Europe India Chamber of Commerce

Newsletter

Issue: 66 Volume:7 October **2013**

EICC Board of Directors and General Body will meet on 15 October 2013 in Brussels

On the eve of the Chamber's mega business event the Trade and Investment Partnership Summit in Brussels on 16th October in Brussels, the Chamber's Board of Directors and General Body will meet in Brussels on 15 October 2013. The meeting will be held in the Hotel Sheraton. The meeting will be held in the HOTEL SHERATON TOWER, Place Rogier 1210 Brussels. The meeting will be held in Room PERMEKE. The Chamber will host a dinner for the EICC Members and invited guests. Many new Corporate Members will attend the meeting.

In addition to the Secretary General's Report, the meeting will discuss how to make the Governing Board sustainable, effective and participatory. Special discussion will take place on the issue of membership, formation of committees, developing working relationship with bilateral chambers. As the Chamber's base increases, many new members of the Chamber will attend the meeting.

As at these meetings essential mechanisms for policy issues on trade, investment, economic cooperation and coordination between Indian and EU business are discussed it is important that all members attend the meeting and share their thoughts. The important topics to be discussed will cover areas of EU-India co-operation, general current issues, programme and future meetings and activities, in addition to other topics.

EICC is all set to host an International Conference on Trade and Investment Partnership

The Apex Chamber of Europe, EICC is all set to host a high-profile event on 16th October that is set to bring in more recognition and acceptance of the Chamber's ability to bring top Indian and European business leaders. The Trade and Investment Partnership Summit (TIPS) which comes hard on the heels of the successful co-hosting of the Global India Business Meeting in Antwerp in 2012, will run under the theme "***Dynamics of EU-India Relations in a Changing Europe: Challenges and Opportunities for Accelerating Trade and Investment"***

While India's Minister of Housing and Urban Poverty Alleviation Dr. Ms. Girija Vyas will address the TIPS during inaugural session, Mr. Antonio Tajani, Vice-President of the European Commission and EU Commissioner for Industry and Entrepreneurship will address the summit post lunch session. The Minister-President of Flanders government Mr. Kris Peeters will address the pre- lunch session. The fire-brand Member of Parliament from India Mr. Sitaram Yechuri will follow Mr. Kris Peeters.

The summit will be the first of its kind in Europe and EICC is proud to host it in collaboration with EUROCHAMBRES and Indian Chamber of Commerce. The Friends of Europe will host a Panel Discussion on the Strategic Relations between EU and India. More than 150 delegates from Europe and

India will participate in the TIPS, including CEOs, marketing practitioners, government officials, entrepreneurs and policy makers, who share a common interest in trade and economic relations between EU and India.

The event will also feature leading multinational companies, marketing institutions, Chambers of Commerce and other bodies.

After the successful Global India Business Meeting in Antwerp in June last year in which EICC was the main collaborator with Horasis, the TIPS will be the largest business event in the context of India and European business relations of 2013 in Europe and will provide the highest level platform for a concrete and constructive dialogue in the context of improving trade and investment between EU and India and will offer Indian and European companies to build their collaboration. The summit is being organised in collaboration with EUROCHAMBRES/EBTC. The Indian Chamber of Commerce is partnering with the summit.

Below is the Draft Programme of the Summit:

EICC – EUROCHAMBRES – ICC
TRADE AND INVESTMENT PARTNERSHIP SUMMIT (TIPS)
"Dynamics of EU-India Relations in a Changing Europe:
Challenges and Opportunities for Accelerating Trade and Investment"
16 October 2013 (Wednesday)

Venue: European Parliament, Room A5E-2, Brussels (Rue Wiertz 60, 1047 Brussels)
Registration: 08h.30 – 09h.00 in the European Parliament Reception Desk (Main Entrace)

Session 1: Welcome and Introduction

09.15 – 10.10
Opening Addresses
Mr. Geoffrey Van Orden, MEP, Chairman, EICC
Representative of the Embassy of India
Dr. Girija Vyas, Hon'ble Union Minister of Housing and Urban Poverty Alleviation, Government of India
Mr. Poul V Jensen, Director, EBTC (EUROCHAMBRES)
Mr. Shishir Kumar Bajoria, Former President, Indian Chamber of Commerce, India

