the Nordic region.

L&T Infotech is ranked by NASSCOM (India's flagship association for the IT and Outsourcing industry) as 8th largest Indian software & services exporter from India and is also ranked 7th in DATAQUEST-IDC top 20 IT Best Employers Survey. L&T Infotech has over 1200 employees working for our Nordic clients and this experience puts us amongst leading Indian companies in this region. A significant number of our employees have been serving clients in Denmark for several years and have become an extension of clients' delivery teams.

L&T Infotech's unique brand differentiation is Business-to-IT Connect- which enables the Company to convert the business knowledge acquired, into a winning edge for clients, leading to faster time to market. By leveraging the heritage of our parent company, L&T, we draw upon our business knowledge in industries like Manufacturing, Financial Services and Energy to ensure that our IT services and solutions impact the business. Our domain knowledge arises by actually 'being' in the businesses and our clients recognize and value the business insight we bring and the impact it makes.

# Heritage India

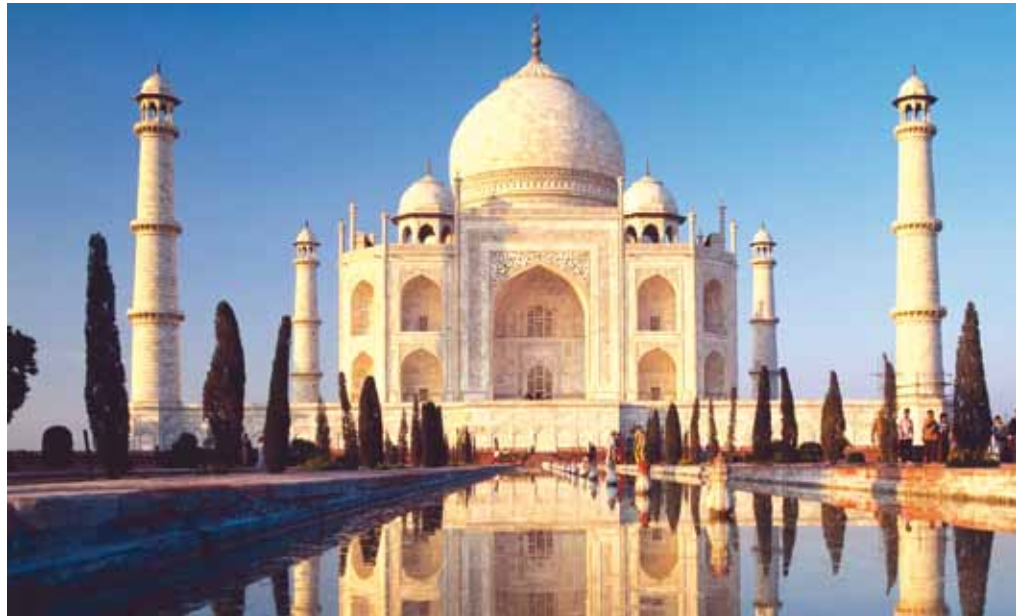
The idea of creating an international movement for protecting culture and heritage emerged after World War I. The United Nations Educational, Scientific and Cultural Organization (UNESCO) 1972 Convention on the Protection of World Cultural and Natural Heritage developed singularity from the merging of two separate movements: the focus on the preservation of cultural sites; and, the conservation of nature. Consequently, UNESCO initiated, with the help of the International Council on Monuments and Sites (ICOMOS), the preparation of a draft convention on the protection of cultural heritage. In India, 28 such sites have been listed thus far and are integral to the country's great living and cultural heritage.

## Forts & Monuments

**Red Fort of Agra:** The 16th century Mughal monument known as the Red Fort of Agra stands near the gardens of the Taj Mahal. Once the imperial city of the Mughal rulers, it houses many mesmerising palaces such as the Jahangir Palace and the Khas Mahal, audience halls and two beautiful mosques.

**Humayun's Tomb:** Constructed in 1565, it is a fine example of a Mughal garden-tomb and an inspiration for several monuments including the Taj Mahal.

**Qutb Minar:** Built in the early 13th century south of Delhi, the red sandstone tower



*Taj Mahal*

of Qutb Minar is surrounded by funerary buildings like the magnificent Alai-Darwaza Gate. It is a masterpiece of Indo-Muslim architecture.

**Red Fort:** Delhi's most famous and largest monument, the Red Fort (Lal Qila) is an imposing structure made of red sandstone, bulging with turrets and bastions.

**Jantar Mantar:** The observatory is the largest

and the best-preserved among the five built in India by Maharaja Jai Singh II in the 18th century in Jaipur.

**Taj Mahal:** With its shimmering white marble domes and exquisite craftsmanship, the Taj Mahal is India's pride and one of the world's greatest monuments. Built in 1632 by the Mughal emperor Shah Jahan in memory of his beloved wife Mumtaz, it is inlaid with marble and semi-precious stones inside and out.

**Fatehpur Sikri:** Built during the second half of the 16th century by Emperor Akbar, Fatehpur Sikri was the capital of the Mughal Empire for nearly a decade.

## Mountain Railways

The Darjeeling Himalayan Railway was opened in 1881. Its design is bold and applies ingenious engineering solutions to the problem of establishing an effective rail link across a beautiful mountainous terrain. The other attraction is the Nilgiri Mountain Railway, a 46-km long metre-gauge single-track railway in Tamil Nadu opened in 1908. The Kalka-Shimla Railway, a 96-km long, single track working rail link built in the mid-19th century to provide a service to the town of Shimla is symbolic of the technical and material efforts of that era. All three railways are still fully operational.

## Wildlife Sanctuaries & National Parks

**Kaziranga National Park:** In the heart of Assam, this is one of the last areas in eastern

*Sun Temple Konark*



India undisturbed by human presence. It is inhabited by the world's largest population of one-horned rhinoceroses, and includes other mammals like tigers, elephants, panthers and bears, and thousands of birds.

**Keoladeo National Park:** Once the duck-hunting reserve of the Maharajas, it has large numbers of aquatic birds from Afghanistan, Turkmenistan, China and Siberia. Some 364 species of birds, including the rare Siberian crane, have been spotted in the park.

**Manas Wildlife Sanctuary:** This sanctuary is home to a great variety of wildlife, including many endangered species such as the tiger, pygmy hog, Indian rhinoceros and Indian elephant.

**The Sundarbans:** Spread across 10,000 km<sup>2</sup> of land and water in the Ganges delta, it has the world's largest area of mangrove forests, including a number of rare or endangered species like tigers, aquatic mammals, birds and reptiles.

**Valley of Flowers:** This National park in the greater Himalayas is famous for its meadows of endemic alpine flowers and outstanding natural beauty. It shelters rare and endangered animals such as the Asiatic black bear, snow leopard, brown bear and blue sheep.

### Ancient India

**Ajanta & Ellora Caves:** The first Buddhist cave monuments dating back to the 1st and 2nd centuries BC, the paintings and sculptures of Ajanta are considered masterpieces of Buddhist religious art. Ellora, with its sequence of 34 monuments are from 600-1000 AD; a classic representation of ancient Indian



*Kaziranga National Park*

civilization devoted to Buddhism, Hinduism and Jainism.

**Mahabalipuram:** A group of sanctuaries built by the Pallava kings and carved entirely out of rock during the 7th and 8th centuries is renowned for its chariots, cave sanctuaries, and giant open-air reliefs.

**Sun Temple, Konark:** A monumental representation of the sun god Surya, the 24 wheels of the chariot are decorated with symbolic designs and are led by a team of

six horses. Built in the 13th century, it is one of India's most famous Brahman sanctuaries.

**Hampi Group of Monuments:** Historical records date the site back to the 1st century. Its fabulously rich princes built Dravidian temples and palaces that won the admiration of travellers between the 14th and 16th centuries.

**Khajuraho Group of Monuments:** The temples at Khajuraho were built during the Chandella Dynasty during 950-1050 AD and represent a perfect balance between architecture and sculpture.

**Elephanta Caves:** Located on the tranquil and forested island of Elephanta on Mumbai's eastern shore, these caves are beautifully chiselled into a rock cliff and date back to 5th-8th centuries AD. Some great masterpieces of Indian sculpting can be seen here.

**Chola Temples:** Built by kings of the Chola Empire, the site includes three great 11th and 12th century temples: Brihadisvara Temple at Thanjavur; Brihadisvara Temple at Gangaikondacholisvaram; and Airavatesvara Temple at Darasuram.

**Pattadakal:** These temples represent the high point of an eclectic art during the 7th and 8th centuries under the Chalukya dynasty, with a harmonious blend of architectural forms from northern and southern India. One outstanding masterpiece is the temple of Virupaksha.

**Sanchi:** On a hill overlooking the plain and about 40 km from Bhopal, the site of Sanchi comprises a group of Buddhist monuments (monolithic pillars, palaces, temples and monasteries) from the 2nd and 1st centuries BC. It is the oldest Buddhist sanctuary in existence.

