Europe India Chamber of Commerce

Newsletter

Issue: 78 Volume: 8 **October 2014**

Prime Minister Modi kicks off 'Make in India' campaign to develop India

Kicking off the 'Make in India' campaign at a jam-packed Vigyan Bhavan in New Delhi on 25 September, India's Prime Minister Narendra Modi exhorted global chief executive officers (CEOs) and India Inc to look at India as an opportunity to invest and develop it as a manufacturing hub. The gathering was addressed by several bigwigs of India Inc, including Tata Sons chairman Cyrus Mistry and Reliance Industries chairman Mukesh Ambani.

The ambitious scheme that also puts in place the logistics and systems to address in a timely manner queries of potential investors, was unveiled along with a logo, a portal and brochures on 25 identified growth sectors before Who's Who of the corporate world from India and abroad at the Vigyan Bhavan conference complex.

The event was watched live in several cities in India and abroad via video conferencing.

Laying out the red carpet before investors, the prime minister said: "After what we have done and what I hear from you, I don't think I need to assure you any further on 'Make in India'." He hoped industry across the globe will take his invite seriously.

He said he was saddened in the past to see scores of Indians leaving the country to seek opportunities elsewhere. People have lost faith in Indian manufacturing and themselves. "We do not want any industrialist being forced to leave India," he said.

"A trust was broken -- that when a policy will be changed, when will the CBI (Central Bureau of Investigation) come. This is what I heard from all you. The biggest issue is trust. Why don't we trust each other? I want to change that."

The prime minister said for him the term FDI for the domestic industry did not expand to "foreign direct investment" but "first develop India". "We have to create opportunities of employment. If the poor get jobs the purchasing power of families will increase."

Pointing to campaign logo, he said: "This is the step of a Lion... Make in India."

Ahead of the launch of the campaign, Commerce Minister Nirmala Sitharaman said a number of steps had already been taken by the Modi government to make it easier to do business in India along with the removal or relaxation of foreign equity caps in several areas.

"The processes of applying for licences has been made online, it is 24/7. The validity of such licences has also been extended to three years," Sitharaman said, adding several norms and procedures have also being changed to make it easier to do business in India.

"Make in India is not a slogan but a mission to be accomplished with a single-minded commitment."

At the event some top industrialists and executives, among the 500 who had gathered here, were also invited to make short speeches.

Here are the top ten takeaways from his speech:

1. FDI for me is First Develop India and then Foreign Direct Investment

2. Want to take India higher on Ease-of-Doing-Business Index. Industrialists don't come because of incentives, need to create development and growth-oriented environment

3. Who is the Government for? It is for every Indian. It is for the poorest of the poor

4. The world is looking at Asia. I do not have to waste time to invite people. I need to give them the address.

5. Governance should be aimed at digital government in fact why not Mobile governance. We need to focus on Digital India to ease business through easy governance. With a digital India, there will be easy governance

6. I do not only talk about good governance. I talk about effective governance. Effective governance, easy governance need of the hour

7. When we talk of a "Look East" policy, we must also talk about "Link West". Both need to work simultaneously

8. Make-In-India is a Lion's Step': Its Symbol is a Lion Made of Cogs

9. Financial inclusion plan has worked wonders. See the trust of country men even after a zero balance account till now 40 million new bank accounts opened in Jan Dhan Yojana (in just a month) and Rs. 1500 crores deposited.

10. Nobody can question the talent of our people especially after yesterday's Mars mission.

In terms of potential, Prime Minister Narendra Modi's 'Make in India' programme can be as transformational as the Green Revolution was for agriculture and the White Revolution for milk production in India. These transformed India from a country with a begging bowl to one with surpluses of foodgrains and milk. The overarching theme of 'Make in India' is to keep things simple. It proposes to do away with many ponderous and time-consuming procedures that delay decisions and cascade into major cost and time overruns. These can, potentially, make India an easier place to do business in, thus, making it more attractive for investors.

The government has identified 25 industries in which India can become a world leader. The logic can't be faulted. A manufacturing boost in these industries will create well-paying jobs. This will improve purchasing power, boost consumption and create a larger market for manufacturers, thus, setting off a virtuous cycle of growth and prosperity. What's surprising is that this simple logic escaped most previous governments.