Session 2: Overcoming Institutional Barriers to European Union-India Economic Cooperation

10.10- 10.40
Panel Opening: Mr. Sanjay Dalmia, Chairman, Dalmia Group of Companies, India
Mr. Shushil Handa, Chairman, The FifthVeda Entrepreneurs, India
Representative of the OECD

Moderated by Dr. Daniel Sharma, Partner, DLA Piper, Germany

Session 3: Making EU's Directives on Complementary and Alternative Medicine Policy (CAP) Coherent and Transparent for Trade

10.40- 11.10
Opening remarks by Mr. Sanjay Dalmia, Chairman, Dalmia Group of Companies, India
Special Presentation by Dr. Robert Verkerk, Director, ANH, UK

Inter-active session

Session 4: Outlook for European Union – India Cooperation

11.10-11.40
Panel Opening by Mr. Ravi K Mehrotra, CBE, Chairman, Foresight Limited, UK
Infrastructure: India's infrastructure sector is poised for a 'big leap' in the years ahead **-** Challenges and Opportunities: Mr. Ravi Parthasarathy, CEO, IL&FS, India

Energy – Need for EU-India Cooperation on the Journey to Smart Energy - Joint Presentation by Mr. Ernesto Macias, President and Mr. Marcus Wiemann, Secretary General, Alliance for Rural Electrification, Belgium

Moderated by M S Chandramouli, Managing Director, Surya International, Belgium

Session 5: What will it take for India and the European Union to add value to their Bi-lateral Trade?

11.40-12.20
Panel Opening by Representative of Tata Group (t.b.c.)
Mr. Jean Gourp, Vice-President, CMI Services (CMI Group), Belgium
Mr. Yatindra Sharma, Managing Director, KHS Machinery, India
Ms. Regina Llopis, Chief Executive Officer, AIA (Spain)

Interactive Session

Moderated by Mr. Geert Bogaert, Partner, Loyens & Loeff, Belgium

Special Address by Mr. Kris Peeters, Minister-President, Flanders Government
12.20-12.35

Guest Speaker Mr. Sitaram Yechuri, Member of Parliament, India
12.35-12.50

Launching of the "Foundation for Excellence" – an EICC knowledge and innovation venture - Introduced by Count Christophe De Breza, Philanthropist, France
12.50-13.00

13.00-14.00- Networking Lunch Hosted by EICC in the European Parliament Members' Salon

Session 6: Diversification in EU-India Trade: Belgian - A Case Study

14.00-14.40
Views of Experts and Business Leaders on Sectors:
Chemical and Pharmaceuticals: Mr. Frank Beckx, Managing Director, *essencia*
Petroleum and Petro-Chemicals: Mr. Bernard Mathieu, Expert
Engineering Goods and Machinery: Mr. Tanguy HUYBRECHS-TONDREAU

Moderated by Prof Idesbald Goddeeris, KU Leuven University, Belgium

Session 7: Corporate India's Increasing Footprint in Europe and Challenges Ahead

14.40-15.10
Panel Opening: Mr. Vinod Juneja, Managing Director, Binani Group of Industries, India
Mr. James Fontanella-Khan, Financial Times, UK
Mr. Adith Charlie, The Hindu Business Line, India

Interactive Session

Moderated by Mr. Ranvir Nayar, Managing Director, Media India

Special Address by Mr. Antonio Tajani, Vice President, European Commission and EU Commissioner for Industry and Entrepreneurship

15.10-15.25

Session 8: What will it take for India to become the top FDI destination in view of the recent economic policy developments?

15.25 – 15.55
Panel Opening: Mr. Xaviour Hay, CEO, EUROCOPTERS/EADS
Mr. Hemant Ahlawat, Principal, Mckinsey & Co, Belgium
Mr. Rosario Zacca, Partner, GOP, Italy
Mr. Vijaya Koumar, Managing Director, Captiveway, France

Moderated by Representative of ICC (t.b.c.)