*Ajanta & Ellora Caves*





# India's Growth and Economy

**T**he story of post-Independence India since 1947 is one of the most interesting in world history. Given that the country spent many decades since then, trying to shake off its colonial legacy and stand on its own, India's culture of entrepreneurship in trade and business was reignited. A closed market economy until the 1990s, India opened its doors to foreign investment through the multilateral trade agreement via the World Trade Organization (WTO), including many bilateral and regional trade agreements that followed. The crux of all these negotiations set the stage for India to maximize its economic potential and emerge a rising global powerhouse from the sub-continent, courtesy of its educated and tech-savvy population.

## Trade Policy

In recent years, India has enjoyed one of the highest growth rates worldwide, weathering the global financial crisis better than many other countries. Growth received a further boost with the comprehensive domestic and external market-oriented liberalisation measures taken in the early 1990s. Real GDP growth rose to over 9% by the mid-2000s, a pace second only to China among the large emerging market economies. India continues to reap benefits from the process of trade liberalization and structural reform initiated in the early 1990s. This contributed to the high GDP growth rates achieved, the resilience of the Indian economy to the global financial crisis, and the expansion of both exports and imports. India responded to the global

Real GDP growth rose to over 9% by the mid-2000s, a pace second only to China among the large emerging market economies

crisis by implementing an important stimulus package consisting of increased spending, lower excise and customs duties, and support measures.

India uses trade policy actively, sometimes as an instrument to attain its long-term goals, such as promoting overall economic growth, or fostering industrialization, development, or self-sufficiency. India aims at providing a stable trade policy environment to attain these goals. In certain circumstances, however, India also makes use of trade policy instruments to attain short-term objectives, such as containing inflation, which may detract somewhat from the stability sought, as this requires constant fine tuning of policies, rendering the trade regime more complex and creating additional costs.

India's trade policy objectives are stipulated in its Foreign Trade Policy (FTP), issued every five years, but revised periodically, through the issuance of notifications, to take into account internal and external factors. In its 2000-2009 FTP, India highlighted the need to expand trade, setting two objectives: to double India's share of global merchandise trade within five years and to use trade expansion as a policy to promote economic growth and employment generation. In the context of the global crisis, India has sought to arrest and reverse the declining trend of exports and to provide additional support especially to the sectors hit badly by the global recession, as asserted in the 2000-2014 FTP. India's short-term objective, in accordance with the latest FTP, is to achieve annual export growth of 15%; the long-term objective is to accelerate export growth to 25% per annum and double India's share in global trade by 2020 (WTO 2011)

Measures to attract foreign direct investment (FDI) have included gradually increasing the number of sectors in which FDI is permitted. A recent consolidation of all prior regulations on FDI is aimed at clarifying India's FDI policy and provides for better understanding and predictability of the foreign investment rules among foreign investors.

### Economic Analysis

Asia and the Association of Southeast Asian Nations (ASEAN) region is India's largest trading partner. Asia and ASEAN region account for about 58% of India's trade (exports and imports) while Europe and America, together, account for around 31% of India's trade (NIC 2011). India's services exports continue on their successful growth path in the last four years. Services exports reached US\$106 billion in 2008-2009 with a growth of 17.3% over the previous year (Gopalan and Rajan 2011).

Strong macroeconomic fundamentals and a liberal foreign investment regime have made India an attractive destination for foreign investment. This is evident from the fact



India's services exports continue on their successful growth path in the last four years. Services exports reached US\$106 billion in 2008-2009 with a growth of 17.3 percent over the previous year

that India has witnessed a significant rise in foreign investment inflows since 2003-2004. During 2009-2010, stronger recovery in India ahead of the global recovery, coupled with positive sentiments of global investors on India's prospects, induced a revival in capital inflows. This was driven mainly by foreign institutional investment, with net inflows of US\$29 billion in 2009-2010, representing a major reversal from the outflow of US\$15 billion recorded during the previous year. FDI was directed mainly into the services, telecommunications, computer software and hardware, construction, housing and real estate sectors.

India has a young population profile. The population in the working age group of 15-64 years is projected to increase steadily from 62.9% in 2006 to 68.4% by 2026 (Kapila, 2009), leading to a decline in the dependency ratio. This demographic dividend is expected to give India an edge in the increasingly competitive global environment. India's policies focus on empowering its young population. A National Skill Development Policy was initiated in 2010, which sets an ambitious target of equipping nearly 500 million persons with improved skills by 2022 for enabling access to decent employment and ensuring India's competitiveness in a dynamic global labour market. In addition, India has set up a three-tier structure of

coordinated action on skill development through: (i) the Prime Minister's National Council on Skill Development; (ii) National Skill Development Coordination Board; and (iii) National Skill Development Corporation. The Prime Minister's National Council on Skill Development was set up to outline the core operating principles with an emphasis on making skills bankable for all sections of society, including the poorest of the poor.

Innovation holds the key to sustainable growth, inclusiveness and competitiveness. The decade 2010-2020 has been declared the "Decade of Innovation". A National Innovation Council was constituted in 2010 with a mandate to formulate a Roadmap for Innovation for the decade 2010-2020. The aim of the Council is to bring about a change in the mindset and create a congenial environment at the grassroots level to encourage a greater role for those engaged in innovative activities in education, business, government, NGOs, urban and rural development, in shaping a national level innovation strategy, going beyond formal R&D.

Given these positive steps both at the national and international level, India's economic future is bright. While global integration is key; bilateral and regional arrangements are also equally important and will help drive the country in the long-term.

# Investment Opportunities in India

Thanks to a growing economy and sustained growth rate, India has created tremendous investment opportunities in various sectors. We begin by looking at the broad policy framework that will shape how these opportunities can be utilised. Further, there is sector-specific analysis of these possibilities, in a scope-document format for potential investors.

## Investment Policy

An objective of the Government of India is to attract foreign investment for growth and development. India has evolved a liberal and transparent policy on foreign direct investment (FDI). The liberal investment regime is complemented by a moderate and stable tax regime. Tax holidays and other such special incentives are available for investment in certain sectors like infrastructural projects. A single window facility in the form of a Foreign Investment Promotion Board (FIPB) has been made available to foreign investors seeking approval for investment proposals. India already has in place a stable investment policy with a long-term perspective, which has boosted the confidence of foreign investors in India's investment policy.

India's FDI policy has been progressively liberalised and rationalised since 1991 by raising sector-specific investment caps, bringing more industries under the automatic route and allowing FDI in more sectors. In 2000, the Government allowed FDI up to 100 percent under the automatic route for most sectors except for a few. Further liberalisation took place in 2008, when the Government allowed FDI in most sectors of the economy, either through the Government approval route or the automatic route via the Reserve Bank of India (RBI). This included allowing the raising of FDI caps in the civil aviation sector and rationalisation of FDI policy in the petroleum and natural gas sectors. Since 31 March 2010, the Department of Industrial Policy and Promotion has been publishing a bi annual consolidated FDI policy circular, integrating all regulations pertaining to FDI policy.

## Investment Overview

Recent reports show that India's infrastructure financing requirements and the new manufacturing policy will open up US\$ 1 trillion worth of opportunities for global investors in the next five years. This was stated by Economic Affairs Secretary R. Gopalan at a panel discussion on 'Innovative



An objective of the Government of India is to attract foreign investment for growth and development. India has evolved a liberal and transparent policy on foreign direct investment (FDI). The liberal investment regime is complemented by a moderate and stable tax regime

Approaches to Financing our Infrastructure Needs', organised by Confederation of Indian Industry (CII) and Brookings Institution in June 2011. India plans to invest \$1 trillion on infrastructure, which is critical for sustaining high economic growth. The Government is in the final stages of formulating a manufacturing policy to increase the share of manufacturing to 25 percent of the GDP, up from the current level of about 16-17 percent. Besides simplifying the process of doing business in India, the Government is also contemplating tax sops for investors in the proposed policy.

With India's economy continuing its rapid growth, the Diversified Industrial (DI) sector is well-positioned to benefit. Significant market potential for consumer and industrial products, abundant skilled

workforce, including established presence in key markets like manufacturing and steel, have propelled India-based companies to global leadership positions. India continues to be hub for not only outsourcing, but also value innovation in areas like engineering and design. India's industrial manufacturing sector is an important element of the economy with the world's second largest petrochemical facility; the world's lowest cost steel producer; and one of the top manufacturers of vehicles in almost every single category.

## Energy Sector

The Ministry of Power signed an MOU with the International Energy Agency (IEA) in April 1998 for cooperation in the power sector. India is one of the few non-member countries of the IEA and cooperation focuses on the

following key areas: Energy information and statistics; Energy supply security; Energy efficiency; Energy; Environment; Energy Pricing, etc. There has been close interaction with the IEA ever since, jointly organising a number of events including workshop on Coal and Electricity, Standards and Labelling, Energy efficiency; and Building codes.

India is also working with the IEA to put the case across for treatment of hydro power projects, irrespective of their size. Despite the recognition that gas is an environmentally benign source of energy, its availability at the right price has been the key issue which has acted as a deterrent for the power sector in setting up ambitious gas based power projects. To track the developments in the international gas markets, the IEA is expected to draw out various scenarios and projections for availability of gas.