There's no denying that Indian industry — the manufacturing sector in particular — desperately needs a big push. The time is also right. Many western and Japanese companies in China are looking for alternative investment destinations to diversify their risks. So, India is once again on their radars. But to translate this interest into actual investments, the government will have to cut through the red tape that scares away foreigners and improve the ease of doing business in India.

EICC partners with the Indian Embassy to launch "Make in India" event in Brussels

The Europe India Chamber of Commerce partnered with the Indian Embassy for the Launch of "Make in India" on the 26th September in the Embassy premises.

The event started with screening of the launch of "Make in India" Portal by the Prime Minister of India on 25 September and address of the Prime Minister to launch the Project. Prime Minister had made a sales pitch to the world's top 3,000 companies when he launched his "Make in India" campaign on the 25th September picking up from the slogan he introduced in his August 15 Independence Day speech. The campaign seeks to present India as a global manufacturing hub; 25 of its priority sectors include "Make in India-Pharma", "Make in India-Auto Component" and "Make in India-Bio-tech".

Ambassador of India to Belgium & Luxembourg and the Mission to the European Union Manjeev Singh Puri in his welcome address said that the campaign is aimed at making India a global manufacturing hub and creating huge employment opportunities in the country, besides boosting trade and economic growth. He also said that under Prime Minister Mr. Narendra Modi's India is on the verge of significantly redefining its global role. Economic growth is set to rise and India's global standing and is radically improving the country's socio-economic indicators. It has also raised the expectations of people within and outside the Indian economy. He said that India's manufacturers have a golden opportunity to emerge from the shadow of the country's services sector and seize more of the global market.

While India has emerged as a hub for IT outsourcing, it has lagged behind in exporting value-added manufactured goods and has been unable to increase its share of technology-intensive products, he added. Productivity, Efficiency and Competitiveness is the key to make "Make in India" vision a successful story and for this India needs technology and investment. I hope in the coming months, the success will be depend upon how India and Indian business and international investors work together, the Ambassador emphasized.

EICC Board Member, industrialist and BJP leader Mr. Shishir Bajoria said that the burgeoning middle classes expect more growth from the economy and are keen to see even more improvement in the country. So do the major powers courting India. India can achieve rapid economic growth through innovation if it opens up its economy to foreign technologies.

He said that economic growth revival is the top most priority for the government without which the other deliverables particularly job creation, poverty elimination and better standards of living cannot be achieved. For this, it is absolutely crucial that India restores its manufacturing competitiveness at the earliest and improve the ease of doing business.

More than 60 representatives of trade bodies, European Commission and business organizations participated.

India, US chart future course of strategic partnership

`Chalein Saath Saath' (lets move forward together), India and the US declared as the leaders of two great democratic nations with diverse traditions and faiths shared their vision for a partnership in which the United States and India work together, not just for the benefit of both the nations, but for the benefit of the world.

Prime Minister Narendra Modi with President Barack Obama"We have vastly different histories, but both our founders sought to guarantee freedoms that allow our citizens to determine their own destiny and pursue their personal aspirations. Our strategic partnership rests on our shared mission to provide equal opportunity for our people through democracy and freedom,'' the two said in a joint vision statement.

The vision statement said the kinship between the two countries goes beyond the currents of commerce, scholarship and science that tie the two countries together. It is this kinship that allows the two to rise above differences by maintaining the long-term perspective.

''Every day, in myriad ways, our cooperation fortifies a relationship that matches the innumerable ties between our peoples, who have produced works of art and music, invented cutting-edge technology, and responded to crises across the globe.''

''Our strategic partnership is a joint endeavour for prosperity and peace. Through intense consultations, joint exercises, and shared technology, our security cooperation will make the region and the world safe and secure. Together, we will combat terrorist threats and keep our homelands and citizens safe from attacks, while we respond expeditiously to humanitarian disasters and crises. We will prevent the spread of weapons of mass destruction, and remain committed to reducing the salience of nuclear weapons, while promoting universal, verifiable, and non-discriminatory nuclear disarmament.

"We will support an open and inclusive rules-based global order, in which India assumes greater multilateral responsibility, including in a reformed United Nations Security Council. At the United Nations and beyond, our close coordination will lead to a more secure and just world."