Launching of the Pharmaceutical Focus Group – an EICC initiative to bridge business policy and information gap between Indian and European Pharma companies

15.55-16.00

Session 9: European Union and India: A Vital Partnership in a Changing World - Session conducted by the Friends of Europe

16.00-17.15
Introductory remarks by Chairman/President, Friends of Europe
Panel Opening: Ms. Shada Islam, Head of Policy, Friends of Europe
Mr. Graham Watson, MEP, Chairman, European Parliament-India Delegation

Mr. Alok Sharma, MP, Deputy Chairman, Conservative Party of UK
Mr. Shishsir K Bajoria, Chairman, Bajoria Group, India
Ms. Maria Castillo-Fernandez, Head of Division for India at the EEAS

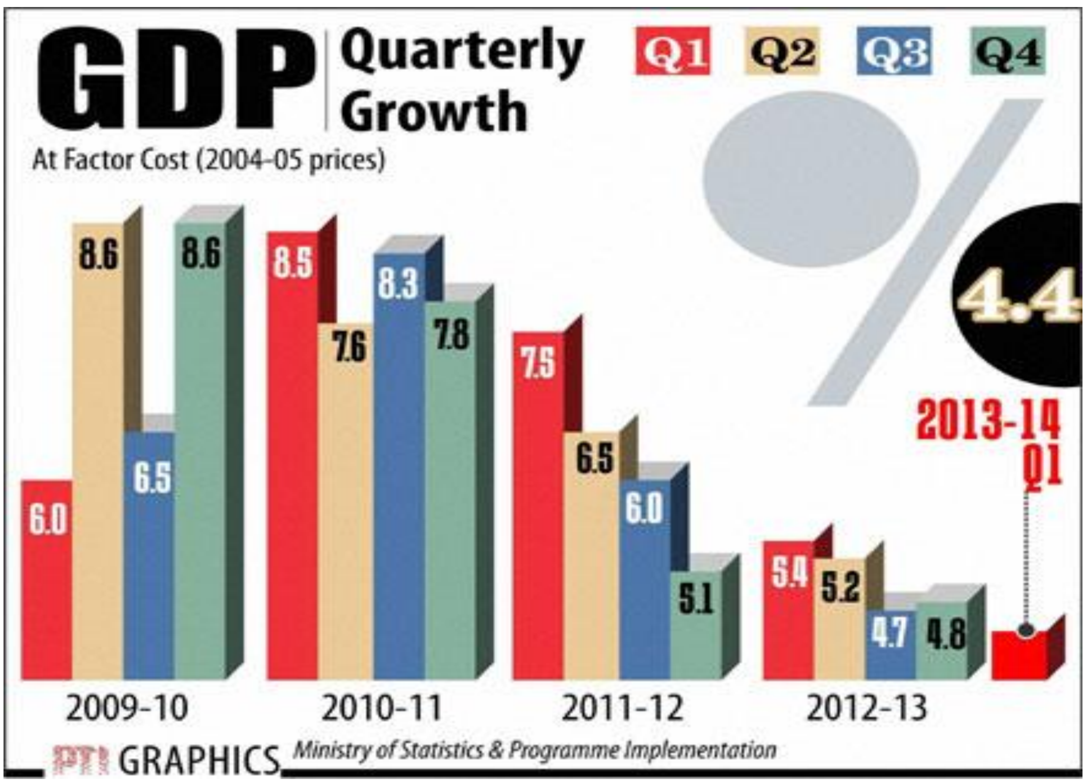
Interactive Session

Session 10: EICC Honour to CEOs of an European and an Indian Company
17.15-17.45

CEOs Thoughts on Global Economic Situation – Lessons for Europe and India

Closing Remarks
17.45

HSBC cuts FY14 India's GDP forecast to 4 pct from 5.5 pct
HSBC has lowered India's GDP forecast for the current financial year to 4 per cent from 5.5 per cent earlier saying economic uncertainty is likely to weigh on the growth forecast in the coming months.



According to the global financial services major, growth is likely to slow in the near term due to tighter financial conditions and higher macroeconomic uncertainty.

"In light of this, we revise down our GDP growth forecasts to 4.0 per cent (5.5 per cent) for FY2014 and to 5.5 per cent (from 6.6 per cent) for FY2015," HSBC said in a research note.