### Software Industry

The reason why India attracts so many investors in this sector besides capability is due to the fact that most software companies in the country are Capability Maturity Model (CMM) certified. The Business Process Outsourcing (BPO) and the Knowledge Process Outsourcing (KPO) are two sectors enjoying a fast paced growth rate. It is estimated by NASSCOM that by year-end 2012, the BPO industry alone will reach a value of US\$30 billion. The KPO industry is following suit and it is predicted that it will reach the figure of US\$10 billion by year-end 2012.

### Education

The Indian Education industry is another sector poised for rapid growth. There are many private players in this field now, and the Government is making sure that the quality of education and supplies provided by them are good. The main reason why education is a thriving industry in India is evident: 50 percent of the Indian population comprises the youth; and there are 367 universities in the country and nearly 18,000 colleges. Many international schools are entering this sector every year.

### Food Processing

The food industry is one of the most important sectors in India since it bridges the gap between agriculture and industry. It is among the largest in the world and enjoys patronage from the Government as well as private players and even cooperative sectors. There are also stringent rules and government bodies have been established to see that the industry functions as it should. Even the Government ensures steady investment in this sector by introducing various changes in the 'National Food Processing Policy'.



### Conclusion

Overall, the investment climate in India is good and steadily improving to accommodate more sectors and players. The high growth rate of India's economy and well-positioned policies also ensure that FDI is channelled in the right direction, benefiting both investors and consumers across the board.



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Fax : +(91) 44 2632 2001/26642898  
E-Mail : [tb@ke-burgmannindia.com](mailto:tb@ke-burgmannindia.com)  
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# TATA CONSULTANCY SERVICES

## Tata Consultancy Services' history and growth plans in Denmark



**Kathiravan Palaniappan**  
Country Manager – Denmark Tata  
Consultancy Services

### About Tata Consultancy Services (TCS)

Tata Consultancy Services is an IT services, consulting and business solutions organization that delivers real results to global business, ensuring a level of certainty no other firm can match. TCS offers a consulting-led, integrated portfolio of IT, BPO, infrastructure, engineering and assurance services. This is delivered through its unique Global Network Delivery Model™, recognized as the benchmark of excellence in software development. A part of the Tata Group, India's largest industrial conglomerate, TCS has over 226,000 of the world's best trained consultants in 42 countries. The Company generated consolidated revenues of US \$ 8.2 billion for year ended 31 March, 2011 and is listed on the National Stock Exchange and Bombay Stock Exchange in India.

### About Tata Group

TCS is part of Tata group, which comprises over 100 operating companies in seven business sectors: communications and information technology, engineering, materials, services, energy, consumer products and chemicals. The Tata Group has operations in more than 80 countries across six continents, and its companies export products and services to 85 countries.

Tata Group has 5 companies which operate in the Nordic region. Tata Steel Corus Steel: Significant presence as a steel supplier for major Nordic manufacturing companies, 50+ year relationship with Volvo. Tata Consultancy Services (TCS): Over 22 years of history, servicing Nordic customers. Tata Motors: Recently acquired Miljøbil in Norway for manufacturing "green" cars, global owner of Jaguar and Land Rover. Tata Communications: Wholesale ILD provider. Tata Global Beverages: Since 2001, Tetley Tea distributed through partnership with Arvid Nordquist.

### TCS in the Nordic Region

Robust growth positions TCS as a mainstream IT player in the Nordic region. TCS has over 4 000 consultants servicing more than 75 Nordic clients, such as ABB, Bang & Olufsen, DNA, Ericsson, FMC Technologies Subsea Systems, MAN Diesel, Nokia Siemens Networks, Rolls Royce Marine, Telenor Norway, Unibet etc. TCS has also a strong client portfolio across industries and Nordic countries. TCS is a partner to key brands in each industry and each Nordic country and is represented in the Nordic region through 5 offices (Copenhagen, Stockholm, Helsinki, Oslo and Reykjavik)...

TCS has been working with the Danish and Nordic market for more than 20 years and has over 600 consultants servicing Danish clients. TCS is servicing end-to-end needs of Danish and Nordic clients through rich service portfolio. These clients use TCS' end-to-end capability across service lines such as Consulting, Outsourcing, Enterprise Solutions, Testing, BPO and Engineering to get higher returns on its supplier relations.

TCS is also building strategic partnerships in the Nordic region and has strengthened its local capabilities in order to adapt to the local business conditions. TCS has invested in senior experienced local managed services consultants, local offices and local delivery capabilities.

### Business goals for Denmark

TCS' business goals for Denmark are to keep growing and helping Danish companies compete on the global market. As we provide value to Danish clients, we believe that TCS' growth will follow naturally. TCS ambition is to be among the top 10 IT service providers in the Nordic region.

We think that many markets, including Denmark, needs top IT and business process competence in order to stay competitive. Also, an

increased awareness of the great potential with IT, has contributed to create a heavy demand for top IT competence. With high maturity process, best trained consultants and an innovative workforce, Danish enterprises can gain a lot by leveraging TCS both locally and globally.

### **Tata Consultancy Services has the most satisfied customers in the Nordic region**

TCS was recently ranked as the number one service provider across the entire Nordic region on key performance indicators (KPIs) surveyed in KPMG / EquaTerra's Nordic Region Service Provider Performance & Satisfaction Study 2011. This was TCS' second concurrent year in the top position. The independent report is an annual vendor performance survey completed by CIOs and CXOs representing the top 300 Nordic companies in terms of their IT expenditure and ranking 23 leading service providers in the region on the basis of client feedback.

TCS had consistently high industry scores on all major KPIs including Customer Satisfaction, Recommendation, Quality, Flexibility, Innovation, Relationship Management (strategic), Risk and Transition Management and Governance. The company was ranked number one for general satisfaction in the Nordic region, attaining a general satisfaction rate of 79 percent (significantly above the average industry satisfaction rate of 69 percent).

This shows the delivery maturity and leadership focus towards long-term commitment to our customers, which is very much required for any service provider in any market.

### **A good supplier to Danish companies**

We believe that being a good supplier to Danish companies, is to focus on the strong foundation of delivering excellence, innovation and talent management, combined with global expertise across industry verticals and services spanning across almost all known technology areas. This provides Danish enterprises the ability to compete successfully in today's global marketplace.

### **Academic relationships**

Tata Consultancy Services has relationships with leading Northern European academic institutions in R&D and business areas. These include Copenhagen Business School and the IT University of Copenhagen in Denmark, Mälardalens Högskola in Sweden, Tampere University and Helsinki University of Technology in Finland. TCS also supports AIESEC.

### **TCS is successful in Denmark & the Nordic region**

TCS is successful in Denmark and the Nordic region because Danish and Nordic customers are looking for a service provider who can provide a highly competent team with relevant experiences supported by a committed leadership team. TCS has over 226 000 of the world's best-trained consultants with relevant industry and technology experiences who can be leveraged in Denmark and the Nordic region.

We have a flexible delivery model, where local and global competences can be utilized in the best way possible for each project. Also, we are a large company with well established processes, which gives our clients access to top expertise in a very efficient way.

It is TCS's focus on its people; process and technology that has helped it to build and maintain its cutting edge in an ever-changing industry. Every technology service provider company needs to look at how you manage your people, process and technology. In our business, people are the biggest differentiators; we need process maturity and technology functionality. All of these have to be scalable and robust, to maximize growth.

Every consultant is empowered to look for opportunities to contribute to project success beyond their normal project duties. The project ownership for our projects lies with our project managers. They have the necessary mandate to deliver the project with highest quality within a given budget and on time with the support of the local and global competences available.

Above all, we are focused on providing a client experience that goes beyond the frames of the contract. Within TCS, we have a culture where customer satisfaction always comes first. This is something that TCS has built up over years since the start and that we will continue to develop. This is again showed in the KPMG / EquaTerra's Nordic Region Service Provider Performance & Satisfaction Study 2011.

With the right project team and committed leadership team, the entire organization is geared to think of possible ways to add value to the customers and to the communities we serve.

**For more information please contact us or visit us at [www.tcs.com](http://www.tcs.com).**

**Kathiravan Palaniappan**

**Country Manager – Denmark Tata Consultancy Services**



# PHOTO FEATURE



*Hon. Speaker of Lok Sabha Smt. Meira Kumar signing the Guest Book at the Danish Parliament on 17 June 2011 in the presence of Hon. Thor Pedersen, former President of the Danish Parliament; Ambassador Ashok Kumar Attri and Members of Parliament*



*Ambassador Ashok Kumar Attri and Mrs. Usha Kiran Attri greeting Queen Margrethe II of Denmark and other Royal Family members on the occasion of the New Year on 3 January 2012*



*Hon. Speaker of Lok Sabha Smt. Meira Kumar and the Indian Parliamentary Delegation at the Museum of National History of Denmark at Frederiskborg Palace, Hillerod, on 17 June 2011*



*Mrs. Usha Kiran Attri addressing Spouses of Ambassadors at lunch hosted by her at India House on 24 October 2011*



*Ambassador Ashok Kumar Attri addressing the invited guests at the Independence Day Reception at India House on 18 August 2011. Photo by Hasse Ferrol*



*Ambassador Ashok Kumar Attri and Mrs. Usha Kiran Attri with members of the Copenhagen International Club at dinner hosted by them at India House, on 15 September 2011. Photo by Hasse Ferrol*