The two countries also vowed to work together to mitigate the impact of climate change that threatens both countries, and adapt technology that suits the changing environment, by addressing the consequences of unchecked pollution through cooperation at government and at scientific and academic community levels.

While the two agreed to partner in ensuring that both countries have affordable, clean, reliable, and diverse sources of energy, the vision statement made a specific commitment that India will opt for American-origin nuclear power technologies, meaning imports of nuclear power plants and equipment from the US.

Although US was behind India's exclusion from nuclear trade controls, the country has not benefited from that in commercial dividends.

The vision statement seeks to ensure that economic growth in both countries brings better livelihoods and welfare for the people of both countries, exchange skills and knowledge that would propel both countries forward and ensure that even the poorest will share in the opportunities.

Besides, the two will engage in joint research and collaboration in every aspect - ranging from particles of creation to outer space - will produce boundless innovation and high technology collaboration that changes lives; open markets and allow trade in goods and services to flourish through fair and transparent practices.

"Our people will be healthier as we jointly counter infectious diseases, eliminate maternal and child deaths, and work to eradicate poverty for all. And they will be safer as we ensure the fullest empowerment of women in a secure environment."

"Together we seek a reliable and enduring friendship that bolsters security and stability, contributes to the global economy, and advances peace and prosperity for our citizens and throughout the world."

"We have a vision that the United States and India will have a transformative relationship as trusted partners in the 21st century. Our partnership will be a model for the rest of the world," it added.

India, Asean open up for free trade with services and investments pact

India and the 10-member Association of South East Asian Nations (Asean) on 9 September signed a free trade agreement (FTA) for trade in services and investments, opening up further investment opportunities and paving the way for freer movement of professionals between India and Southeast Asia.

India had already implemented a free trade agreement (FTA) in goods with the Asean, signed in 2010, and the signing of the services and investments pact heralds a new era of comprehensive economic partnership between the two sides. Official sources said that all Asean member countries, except for the Philippines, have ratified the deal. Asean comprises Singapore, Malaysia, Laos, Cambodia, the Philippines, Brunei, Vietnam, Myanmar, Thailand and Indonesia. Philippines had earlier raised concerns that opening up of the services sector may have an adverse impact on its own services trade given India's strength in the service sector.

The services and investment pact incorporates movement of professionals among the signatories and this will immensely benefit professionals like doctors, engineers, chartered accountants and IT professionals. Sources said the trade in services agreement contains all features of a modern and comprehensive pact and is in line with the other bilateral agreements that India has signed so far. "Some of the important articles contained in the agreement are ones on transparency, domestic regulations, recognition, market access, national treatment, increasing participation of developing countries, joint committee on services, review, dispute settlement and denial of benefits," the official said.

The signing of the free trade agreement (FTA) in services and investments comes two years after the two sides concluded discussions on the pact in 2012. The cabinet under the earlier UPA regime had, in December 2013, approved the FTA in services between India and the Asean. However, Asean members required more time as they have to approach their respective parliaments for ratification of the pact. The erstwhile UPA-II government had came under criticism for signing free trade agreements in haste, allegedly allowing for a flood of imports from Asean countries even as exports to these nations from India remained very low.

Following criticism, the commerce department undertook a study to gauge the impact of the FTAs on India's trade. India has FTAs with countries, including Korea, Japan, Singapore, Thailand and Indonesia. The trade in goods agreement has boosted the total trade between India and ASEAN substantially in the past four years. Trade between India and the 10-member bloc stood at about $76 billion in 2012-13.

Both sides aim to increase it to $100 billion by 2015 and envisage lifting import tariffs on more than 80 per cent of traded products by 2016. The agreement was scheduled to be signed last month at the meeting of the Asean economic ministers in Myanmar. However, the pact could not be sealed as commerce minister Nirmala Sitharaman had called off her trip due to "domestic compulsions."

The signing of the agreement in services and investments is part of India's commitment to have a strong institutional architecture for economic ties with Asean. As part of this economic vision, India is also part of the regional cooperative economic partnership (RCEP) negotiations, which is currently being discussed between Asean and its six partner countries.