Industry (in ₹ Crores)	2012-13	2013-14
Agriculture, forestry & fishing	176888	181705
Mining & quarrying	26302	25568
Manufacturing	201230	198827
Electricity, gas & water supply	26018	26978
Construction	105340	108266
Trade, hotels, transport & commu.	370198	384567
Financing, ins., real est. & bus. services	250955	273388
Community, social & personal services	157324	172149
GDP at factor cost	13,14,256	13,71,446

Source: Central Statistics Office, Ministry of Statistics & Programme Implementation

According to official figures, the country's economic growth in the April-June quarter slid to 4.4 per cent, the lowest in past several years, pulled down by drop in mining and manufacturing output.
This prompted the industry to demand co-ordinated action by the government and the RBI to boost the economy.

HSBC, however, believes the slowdown has further to go, saying leading indicators suggest the country's growth momentum could ease further during the July-September quarter in both manufacturing and services sector.

Moreover, factors like RBI's currency stabilisation measures and heightened macroeconomic uncertainty is making consumers and businesses more cautious about spending, HSBC said.

The pressure on growth momentum is likely to pose greater challenges for policy makers as they try to stabilise the falling currency, which had touched an all time low of 68.80 to dollar on August 28 and is currently hovering around the 66/USD mark in a highly volatile trade.

"In terms of the quarterly profile, we expect growth to slow in the July-September quarter of 2013 and dip below 4 per cent," HSBC said adding that growth will show "faint" signs of recovery during the final quarter of the fiscal year as macroeconomic uncertainties recede somewhat and confidence reluctantly recovers.
Moreover, CCI expedited and other investment projects are likely to slowly kick in around that time, the report said.

According to HSBC, "the outlook for India is still tainted with downside risks given the lingering macroeconomic uncertainties and the possibility that politics could get in the way of meaningful progress on structural reform".

TCS market cap makes it world's No 2 IT services company

Tata Consultancy Services (TCS), with a market capitalisation of Rs3,95,975 crore($58.66 billion), has emerged the world's second-most valuable IT services company after IBM. This follows a significant appreciation in its share price, from Rs1,410 on 26 April to Rs2,023 on 30 August. TCS is now way ahead of third-placed Accenture, which has a market cap of $46.7 billion and fourth-placed HP ($43.3 billion), both of which have higher revenues. IBM, the most valuable IT services company in the world, is way ahead of the pack with a market cap of $200 billion. TCS is also well on its way to becoming the first Indian company to touch a market capitalisation of $100 billion (Rs6,57,000 crore at the current exchange rate) within the next few years, according to two recent reports by global equity giants JP Morgan and CLSA.

The TCS scrip touched a lifetime trading high of Rs2,023.13 up Rs77 or 3.96 per cent on Friday. TCS has been ahead of peers, and is emerging a true multinational by diversifying outside of its traditional US and European markets into markets like Brazil, Japan and China. It is also growing faster than most other global IT firm.

India's GDP growth slips to a four-year low of 4.4% in Q1-FY'14

The country's economic growth slipped to 4.4 per cent in the first quarter of the current fiscal (April-June 2013-14), the slowest pace in at least four years, dragged down by a contraction in manufacturing and mining activities.

The country's gross domestic product (GDP) had expanded by 5.4 per cent in the April-June quarter of the previous fiscal.

On a sequential basis, the GDP growth rate declined from 4.8 per cent in the January-March period of 2012-13.

GDP at factor cost at constant (2004-2005) prices for Q1 of 2013-14 is estimated at Rs13,71,000 crore, against Rs13,14,000 crore in Q1 of 2012-13, showing a growth of 4.4 per cent over the corresponding quarter of the previous year, data released by the Central Statistics Office (CSO) showed.

Economic activities which registered significant growth in Q1 of 2013-14 included 'financing, insurance, real estate and business services' (8.9 per cent) and 'community, social and personal services' (9.4 per cent).

The estimated growth rates in other economic activities are: 'trade, hotels, transport and communication' (3.9 per cent), 'electricity, gas and water supply' (3.7 per cent), 'construction' (2.8 per cent), 'agriculture, forestry and fishing' (2.7 per cent) during the quarter, while sectors such as 'manufacturing (-1.2 per cent), and 'mining and quarrying' (-2.8 per cent) showed a declining trend.