*Ambassador Ashok Kumar Attri and Mrs. Usha Kiran Attri with guests at the Elephant Parade on 28 April 2011*



*Ambassador Ashok Kumar Attri & Mrs. Usha Kiran Attri with Mr. Finn Kjaersdam, President of Aalborg University, Mr. M.D. Tiwari, Director of IIT Allahabad, and Prof. Ramjee Prasad, Director, CTIF, Aalborg University, on the occasion of signing of a MoU on Academic Cooperation between the Aalborg University and IIT Allahabad*

# PHOTO FEATURE



*Mrs. Usha Kiran Attri participating in the International Gala Festival of National Fare, celebrating UN Day, organized by the Cultural Confederation of Foreign Societies [KUKS] at the Copenhagen Town Hall on 21 October 2011.*



*Ambassador Ashok Kumar Attri and Mrs. Usha Kiran Attri with Indian community and PIOs on the occasion of Gandhi Jayanti on 2 October 2011, at Gandhi Square, Copenhagen*



*Ambassador Ashok Kumar Attri and Mrs. Usha Kiran Attri with BK Sonja, BK Suman Kalra and BK Salman at India House on 24 September 2011*



*Ambassador Ashok Kumar Attri & Mrs. Usha Kiran Attri with Dr. Gordhan Rajani and Mrs. Gudran Rajani at their home on Faroe Island*



*Ambassador Ashok Kumar Attri with Dr. Jan Ifversen, Head of the Department of History & Area Studies, and Prof. Uwe Skoda, Chairperson of the Board of Contemporary Indian Study Centre Aarhus (CISCA), Aarhus University, Aarhus, on 25 February 2011*



*Ambassador Ashok Kumar Attri & Mrs. Ushal Kiran Attri with Mr. Sukhdev Singh Sandhu at the Baisakhi celebrations organized by Indian Cultural Society on 16 April 2011*



*Ambassador Ashok Kumar Attri & Mrs. Usha Kiran Attri with Gulabo Sapera and her troupe, Musician Anwar Ahmed Khan and guest at the Independence Day celebration in the Embassy on 15 August 2011. Photo by Hasse Ferrold*



*Ambassador Ashok Kumar Attri & Mrs. Usha Kiran Attri with the Bhangra Troupe who performed at the International Gala Festival of National Fare organized by the KUKS on 21 October 2011*



## Scope for Growth – Indian Beverages

The beverages market in India is steadily on the rise, predominantly reflected by changing lifestyles and as a combination of domestic production and imports. Once relatively segregated and confined to class stereotypes, the consumption of beverages like wine and beer is increasing.

### India's Wine Market

Wine consumption in India is on the rise and is forecasted to grow at a compounded annual growth rate of 27 percent from 2012 onwards. India has emerged as one of the fastest growing markets for wine consumption on the global map. With a population base of just over 1.1 billion, the consumption of wine is extremely low, indicating vast potential for future growth. Besides a low consumption level, various other factors such as increasing disposable income, amplified wine marketing and influence of western culture have given a new turn to the wine consumption pattern in India.

The Indian Wine market is largely dominated by domestically produced wine and imports account for a lower share in the total consumption. The sales of domestic wines will continue to dominate the Indian wine

market over some time, but high growth will also be seen in the consumption of imported wine. The consumption of imported wines will rise at a compounded annual growth rate (CAGR) of around 33 percent in 2012, well above the industry's present overall growth.

The wine market in India today is still in its nascent stage. The industry is just over one million cases of wines manufactured in India and 0.15 to 0.2 million cases of imported wines. The value of the Indian wine market is around 2 percent of the total alcohol beverage industry. A lot needs to be done in terms of education, awareness and demystifying wine as a product. The scenario is changing rapidly: A large number of Indians have the right consumer profile to embrace wine as a lifestyle beverage. Once the privilege of the educated elite, today potential lies within the growing middleclass that is taking advantage of increased disposable income to enjoy more comfortable lifestyle. The rise in consumption can also be attributed to factors including the perception of health benefits produced by wine; the fact that wine is lower in alcohol than spirits. India is switching from whiskey to wine and beer. Also big retail chains in certain states are now allowed to sell wines.

Up to 80 percent of wine is consumed in the major Indian cities like Mumbai (39%), Delhi (23%), Bengaluru (9%) and Goa (9%), with the remaining 20 percent sold in the rest of India.

More and more people are drinking wine. Every new and established restaurant in the cities has extensive wine lists and awareness about this product is growing rapidly. Women are drinking in much larger numbers, and often their first choice of beverage is often wine. Most of India's imported wine comes from France, Italy, Australia, Chile, US, South Africa and New Zealand. France has the biggest market share of approximately 40 percent followed by Italy (15%) and Australia (12%).

There are basically three types of wines available in India:

- Premium Wines (Still Wines): In this category the Indian market is divided mainly into two major categories - White and Red wines;
- Sparkling Wines: This wine is generally considered to fall within the white wine category by many consumers; and,

- Fortified wines.

Further, all the wines available in the above categories are divided in the following three broad categories:

- Domestic Indian Wine: This is the wine that is produced from Indian grapes and bottled in India by the domestic wineries;
- Foreign Bulk Wine Bottled in India: A few large domestic producers import bulk wine and bottle it in India;
- Foreign Wine Bottled in origin: More than 200 brands are currently available in this category and they are imported by domestic players.

India has 123,000 acres of vineyards, of which only 1 percent are used for wine production. The following three wine companies are currently producing wines in India – Chateau Indage Limited (Pune); Grover Vineyards Limited (Bangalore); and Sula Winery (Nasik). Combined, they produce approximately 150,000 cases in total. The overall consumption of wines in India is about 400,000 cases a year of which 85 percent are table wines and the remaining are the expensive varieties. Out of the 400,000 cases, about 50,000 are imported from various sources.

### Beer Market

The Indian Beer Market is the second fastest

growing segment after wine in the Indian alcoholic beverage industry, which has seen a phenomenal growth in the last five years. The Indian beer industry has been witnessing steady growth of 10-17 percent per year over the last 10 years. The rate of growth has increased in recent years, with volumes passing 192 million cases during the 2009-2010 financial year. With the average age of the population on the decrease and income levels on the increase, the popularity of beer in the country continues to rise. The Beer market has been segmented into strong beer and mild beer on the basis of their alcohol content. The market is dominated by United Breweries (UBL) and SABMiller.

According to company statistics, UBL currently has over 50 percent share of India's beer market, estimated at over 200 million cases while SABMiller India has around 30 percent. Estimates by Euromonitor International, the London-based market research company, say that the market share by volume of UBL, whose brands include Kingfisher, UB Export and Kalyani Black Label, grew to 45.4 percent in 2010 from 43 percent in 2006. On the other hand, SABMiller's share, with Haywards, Fosters, Royal Challenge and Knock Out, declined to 31.8 from 36.5 percent in the same period. UBL's top brand Kingfisher alone had around 40 percent market share in 2010. Varun Lohchab from Religare Capital Markets