Key features of the Trade in Services Agreement:

The Trade in Services Agreement with the Asean contains articles on transparency, domestic regulations, recognition, market access, national treatment, increasing participation of developing countries, joint committee on services, review, dispute settlement and denial of benefits;

Both India and Asean member states have taken GATS plus commitments in various services and modes of supply. Each Asean member state has tabled individual schedule of commitments, which are equally applicable for India and other Asean member states.

India has tabled three schedules of commitments one for Philippines, one for Indonesia and one for the remaining eight Asean member states. India also agreed that to increase participation of the least developed countries no additional requests would be tabled to the CLMV countries (Cambodia, Lao, Myanmar and Vietnam). All the three schedules tabled by India are well within the existing autonomous regime of India;

A brief annex on movement of natural persons (one of the key areas of interest for India) has been included in the agreement. This defines business visitors, intra-corporate transferees (managers, executives and specialists) and contractual service suppliers. This will help provide commercially meaningful market across in Asean for professionals, including those from the IT/ITeS sector. Independent professionals have not been defined in the annex.

Indian Economy continues to gain growth momentum, says OECD

India's economic growth continues to gain momentum while most major economies are seeing stable prospects, according to Paris-based think-tank OECD.

The Organisation for Economic Cooperation and Development is a grouping of 34 countries.

The readings are based on Composite Leading Indicators, which indicate turning points in economic activity relative to trend, for the month of July.

"In India, growth continues to gain momentum while in China and Russia CLIs point to stabilisation of growth momentum.

“The CLI for Brazil suggests a tentative upward change in momentum," OECD said in a statement.

India's CLI in July rose to 99 compared to 98.9 in June. The same has been improving since it stood at 98.5 in March. The country's growth touched 5.7 per cent in April-June quarter, the highest in two-and-a-half years.

India's gross domestic product had expanded by 4.7 per cent in the April-June quarter of the last fiscal ended March 31.

In the January-March period (last quarter of 2013-14), it was 4.6 per cent.

The previous high of GDP growth rate was recorded at 6 per cent in the October-December quarter of 2011-12.

Meanwhile, the grouping noted that CLIs continue to signal a stable growth momentum in most major economies.

"The CLIs for the OECD area as a whole as well as for the United States, Canada and United Kingdom continue to point to stable growth momentum," the statement said.

In Germany, the CLI continues to point to slowing momentum, whereas in Italy there are tentative signs of a loss of growth momentum. In the euro area as a whole and in France, the CLIs remain stable, it added.

"The CLI for Japan continues to indicate an interruption in growth momentum though this may be related to one-off factors," the statement said.

Narendra Modi government expedites one-stop single window system for investors

Come 1 April, 2015 and the system through which businesses in India seek clearances from government would get revolutionised. Officials are working overtime to turn true prime minister Narendra Modi's dream of ending bureaucratic roadblocks for industrialists by April 2015 and thus it is developing an online portal which would be a "one-stop single window system" where investors can log on to seek all required clearances, in few cases even over 100, to set an industry in India.

During his election campaign, Modi repeatedly emphasised on cutting down red-tapism to improve investment climate and to give confidence to investors. He spoke of similar steps even after becoming PM and this move now comes after a meeting of industry representatives with the Prime Minister's Office (PMO). "Work is on in full swing to fasten and simplify clearance processes. So, imagine a scenario on 1 April, 2015 when an industrialist doesn't have to go to any government office and he just opens the portal sitting from his office, files an application for setting up an industry and that's it. PM Narendra Modi has been talking of ease of business and digitisation … this project is exactly that ... easing the business of the businessman. It would change the paradigm of investment in India," top government sources told dna who added that Infosys is helping them in developing it.

"This will bring transparency and will curb all middlemen and chances of corruption. It would solve the fundamental problem of projects being held up and address the cause of delays happening in the country. Everything will have a timeline. Now whenever there would be a delay we will know where it is happening and who is responsible for it. So there would be no more blame games," sources added.

To put it simply, the government feels this would revolutionize the clearance seeking procedures for industry as rather than going to every ministry and pleading or in some cases even extending favours (read corruption) companies would have to simply submit everything online from where every file would go to the concerned department. Companies then would also be able to track the progress of their applications online.

The work for this system, "ebiz", is being handled by the Project Monitoring Group (PMG) of the Cabinet Secretariat along with the Department of Industrial Policy and Promotion (DIPP). The interested investor would be required to log into this platform, specify the sector and the system will automatically direct him to a page detailing all clearances required from the Central and state governments.