Production of coarse cereals and pulses during the rabi season of agriculture year 2012-13, which has been used in compiling the estimate of GDP from agriculture in Q1 of 2013-14, recorded growth rates of 9.8 per cent and 13.7 per cent, respectively, while production of rice and wheat declined by 7.0 per cent and 2.6 per cent over the production in the corresponding season of previous agriculture year.

Among commercial crops, production of oilseeds increased by 11.4 per cent during the rabi season of 2012-13.

On the other hand, latest estimates on the index of industrial production (IIP) the index of mining, manufacturing and electricity, registered growth rates of (-) 4.5 per cent, (-) 1.2 per cent and 3.5 per cent, respectively, during Q1 of 2013-14, compared to the growth rates of (-) 1.6 per cent, (-) 0.8 per cent and 6.4 per cent, respectively, during Q1 of 2012-13.

Production and consumption in key construction sector industries such as cement and finished steel posted growth rates of 3.3 per cent and 0.2 per cent, respectively, during Q1 of 2013-14. In the service sector, the key indicators of railways, namely, the net tonne km grew 1.8 per cent but passenger km declined by 3.4 per cent during Q1 of 2013-14.

In the case of other transport sectors, passengers handled by the civil aviation registered growth rates of 3.4 per cent, while sales of commercial vehicles, cargo handled at major ports, cargo handled by the civil aviation registered the declines of 8.1 per cent, 1.0 per cent and 2.1 per cent, respectively, during Q1 of 2013-14 over Q1 of 2012-13.

The other key indicators, namely, aggregate bank deposits, and bank credits have shown growth rates of 13.8 per cent, and 13.7 per cent, respectively, as of June 2013.

It may be mentioned that the growth of credit and deposits as of June 2012 were 16.5 per cent and 13.5 per cent, respectively.

Government notifies changes in FDI policy

The Government has notified changes in the FDI policy, paving the way for larger overseas investments in sectors such as multi-brand retail and telecom.

It also widened the definition of the term ‘control’ for mergers and acquisitions involving overseas companies, a move that will provide more clarity to foreign investors.The notification follows the Cabinet decision of August 2 to relax overseas investment norms. The foreign direct investment (FDI) policy is now notified under FEMA regulations and is effective from August 22, Department of Economic Affairs Secretary Arvind Mayaram told press.

According to the new definition, ‘control’ will include “the right to appoint a majority of directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreement or voting agreements.” “We believe since the announcement of FDI policy, FDI has increased...FDI is increasing in India and investor confidence is increasing,” Mayaram said.

In the first quarter of the current financial year, FDI was $9 billion, up from $5 billion in the corresponding period last year, he said. The notification will have to be tabled in Parliament within 30 days of the commencement of the next session, Mayaram said, adding it could also be put to vote in case a member decides to challenge it.

As per the revised FDI guidelines, the Government relaxed norms for multi-brand retail trading and eased the mandatory 30 per cent local sourcing norms for companies. FDI in insurance has been kept at 26 per cent as the bill to raise the limit to 49 per cent is pending in the Rajya Sabha. The cap in telecom was increased to 100 per cent from 74 per cent. FDI of up to 49 per cent can come through the automatic route.

Meanwhile, India and Japan have recently to look at the possibility of setting up a Japanese Electronics Manufacturing Township (JEMT) here. The township will help India reduce imports of electronic goods and contain trade deficit. Last year, India imported electronic goods worth $32 billion. “Both sides have noted the idea to establish a JEMT with Japanese assistance in India with world class infrastructure and agreed to take this up in the forthcoming (meeting of the) joint working group,” a joint statement said.