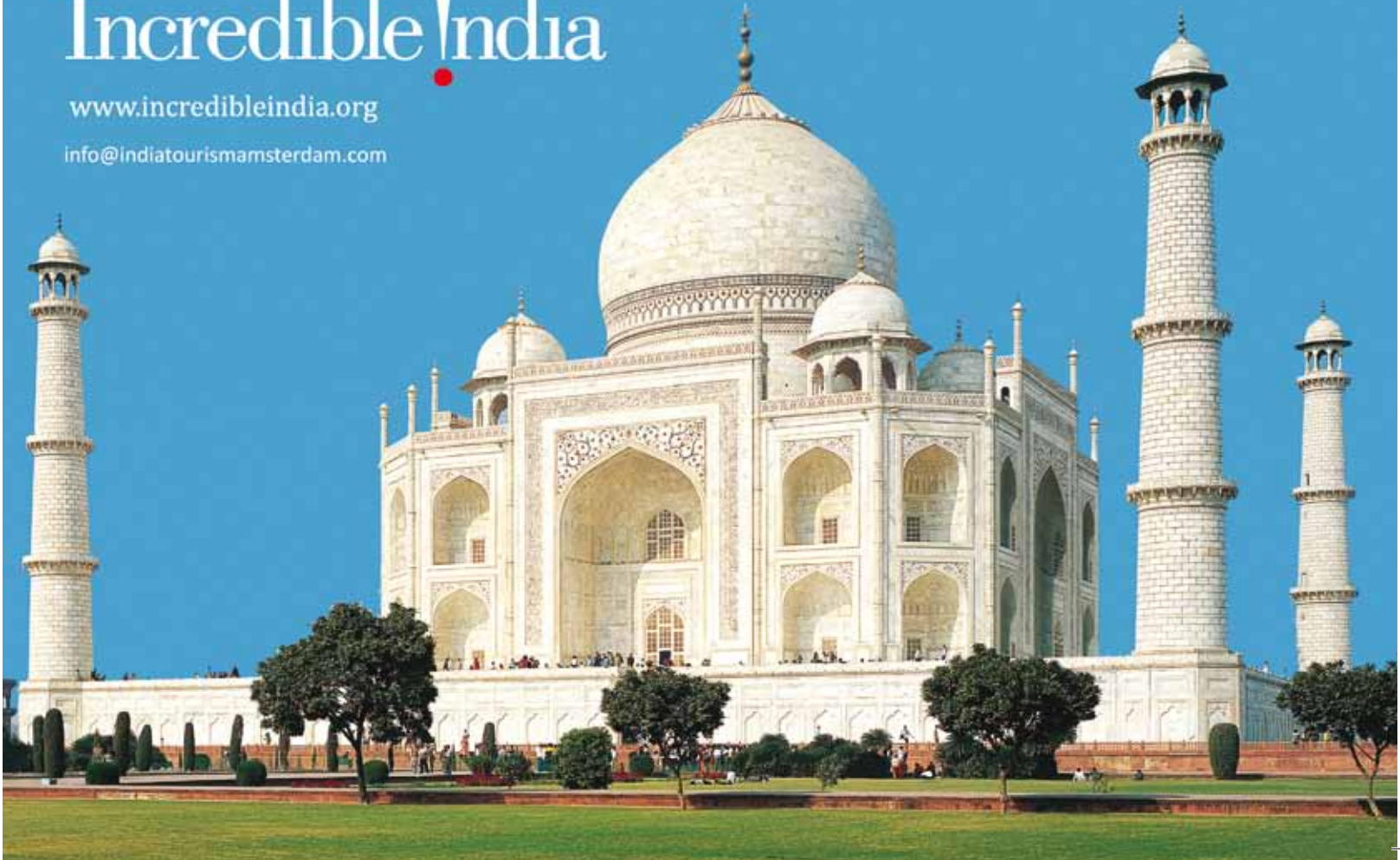


points out that the Heineken launch would complete the company's beer portfolio in all price segments. The edge for Heineken would be UBL's country-wide manufacturing and distribution network in what has traditionally been a difficult market for newcomers, as beer is taxed at par with spirits, which makes it expensive, besides varying regulations from state to state and a restriction on advertising.

# Incredible India

[www.incredibleindia.org](http://www.incredibleindia.org)

[info@indiatourismamsterdam.com](mailto:info@indiatourismamsterdam.com)





# India's Shipping Industry

**M**aritime transport plays a vital role in India's development and includes ports, shipping, shipbuilding and ship repair, and inland water transport systems. According to the Ministry of Shipping, approximately 95% of the India's trade by volume, and 70% by value, is moved through maritime transport. Ports act as an interface between ocean transport and land transport. India has 12 major ports - Kolkata (including Dock complex at Haldia), Paradip, Vishakapatnam, Chennai, Ennore, Tuticorin, Cochin, New Mangalore, Mormugao, Jawaharlal Nehru at Nhava, Mumbai, and Kandla, and 187 minor ports.

## Maritime Sector

In the past few years, there has been a massive growth in LNG trade globally. The growth is mainly due to the energy demands of the emerging economies, particularly India and China, and due to the fact that LNG is relatively safe and environmentally friendly. Even in the event of spillage, LNG evaporates quickly and has no long term adverse effect on the ecosystem, and so poses little or no risk to environment. The non corrosive nature of LNG makes the life of an LNG carrier longer than other types of carriers.

Currently, India has two LNG terminals, with few more that are planned or proposed. India started receiving LNG shipments in January 2004 with the start-up of the Dahej terminal in Gujarat. Indian shipping industry currently does not own any LNG vessels; one of the main reasons is attributed towards the cost of acquisition of LNG vessels. With a capacity of about 135,000 cubic metres, a LNG vessel cost at least US\$ 200 million in the international market. Therefore, the Indian shipping industry is currently exploring this area through joint ventures. Shipping Corporation of India (SCI) has identified carriage of LNG as one of its main growth areas, and has emerged as the first Indian shipping company in LNG transportation, through global agreements.

The need to develop transshipment hub ports in India was documented by the Planning Commission in its 10th Five Year Plan. The Vallarpadam terminal in Cochin has been identified as a transshipment terminal for the sub-continent by the Government. At present, the containerized cargo, to and from India, is transhipped through the ports at Colombo, Dubai, Singapore and Salalah.

Maritime transport plays a vital role in India's development and includes ports, shipping, shipbuilding and ship repair, and inland water transport systems.

According to the Ministry of Shipping, approximately 95 percent of the India's trade by volume, and 70 percent by value, is moved through maritime transport

The Maritime Agenda document has set the following as targets to be achieved by 2020 - to achieve a global market share of 5% by 2020; to develop a strong ancillary base in India by 2020; to generate additional employment for 2.5 million persons (0.5 million direct and 2.00 million indirect) by 2020 in the core shipbuilding, ancillary and supporting industry sectors; to develop strong R&D facilities and design capabilities for the commercial shipbuilding; to be self-sufficient in ship repair requirements of India and to emerge as a dominant ship repair centre replacing Colombo, Dubai, Singapore and Bahrain; to achieve a share of 10% by 2020 in global ship repair.

### Coastal Shipping

This sub-sector is a crucial component in the development of domestic industry and trade in India. With India's 7517 km long coastline and hundreds of domestic ports, this alternative mode of transportation could add a greater boost to the overall shipping industry in the country. According to a study conducted by Tata Consultancy Services, the potential of coastal shipping is tremendous. Efforts are being made to develop minor ports around the country. To promote coastal shipping, home trade vessels and sailing vessels have been exempt from the payment of lighthouse dues under the Lighthouse Act of 1927. At present, there are 171 lighthouses in the country from just 17 prior to Independence, including Chain Stations, Racons, Deep Sea Lighted Buoys and Installations. All of these fall under the Differential Global Positioning System.

### Shipbuilding & Ship-repair

Currently, India has around 32 shipyards owned by the Central Government, State Governments, public listed private shipyards



and privately. Although India occupies a small percentage of the global shipbuilding market, the Indian shipbuilding industry is well positioned for growth. According to a study by the Indian Shipbuilders Association, the industry can grow at a rate of more than 30%, and this rate of growth could be achieved through supportive measures by the Government, including incentives for shipyards. As growth in international trade results in increased global and domestic demand for new vessels, Indian shipyards have certain advantages over shipyards in developed nations. India possesses a large pool of technical workers, and its cost of workforce is relatively low, compared to most

other shipbuilding countries. Apart from this, the Indian navy usually gives orders to Indian shipyards based on national interests. This will also act in favour of the Indian shipbuilding industry.

Shipbuilding acts as a catalyst for overall industrial growth due to spin offs to other industries, including steel, engineering equipments, port infrastructure, trade and shipping services. The indirect potential of shipbuilding industry in employment generation and contribution to GDP is therefore tremendous. The dynamics of India's economic growth will continue to create demand for new ships, and ship-building capacity within the country needs to be augmented to cater to this demand. If the domestic ship-building capacity is augmented, the benefits to the economy would be manifold, with spill over effects on other associated/ancillary sectors.

The global ship repair market is estimated to be worth US\$ 10 billion-US\$ 12 billion, with Singapore holding a share of 20%. Since India is located strategically on the international trade route, the country can offer ship repair and maintenance services to ships plying from west to east in the trade route. This represents increasing market potential for the ship-repair business, as ship owners may prefer to repair their ships without deviating from their trade routes. Currently, ship-repair is primarily undertaken in Dubai Dry docks, Singapore, Bahrain and Colombo dockyards. The Ship-repair industry in India will also get business from the Indian shipping industry, which has about 50% of ships owned, older than 20 years. As the older ships require more frequent and extensive ship-repair and maintenance, Indian ship yards could gear themselves to service them.





# India's Healthcare Sector

**H**ealthcare is one of India's largest sectors, both in terms of revenue and employment, and is growing rapidly. During the 1990s, Indian healthcare grew at a compound annual rate of 16 percent. Today the total value of the sector is more than US\$34 billion. This translates to US\$34 per capita or approximately 6 percent of GDP. By 2012, India's healthcare sector is projected to grow to nearly US\$40 billion. The private sector accounts for more than 80 percent of total healthcare spending in India.

## Pharmaceutical Industry

At present, India's pharmaceutical sector is at the forefront of the country's science-based industries with wide ranging capabilities in the field of drug manufacturing and technology. It ranks very high among the developing countries, particularly in terms of technology, quality and the range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made in the country.

Playing a key role in promoting and sustaining development in the vital field of medicines, the Indian pharmaceutical industry's production units are approved by regulatory authorities in the US and UK. International companies associated with this sector have stimulated,

assisted and spearheaded this dynamic development in the past 53 years. By the year 2015, the sector is expected to be the third largest in the world with an output of US\$20 billion. Above all, the Government of India has placed many schemes for the development of the pharmaceutical industry with tax breaks, proper clinical and new procedures for the manufacturing of drugs. Currently, some of the leading companies in the sector are: Ranbaxy; Dr. Reddy's Laboratories; Cipla; Sun Pharma Industries; Lupin Labs; Aurobindo Pharma; GlaxoSmithKline Pharma; Cadila Healthcare; Aventis Pharma; and IPCA Laboratories.