Sources revealed that the work for this project is going on at a breakneck speed. "In last five years, this ebiz platform could get provisions for only two clearances online but in next some months, we would add over 100 such clearances. For example permission from Director General Foreign Trade (DGFT), Employees' Provident Fund Organization (EPFO), Employee State Insurance Corporation (ESIC) and several others would be online in next three-four months itself," sources added.

Other clearances which would also find space on this ebiz platform would be PAN, TAN, environment clearance, forest clearance, mining clearance, wildlife clearance, railway, defence, steel, coal etc.

Explaining further, a senior government official said, "At present none -- industrialists, industry bodies or even government officers themselves – is unaware about number of permissions one project requires from both centre and state. But with this platform, companies would be able to apply for clearances from both central and state governments."

PMG is thus consulting all stakeholders like industry, ministry and state governments for details of clearances and timelines are being fixed based on those discussions. The system would also have ready information as to how many clearances a project requires because there are a lot of clearances that are common to all projects like PAN etc but this system would also provide list of sector specific clearances.

"We are making it into an intelligent system ... so that it tells a company who for example wants to set up a steel industry would get to know how many clearances and from where are required ... similarly it will tell for nuclear projects or coal projects that these many are required," said the senior government official.

"Some states are making their individual software systems. So, we are studying them and this single platform would connect all of them so that industry doesn't have to go to states separately. All can be done from this central system and sitting at one place," the senior government official added.

The target by 1 April, 2015 is to integrate online over 80 percent of the required clearances and at least launch 15-16 of such clearances online within next three months on trial basis.

Indian auto industry could reach $300 bn by 2016: study

A study by ICRA Management Consulting Services (IMaCS) indicates that revenues of the Indian automotive industry could increase five-fold to around $300 billion (Rs18.3 lakh crore) by 2026, while sales could swell threefold to 76 million units.

The Vision 2026 Automotive Mission Plan prepared by IMaCS says that growth of passenger vehicles will stand at 13.4 million units per annum from 3.1 million units in the current financial year. Commercial vehicles will see an increase from 0.7 million units in FY14 to 3.9 million units by 2026; while two wheelers will increase from 16.9 million units to 55.5 million units.

Three-wheelers will also see a notable increase from 0.8 million units to 3 million units. The Indian auto industry could grow from 21.5 million units in FY14 to 75.8 million units by FY26. This will not only add around 13 per cent to the GDP, but will also generate an additional 100 million jobs and garner investments to the tune of $80 billion. Exports of vehicles will see revenues increase from $8 billion in FY14 to $40 billion by 2026 while exports of components will also increase from $10 billion in FY14 to $74 billion.

Experts predict a shift in global vehicle-buying trends, with increased demand coming from BRICS and other emerging economies. This could also mean a sharp rise in the demand for compact cars over the next decade; and India excels in this area. The study says it will be factors such as creation of infrastructure, human resources and incentivisation that will decide whether these numbers are achieved.

UK wants India to open up legal sector for global firms

Opening up of legal sector in India for int'l lawyers would be a win win situation for both the countries who are having a deep rooted relations, says UK minister.

The UK government wants India to open its legal sector for global market in order to attract investments that would in turn boost economy. For this purpose the British minister of justice with responsibility for the courts and legal aids, Shailesh Vara is on a three-day visit of India.

The minister of Indian origin with roots in Porbander, Gujarat, said that opening up of the legal sector in India for international lawyers would be a win win situation for both the countries who are having a deep rooted relations.

"As a justice minister I am also here to explore possibility of the legal system in India considering being little more liberal. At present we have Indian law firms practicing in UK since many years. I think it is not unreasonable for UK legal firms to be allowed to practice in India," Vara told mediapersons in Ahmedabad. He however made it clear that he was not suggesting that British lawyers be allowed to practice law in India courts.

"What I am saying that there are many Indian businesses who at present are seeking international legal advice. They are getting it by using Indian firms who go to UK and get advice from lawyers there. So UK companies could be allowed to set up firms in India for legal advice," the minister said.