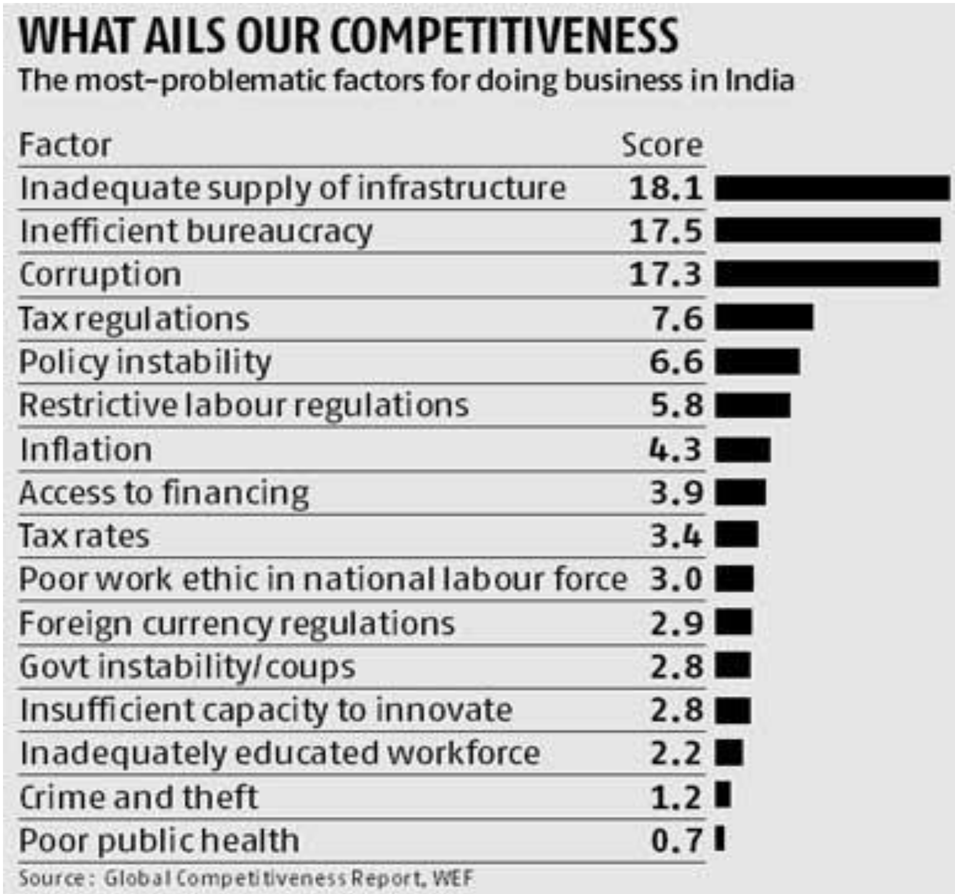
India drops to 60 in WEF's competitiveness ranking

Switzerland tops for the fifth continuous year, followed by Singapore and Finland at second and third, respectively.

India has dropped a place in the latest global ranking of countries' competitiveness, launched by the Global Competitiveness Report of the World Economic Forum (WEF), an independent non-profit foundation based in Geneva, Switzerland.

The country's competitiveness, on a continuous decline since 2009, slipped to 60th in the Global Competitiveness Index (GCI) 2013-14 (total 148 economies). The GCI, introduced by the WEF in 2004, defines competitiveness as "the set of institutions, policies and factors that determine the level of productivity of a country".

The GCI scores are calculated by drawing together country-level data covering 12 categories - institutions, innovations, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size and business sophistication and innovation.



WHAT AILS OUR COMPETITIVENESS

The most-problematic factors for doing business in India

Factor	Score
Inadequate supply of infrastructure	18.1
Inefficient bureaucracy	17.5
Corruption	17.3
Tax regulations	7.6
Policy instability	6.6
Restrictive labour regulations	5.8
Inflation	4.3
Access to financing	3.9
Tax rates	3.4
Poor work ethic in national labour force	3.0
Foreign currency regulations	2.9
Govt instability/coups	2.8
Insufficient capacity to innovate	2.8
Inadequately educated workforce	2.2
Crime and theft	1.2
Poor public health	0.7

Source: Global Competitiveness Report, WEF

The report identifies inadequate supply of infrastructure, inefficient bureaucracy, corruption and tax regulations as four of the top-16 most-problematic factors for doing business in India. The country ranked 96th in the "basic requirements", including four categories of institutions, infrastructure, macroeconomic environment and health and primary education.