## Biotechnology Sector

According to the Biospectrum-ABLE industry survey (2010-2011), the Indian biotechnology industry posted revenues of US\$2.9 billion, despite the global recession during 2009. The sector has shown consistent development in double digits since the last decade with average revenue growth figures rising to more than 20 percent. It has been estimated that the industry is positioned to target a total turnover of US\$8.6 billion by the end of 2015. The Bio-technology sector witnessed 40 deals that were completed during 2010, giving a real boost to the sector in India. Accompanied with low-cost manufacturing facilities and

research & development capabilities in the field of small-molecule generics, the Indian bio-technology sector is well placed in the global scenario. Among the most prominent deals in the sector, Ranbaxy Laboratories acquired Biovel Lifesciences, Biocon signed a commercialization agreement with Pfizer, and Cipla acquired a large stake in MabPharma and BioMab.

In the wake of increased government initiatives through several funding schemes and venture capital funds that support the growth of the sector in India, significant improvement in bio-technology innovation has been registered. The Department of Biotechnology (DBT), the Small Business Innovative Research Initiative (SBIRI) and Biotech Industry partnership Program (BIPP) aim to offer financial support as early-stage investment and business support to biotech and medical device setups in the country. In addition, a number of charitable organisations such as the Bill & Melinda Gates Foundations and the Wellcome Trust have offered funds for research and innovation in the biotechnology sector.

In addition, the Directorate General of Foreign Trade (DGFT), Government of India has also made it compulsory for all drug exports to bear serial numbers with track-and-trace

capability. Similarly, the Drug Consultative Committee (DCC) of the ministry of health has also permitted an exceptional identifier for all local drugs so that they can be substantiated by customers through SMS, which is one of the path-breaking initiatives taken in the best interest of millions of customers in the country.

### Market Opportunities for Danish Companies

A developing market, India's vast untapped potential in the sector will spring up tremendous opportunities for Danish companies, particularly in the following areas:

- Contract research and manufacturing;
- Out-licensing (a molecule) to Indian biotech;
- Sourcing drugs in bulk;
- Joint drug manufacturing and research & development;
- Testing – pre-clinical and clinical.

### Medical Tourism

Medical tourism is one of the major external drivers of growth of the Indian healthcare sector. The emergence of India as a destination for medical tourism leverages the country's well-educated, English-speaking medical staff, state-of-the-art private hospitals and diagnostic facilities, and relatively low costs, to address the spiralling healthcare costs in the West. For instance, India provides best-in-class treatment, in some cases at less



**Healthcare is one of India's largest sectors, both in terms of revenue and employment, and is growing rapidly**

than one-tenth the cost incurred in the US. India's private hospitals excel in fields like cardiology, joint replacement, orthopaedic surgery, gastroenterology, ophthalmology, transplants and urology.

According to a joint study by the Confederation of Indian Industry (CII) and McKinsey, India's medical tourism market was estimated at US\$350 million in 2006 and has the potential to grow to US\$2 billion by the end of 2012. The number of medical tourists in India has been growing steadily at the rate of 25-30 percent annually. India has the potential to attract one million medical tourists per annum, which could contribute US\$5 billion to the economy, according to the CII. In addition to this, a growing number of western tourists are travelling to India to pursue alternative and traditional rejuvenating therapies such as Ayurveda.

To capitalize on medical tourism and build a sustained public-private partnership in the hospital industry, the Government of India has supported an initiative by renowned heart surgeon, Dr. Naresh Trehan, to build a 'Medi City' in Gurgaon, on the outskirts of Delhi. The compound will include a 900-bed hospital that supports 17 super specialties, a medical college and paramedical college. The project, on 43 acres of land, will cost an estimated US\$493 million, integrating allopathic care with alternative treatment like Unani, Ayurvedic and

Homeopathic medicine, including telemedicine services as well. To encourage the growth of medical tourism, the Government is providing incentives like lower import duties and higher depreciation rates on medical equipment, as well as expedited visas for overseas patients seeking medical care in India.



# Food Processing and Agri Business



India's food processing sector includes agriculture, horticulture, plantation, animal husbandry and fisheries. The food processing industry in India is one of the largest in terms of production and consumption. The food processing industry in India is witnessing rapid growth. In addition to the demand side, there are changes happening on the supply side with the growth in organised retail, increasing foreign direct investment (FDI) in food processing and introduction of new products. The growth is driven by the fact that the Government of India has given a priority status to all agro-processing businesses. Government incentives in the field of mega food parks, cold

chain and exports benefits are also playing an important role in promoting the sector.

Dubbed as the sunshine sector, this industry is expected to observe high growth in the coming years. Currently the level of food processing in India is about 10 percent, which is extremely low in comparison to the global average of 60-70 percent. Thus far, the Indian market's growth has been hindered by critical challenges related to infrastructure, low farm productivity, fragmented holdings and logistics. The sector is also struggling with the high wastage and the distress sale of produce by farmers as there is lack of adequate infrastructure to process and preserve the food

materials. However, all this is set to change with a well-balanced policy environment.

## Market Trend

At present, the Indian food processing industry stands at US\$135 billion and is estimated to grow with a CAGR of 10 percent to reach US\$200 billion by 2015. The sector has mainly eight distinct segments namely - packaged foods, dairy, meat and poultry, seafood/marine food products, fruits and vegetables, alcoholic beverages, grain processing and non-alcoholic beverages. Out of these dairy products have the greatest market penetration of about 37 percent. The most common type of food processing units that form the organized sector are flour mills, fish processing units, fruits and vegetables processing units, meat processing units, non-alcoholic and aerated drinks units, sugar mills and modernized rice mills. India produces nearly 16 percent of the world's total food grain and, with a population expected to reach about 590 million in urban areas by only 2030, there are huge opportunities in this sector.

## Current Players

- ITC Limited;
- Parle Products Private Limited;
- Agro Tech Foods;
- Amul;
- Perfetti VanMelle;
- Cadbury India Limited;
- Pepsico India Holdings;
- Nestle India Private Limited.

## Market Opportunities

The sheer magnitude of the figures indicates the vast opportunity that lies ahead for entrepreneurs in this space, also for small and medium entrepreneurs as organized players who currently remain at the fringe of this market, accounting for close to only a third of the country's total agri-processed products. A large part of the market is dominated by unorganised and small scale sectors. The opportunities are ample in sectors like bakery, convenience food, snack, etc. Of the two segments of the Indian food processing industry— commodity-based processing and value-added processing, the former contributes to two-thirds of the processed

food market. Though value-added processing comprises a smaller segment of the market, it is experiencing a radical growth due to the fact that India is moving towards convenience foods that evolve through value added processing. As far as the industry prediction goes, the value-added processing segment is expected to grow with a CAGR of 12 percent.

### Government Initiatives

The Food Processing Industry in India has been accorded high priority by the Government of India, with a number of fiscal relief and incentives, to encourage commercialisation and value addition. The Government of India is consistently trying to promote this sector as it promises significant employment and trade potential. The Ministry of Food Processing Industries has introduced several supportive policies and schemes to lure entrepreneurs into entering the areas of processing, supply chain management, financing, cold-storages, retailing and exports. It allows rebates and subsidies for infrastructure development, technology upgradation, quality control and human resource and institutional development in this sector. The Government has also approved proposals for joint ventures; foreign collaboration; and industrial licenses and 100 percent export oriented units, envisaging foreign investment of over US\$18.2 billion.

### Growth

This sector is set to play a major role in India's economic development due to the vital linkages and synergies it promotes between the two pillars of our economy - industry and agriculture. Fast growth in the food processing sector and simultaneous improvement in



the development of value chain are also of great importance to achieve favourable terms of trade for Indian agriculture both in the domestic and the international markets. Equally important is the crucial contribution that an efficient food processing industry could make in India's food security. For

the Food Processing Industry in India is on an assured track of growth and profitability, expected to attract phenomenal investment in capital, human, technological and financial areas. The total food production of India is estimated to double in the next decade. There is an opportunity for large investments in food and food processing technologies, skills and equipment. The major interventions in this context are: Canning; Dairy and Food Processing; Specialty Processing; Packaging; Frozen Food/Refrigeration and Thermo Processing.

#### Key Areas of Opportunities for Danish Companies

- **Fruits:** Beverages, fruit juices and pulp, dehydrated and frozen products, wine;
- **Vegetables:** Tomato products like sauces and purees, processed mushrooms, vegetarian spice paste, potato wafers;
- **Fish Products:** Frozen and canned products;
- **Poultry:** Frozen and packed in fresh form, egg powder;
- **Grains:** Flour and bakeries, cornflakes, beer and grain-based alcohol, vermicelli and pasta foods, biscuits;
- **Dairy:** Whole milk and skimmed milk powder, condensed milk, ice-cream, and ghee; and,
- Investment in Grading & Packaging, cold chains and storage facilities.

**The Ministry of Food Processing Industries has introduced several supportive policies and schemes to lure entrepreneurs into entering the areas of processing, supply chain management, financing, cold-storages, retailing and exports**

instance, post-harvest losses of selected fruits and vegetables amount to 25-30 percent. Even marginal reductions in these losses are bound to provide better returns and improve the income level of farmers. During the past decade, India has moved from a position of scarcity to surplus in food production. Given the trade in production of food commodities,



# Telecom Sector in India



India's telecom sector is more than 165 years old – first established in 1851 when the first operational land lines were laid near Kolkata (then Calcutta). However, the sector's evolution began after the Government separated the Department of Post and Telegraph in 1985 by setting up the Department of Posts and the Department of Telecommunications (DoT).

Since then and particularly post-trade liberalization in the 1990s, the growth seen by the sector has been nothing short of extraordinary and remains as one of the fastest growing industries in the world. On an average 19.68 million subscribers (wired and wireless) are added per month. At the end of the financial year of 2011, the total telecom subscriber base stood at 846.32 million. The future of India's telecom for 2012 looks bright, courtesy of enhanced service introductions, equipment manufacturing boom, launch of various utility offerings and upbeat consumer response.

## Main Segments

India's telecom market is mainly divided into two major segments namely, the Fixed Service Provider (FSPs) and the cellular services. Fixed Service Provider network comprises land lines, basic services, domestic and long distance call service. The two major basic operators BSNL and MTNL comprise almost

90 percent of the FSPs in the country. Around 5 percent are operated by private firms and are mostly scattered in the urban areas. In most cases, the private basic service telephone operators cater to offices, business firms, schools and the corporate sector.

In case of the cellular services, there are mainly two sub divisions: Code Division Multiple Access (CDMA) and Global System for Mobile Communications (GSM). In the GSM sector, the major players are Vodafone, Airtel, Idea Cellular and Aircel. The national company BSNL also has its GSM service called 'Cellone' which has a major share in the semi-urban and rural areas. The major companies which dominate the CDMA scenario are Reliance Communications and Tata Indicom. In both sectors of cellular services, perfect competition exists according to the demand supply chains.

Since its national launch, mobile number portability (MNP) has hit the 10 million mark at the rate of some 2.22 million subscribers on a monthly basis. It has affected the churn rate of operators; however, the figures are not as significant as expected. In 2011-2012, operators will witness the move to MNP as they will try to counter it by means of improved services to their subscribers. Also, tele-medicine and consultation over mobile phones is poised to bridge the disparity

in patient to doctor ratio (currently 0.6 doctors per 1000 population, against the global average of 1.23) to some extent. With the current literacy rate of 74.04 percent, m-Learning will provide the much needed fillip to initiatives like education for all. M-Payment will provide a new and effective means of facilitating national remittances given the changes in RBI policy and launch of interbank mobile payment service (IMPS).

## Scope in Manufacturing

The annual handset demand in India stands at 140 million units. Given the hitherto growth of subscribers, the telecom equipment market is likely to remain strong. Going forward we may see higher local manufacturers along with research and development, especially with government's recent emphasis on establishing strong hardware and manufacturing component base. According to TRAI, The production of electronic components is expected to reach US\$2.6 billion in 2013-1014 and US\$3.4 billion in 2019-2020.

Sourcing of good quality inputs at the right price point is of strategic importance as it has a significant impact on the profitability of a manufacturing concern. In taking strategic decisions about sourcing of components, the manufacturers usually face a make or buy decision. Decisions of buying either from within the country or from global sources will depend upon competitiveness of rates.

## Industry Perspective

The National Telecom Policy (NTP) 2011 specifies the regulation with respect to spectrum sharing and trading, including the treatment of spectrum in case of mergers and acquisitions. It would be difficult to offer more than 16 companies a profitable sustenance in India. With the initiation of enhanced technology (3G, BWA) and consumer services (MNP); introduction of utility MVAS to the end-consumers, and various regulatory and policy reforms (National Broadband Plan; Telecom Equipment Manufacturing Policy; and NTP-2011), India seems to be well poised to witness the one-billion subscriber mark and beyond in 2012.

The growth in the wireless category was led by Uninor, which added 2.66 million new users, taking its subscriber base to 32.31 million by the end of October 2011. Mobile phone additions in India have sharply fallen in recent months after rising at a monthly average of 19 million in 2010, and more than 73 percent of the population now has access to cellular

phones. The country's largest private operator Bharti Airtel added 0.94 million subscribers, taking its user base to 173.73 million. Vodafone added 0.92 million new customers to take its user base to 145.91 million. Idea Cellular and Aircel added 1.63 million and 0.48 million users, respectively, during the period. Idea's subscriber base stood at 101.81 million at the end of October 2011, while that of Aircel stood at 60.28 million. State-owned BSNL added 0.38 million new users, taking its total subscriber base to 95.79 million. The other state-run telecom company MTNL saw 28,360 new users in 2011.

**Import of Telecom Equipment**

Much of the equipment used for expansion of the Indian network is imported from other countries, mainly China. The experience over the last few years has been that a major share of the telecom equipment has been imported and consequently the full benefit of telecommunications to the Indian economy, to that extent, has been deprived.

Active components mainly include discrete semiconductors and Integrated Circuits (IC). The demand for these components is met almost entirely by imports. There are hardly any integrated circuits manufactured in India



and barely 10 percent of the requirement of discrete semiconductors is available locally. Semiconductor content is on an average about 25 percent by value for any electronic system/

subsystem. For sophisticated telecom products it may go to 60 percent. The global market for semiconductors is forecasted to be US\$317.8 billion in 2012.

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# India on the Move

English author Mark Twain once said that India is older than history, older than tradition and perhaps even older than legend. Given its amazing historical outreach, India's concurrent strive towards modernity, result of a growing and vibrant economy is a miracle in itself. The way this country has been able to straddle its past, present and future almost simultaneously is a reflection of its robust character and evolution.

India is a country of great diversity, including major mountain ranges, deserts, rich agricultural plains, and hilly jungle regions. Diversity is also evident in the geographical distribution of India's ethnic and linguistic groups. In ancient times, the major river valleys of the Indo-Gangetic Plain of South Asia were among the great cradles of civilization in Asia, as were the valleys of the Tigris and Euphrates rivers in West Asia and the Huang He (Yellow River) in East Asia. As a result of thousands of years of cultural and political expansion and amalgamation,

contemporary India has come to include many different and amazing natural and cultural regions. The Indus Valley civilization, one of the world's oldest, flourished during the 3rd and 2nd millennia BC and extended into north-western India. The Mauryan Empire of the 4th and 3rd centuries BC united much of South Asia and the Golden Age ushered by the Gupta dynasty during the 4th-6th centuries AD saw the growth of Indian science, art, and culture. Contemporary India continues to flourish with the same enthusiasm, albeit under different conditions of global integration.

## Economy

Over the past decade, India's GDP per capita at purchasing power parity (PPP) has risen from 7% to 10%. Domestic saving and investment have increased considerably, nearly as much as most East Asian countries during their high-growth period. Against this backdrop, the longer-run potential growth rate of the economy has continued to increase to around 9%. The International Monetary Fund

(IMF) estimates India's GDP growth potential to be some 8.5% per annum. As it is, annual real GDP growth averaged over 8.4% between 2006/07 and 2010/11, despite the effects of the global economic crisis, which only caused a mild slowdown. The Government conducted a very proactive policy to face the crisis, introducing a large stimulus package consisting of increased spending, lower excise and customs duties on some products, and subsidies. Economic growth in India has been led by services and manufacturing, the two largest sectors, with agriculture growing much more slowly.

Services continues to be the most dynamic sector, expanding at an average annual rate of around or over 10%, exceeding GDP growth and mitigating the adverse effects of the global crisis. Growth in services continues to be led by the financial sector, including the trade, hospitality, transport and communications subsectors. The services sector is the largest contributor to GDP; its

share of GDP increased from 53% in 2006/07 to 56% in 2009/10.

Also, strong domestic demand and rising oil prices have resulted in a widening of the trade deficit, leading to a current account deficit throughout the reviewed period. The deficit has been financed through large capital inflows, both foreign direct and portfolio investment, attracted by the expanding domestic demand and the good prospects of the economy.

**India is a country of great diversity, including major mountain ranges, deserts, rich agricultural plains, and hilly jungle regions. Diversity is also evident in the geographical distribution of India's ethnic and linguistic groups**

**Major Industries:** Textiles, Chemicals, Food Processing, Steel, Transportation Equipment, Cement, Mining, Petroleum, Machinery, Software, Pharmaceuticals