The report placed Switzerland at the top for the fifth continuous year, followed by Singapore and Finland at second and third, respectively. Germany, moving up two places, was ranked fourth, and the US reversed a four-year trend and climbed two places to fifth.Among the Asian economies, Indonesia jumped to 38th, making it the most improved of the G20 economies since 2006. South Korea fell six places to 26th.

Government of India notifies implementation of GAAR rules from April 2016

The Government has notified the controversial anti-avoidance tax rules, which will be implemented from April 2016 and apply to business arrangements with a tax benefit exceeding Rs 3 crore.

The General Anti Avoidance Rules (GAAR) provisions will come into force from April 1, 2016, the Central Board of Direct Taxes (CBDT) said in a notification dated September 23.

The GAAR provisions were introduced in the 2012-13 Budget by then Finance Minister Pranab Mukherjee to check tax avoidance and were to have come into effect from April 1, 2014. The proposal generated controversy, with investors apprehensive about harassment by tax authorities.

To soothe the nerves of jittery investors, Finance Minister P Chidambaram in January announced the postponement of the implementation of Chapter 10A of the Income-Tax Act (dealing with GAAR) by two years to April 1, 2016.

According to the notification, GAAR would be applicable to foreign institutional investors that have not taken the benefit of an agreement under Section 90 or Section 90A of the I-T Act or Double Taxation Avoidance Agreement (DTAA).

The GAAR provisions would not apply to business arrangements where the “tax benefit in the relevant assessment year arising, in aggregate, to all parties to the arrangement does not exceed a sum of Rs 3 crore.”

“Where a part of an arrangement is declared to be an impermissible avoidance arrangement, the consequences in relation to tax shall be determined with reference to such part only,” the notification said.

TCS, UK government to jointly offer world's first cyber security educational programme

Tata Consultancy Services and the Foreign & Commonwealth Office (FCO) of the UK Government will jointly create the Chevening-TCS Scholarship on cyber policy for professionals in diverse fields from India.

This will be the world's first cyber security and public policy education programme.

The programme will be taught by Cranfield University, which has significant expertise in the areas of cyber security and global security, on its campus at the Defence Academy of the United Kingdom at Shrivenham.

One of the most prestigious global programmes of its kind in the world, the Chevening Scholarship scheme is the UK government's premier scheme to attract and select from around the world, those scholars who demonstrate the greatest potential to become leaders, decision-makers and opinion-formers in their own countries.

The programme is targeted at outstanding mid-career professionals from India that have the potential to be leaders in their chosen fields. In the first year, six Indian nationals will be selected to undergo a 12 week programme in the UK. The programme will run for an initial period of three years, with the first course expected to start in February 2014.

The curriculum for the Chevening-TCS Scholarship on Cyber Policy has been conceptualized by TCS and the FCO.

''This is a pioneering course that not only covers the technical side of cyber security, but also brings together the related areas of public policy, such as internet governance, national security, crime prevention, and enabling online commerce and freedom of expression,'' said Francis Maude, Minister for the cabinet office of the UK government.

''I'm grateful to TCS for making it possible with their sponsorship, ''Maude added.

Shankar Narayanan, country head, UK & Ireland, Tata Consultancy Services, said, ''By drawing on TCS' technical expertise and the FCO's world-class policy knowledge, we have been able to create a scholarship programme that will help future leaders prepare for the increasingly complex world of cyber security and policy.''

The detailed course will be developed by Cranfield University, a wholly post-graduate institution with a global reputation for excellence and expertise in aerospace, automotive, defence and security, engineering, environment and water, health, management and manufacturing.

According to Prof. Ian Wallace, head of school, Cranfield Defence and Security, many nation-states have realised that the challenges faced in cyberspace cross geographical boundaries and multiple jurisdictions.

''Activities in cyberspace have direct and critical impact on social and economic prosperity and the security of a nation. This programme complements the range of postgraduate programmes and short courses that

Cranfield offers on this subject. It especially provides an excellent balance between technology and the social dimension of cyberspace.

This programme builds on the bilateral interaction at various levels between India and the UK on the subject of cyber security and is intended to develop expertise and skills in the areas of cyber security, information assurance and online governance challenges.