**Main Exports:** Petroleum Products, Precious Stones, Machinery, Iron and Steel, Chemicals, Vehicles, Apparel

**Export Partners:** UAE, US, China

**Main Imports:** Crude Oil, Precious Stones, Machinery, Fertilizer, Iron and Steel, Chemicals

**Import Partners:** China, US, Saudi Arabia, UAE, Australia, Germany, Singapore

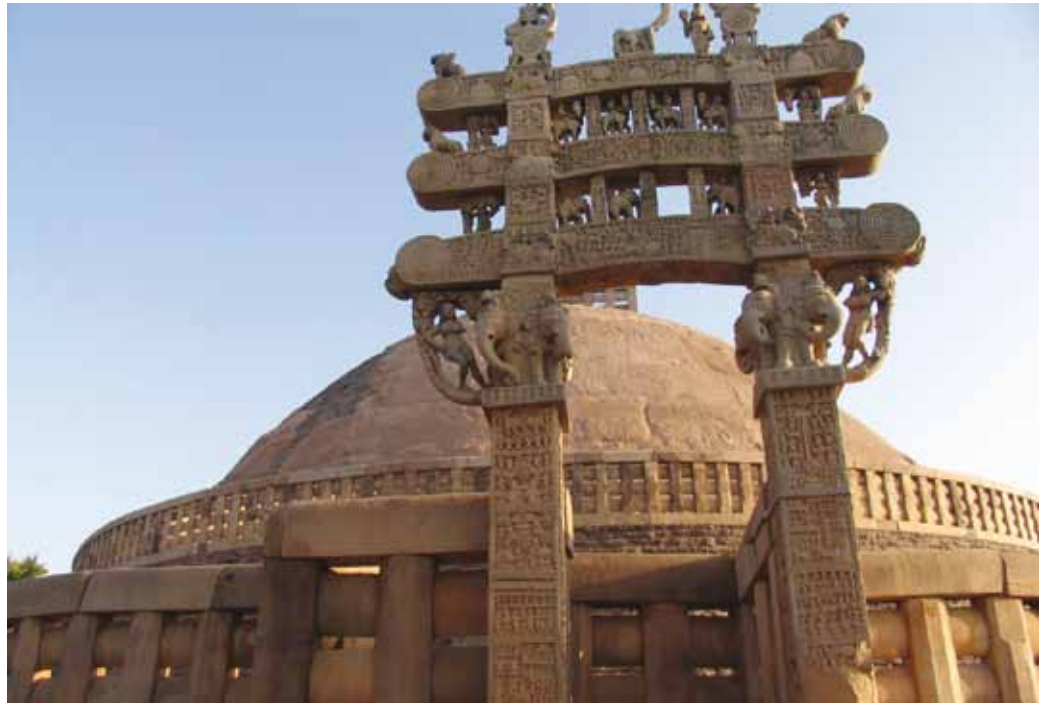
**Exports (2009-2010):** 178,751.4 (million US\$)

**Imports (2009-2010):** 288,372.9 (million US\$)

**Exports (2010-2011):** 254402.1 (million US\$)

**Imports (2010-2011):** 352575.0 (million US\$)

**Foreign Reserves:** US\$ 319 billion



*Sanchi Stupa Monument originally built by the Mauryan Emperor Ashoka.*

### Demography

Demographic change in India is opening up new economic opportunities. As in many countries, declining infant and child mortality helped to spark population growth, effectively resulting in a temporary baby boom. As this cohort moves into working ages, India finds itself with a potentially higher share of workers as compared with dependents. If working-age people can be productively employed, India's economic growth stands to accelerate.

India has several opportunities to increase its chances of success, the first being to make wider and deeper investments in health. Insofar as investing in health can help stimulate development, India has considerable potential to promote higher income through programmatic and financial commitments to health. India has taken a significant step in this direction by establishing the Public Health Foundation of India and the National Rural Health Mission, which seek to fill India's pressing need for a wide range of further investments in the promotion and protection of health, including the training and wide deployment of medical and public health professionals who focus on disease prevention, treatment, and care.

India is also at the forefront of Scientific and technological development. These are undertaken through a network of a wide Central government, State governments, higher educational sector, public and private sector industry and non-profit institutions/associations. These institutional structures, with their research laboratories, are the main contributors to research and development being carried out in the country. Notable

among these are the Council of Scientific and Industrial Research (CSIR); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR). In addition, there are many departmental laboratories of various departments/ministries, viz., Department of Atomic Energy, Department of Electronics, Department of Space, Department of Ocean Development, Defence Research and Development Organisation, Ministry of Environment and Forests, Ministry of Non-Conventional Energy Sources and the Ministry of Science and Technology. Further, there are over 1,200 in-house research and development units in industrial undertakings supporting research in their respective industries. Many Indian Universities and Deemed Universities such as IITs also undertake substantial research and development work.

With its overall scope of development and potential to become a leading player on the world stage both politically and economically, India is truly a country on the move.

### Country Statistics

**Capital – New Delhi**

**Largest city – Mumbai**

**Official Languages – Hindi/English**

**President – Pratibha Patil**

**Prime Minister – Dr Manmohan Singh**

**Total Area - 3,287,263 km<sup>2</sup>**

**Population - 1,210,193,422**

**GDP (PPP) – US\$ 4.469 trillion**

**Per capita – US\$ 3,703**

**Currency – Indian Rupee**



*Coins of Gupta Dynasty*

# Legal and Tax Policy for FDI

As a result of various policy initiatives taken, the Indian economy has changed rapidly from a restrictive regime to a liberal one. The present legal framework allows an easy entry to a foreign investor in India. The liberalization of the foreign investment regime in India commenced in 1991 and thereafter has been gradually liberalized by successive governments. Deregulation, privatization, and easing of restrictions on foreign investments and acquisition are some of the main factors that have acted as significant catalysts in attracting foreign investments. India is now ushering in the second generation reforms aimed at further and faster integration of the Indian economy with the global economy.

## Regulatory Framework

The key Indian regulatory authorities in the context of FDI are the Foreign Investment and Promotion Board (FIPB), which formulates foreign investment policy, and the Reserve Bank of India (RBI), India's central bank with the primary responsibility of implementing and enforcing foreign exchange regulations and government policy.

## FDI in India

FDI in India is permitted through the following forms of investment:

- Financial collaborations;
- Joint ventures and technical collaborations;
- Capital markets via Euro issues (Foreign Currency Convertible Bonds (FCCBs)/ Equity Shares under the Global Depository Mechanism); and,
- Private placements or preferential allotments.

FDI is allowed in all sectors including the service sector in India, with certain restrictions in a few sectors where the existing and notified sectoral policy does not permit FDI beyond a certain ceiling. FDI for most cases can be brought through the Automatic Route under the powers delegated to the RBI. Under current rules, foreign investment up to 100 percent is permitted in almost all industry sectors. There remain only a handful of industry sectors in which no FDI or limited FDI is permitted – these tend to be 'sensitive' sectors, either for security reasons, such as defense or telecommunications, or for political reasons, such as agriculture, retail, real estate, banking and insurance.

## The Process for FDI

**Automatic Route:** Investment under the Automatic Route is available in new ventures and also to existing companies proposing to gain foreign equity. However, the Automatic

Route is available to those who have any previous joint venture in the same or any allied field in the country. Those investing via the Automatic Route do not require approval from any of the authorities. FDI in the public sector also qualifies under this Route. The investors are only required to notify the relevant Regional Office of RBI within 30 days of receipt of inward remittances, and duly file the required documents with that office within 30 days of the issuance of shares to foreign investors.

**Government Approval:** The Government Approval through FIPB for FDI is essential in the following cases:

Deregulation, privatization, and easing of restrictions on foreign investments and acquisition are some of the main factors that have acted as significant catalysts in attracting foreign investments

- Proposals which require industrial license;
- Where FDI required is more than 24 percent in the equity capital of the units manufacturing items reserved for the small scale industries;
- Proposals in which a foreign collaborator has a previous venture in India;
- Proposals related to acquisition of shares in an existing Indian company in favour of a foreigner investor; and,
- Proposals falling outside the notified sectoral policy in which FDI is not permitted.

Government approvals are accorded on the recommendation of the FIPB. Application for all FDI cases should be submitted to the FIPB Unit, Department of Economic Affairs and Ministry of Finance. No fee is payable. The application is generally processed in 4-6 weeks. There is no requirement of notification to RBI after receiving FIPB's approval.

**Entry Options:** Foreign investors planning to set up business in India have two options, either to set up a separate corporate entity in India, i.e. incorporating an Indian company

or through an unincorporated entity. Incorporation of an Indian company is possible under the provisions of the Indian Companies Act 1956. Foreign investors can invest in such an Indian company up to 100 percent of capital depending upon sectoral guidelines prescribed by the Government of India. Under the second option, a foreign company is allowed to operate in India, subject to conditions and activities permitted under the Foreign Exchange Management (Establishment in India of Branch Office of Other Place of Business) Regulations 2000, by setting up either of the following: liaison office/representative office, project office; or branch office.

## Points to Note

**Decide structure of your entry:** It could be a Joint Venture with an Indian partner or a 100 percent Indian subsidiary. You can set up a 100 percent subsidiary in India with full repatriation of capital and dividend facility.

**Identify a good strategic partner:** This will help in a long way in the success of a venture in India. Do a background check on the local partner by due diligence.

**Identify a good market and sector of FDI:** India offers a great opportunities for FDI on account of its strong democratic system, strong financial system, wide and potential market, good command of the English language, strong and educated workforce, growing urban class, strong information technology infrastructure, and investment favourable policies of the Government.

**Price:** The purchase or sale price of any transaction in Indian securities between a resident Indian and a foreign investor is regulated by prescribed pricing guidelines which limit flexibility. For instance, the price of any shares sold in a listed company has to be above the minimum price calculated in accordance with a formula linked to the market value of the shares over a prescribed period preceding the sale.

**Taxes:** India has entered into a Double Taxation Avoidance Agreement with many countries. The agreement allocates the tax jurisdiction between the source country and residence country. Wherever such jurisdiction is given to both countries, the agreement prescribes a maximum rate of tax in the source country which is generally lower than the rate of tax under the domestic laws of that country. The double taxation in such cases is avoided by the residence country agreeing to give credit for tax paid in the source country thereby reducing tax payable in the residence country by the amount of tax paid in the source country

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