He was of the opinion that opening of the legal sector for international lawyers will help India attract world class lawyers from across the globe. Giving example of UK where they have opened up the legal sector for international firms, Vara said, lawyers from across the globe come and practice in UK which has made the country center of excellence in law.

"Opening of legal sector will help Indian lawyers work along side international lawyers. This will give India recognition as centre of excellence in law. It is a win win situation for the industry. It will also attract business to India and assist in fulfilling Indian economic agenda," he added.

However, there is resistance to the opening of the legal sector to global firms from Indian companies. "There are people who feel that the work that they are doing might be taken by this (UK) lawyers. I am seeking to assure those lawyers who are worried that their work is not under threat. The foreign lawyers are not going to give advice on Indian laws. The Indian lawyers who give advice on international law could continue to do so. The lawyers whom I am talking about are those who are already advising Indian firms," the British minister clarified.

According to Vara, in UK the turnover of the legal sector was over 20 billion pound a year and it contributes to 1.5 per cent of UK's gross domestic product (GDP).

Swiss chocolate giant Barry Callebaut to set up production in India

Swiss chocolatier Barry Callebaut, a leader in the production of high-quality chocolates and cocoa products, is planning to set up a manufacturing unit in India, to tap the country's Rs3,000-crore market.
Barry Callebaut currently has commercial operations in the country, having set up an office in Mumbai in 2008, and the current move is part of the company's global expansion plans.

"As part of our expansion plan, we're looking at having a manufacturing plant in India in near future and we are progressing on the plan," Barry Callebaut vice president Gourmet Asia Pacific, Denis Convert, said.

Today, we are the world's leading manufacturer of high-quality chocolate and cocoa products.

India is a very important market for Barry Callebaut and it wants to be in this market for the long-term, Convert said.

"In spite of the fact that the consumption of chocolate in the country has trebled to 120 gram per capita per annum at present as against 40 gram nine years ago, India is still one of the lowest chocolate consumption markets. In Germany alone the per capita chocolate consumption currently exists at 10 kilogram per year," Dhruv Bhatia, managing director of Barry Callebaut India, said.

The country is expected to provide an annual increase of 15 per cent in chocolate consumption in future, he added.

Barry Callebaut has a global network employing more than 8,500 people in more than 50 production facilities operating out of more than 30 countries across Europe, Africa, North and South America as well as Asia-Pacific. The company has annual sales of about CHF 4.9 billion (€4.0 billion / $5.2 billion) and has fully integrated operations – from sourcing cocoa beans and processing them to producing chocolates and cocoa products.

India tumbles 11 steps on competitiveness index

A global competitiveness index by WEF puts India at 71st spot among 144 countries
India's ranking on a global competitiveness index fell 11 notches to 71 in 2014-15, against 60 a year earlier, pushing its position to the lowest among BRICS nations. This has posed yet another challenge to the Narendra Modi government striving to revive the investment cycle.

There were 144 countries ranked in the Global Competitiveness Report 2014-15 released by the World Economic Forum (WEF). "On a downward trend since 2007 and dropping by 11 more places this year India ranks 71st. The government faces the challenge of addressing the country's competitiveness weaknesses and reviving the economy, which is currently growing at half the rate of 2010," the report said.

The data came a few days after India's economy grew at a two-year high of 5.7 per cent in the first quarter of the current financial year, bolstering spirits in the government as well as industry.

The country's ranking in the global competitiveness index (GCI) was 48 in 2007-08 (three quarters of which fell in calendar year 2007) and it slipped to 50 a year later.

What could be an eye-opener for policymakers is the fact that Russia was at the 64th rank in 2013-14, four notches below India. However, it is 53rd in 2014-15, much ahead of India. At 28th, China stands some 40 places ahead of India.

The report said as the poorest economies among emerging Asian countries — India and Myanmar — were transitioning away from agriculture and developing a manufacturing base they would need to create a sound and stable institutional framework for local and foreign investors and improve connectivity.

"Manufacturing accounts for less than 15 per cent of India's GDP. Agriculture represents 18 per cent of output and employs 47 per cent of the workforce. Low productivity in the sector means very low wages and a life of mere subsistence for many," it said.

The country's rankings on specific yardsticks were somewhat peculiar. While it ranked higher on more complex areas of competitiveness — innovation (49th) and business sophistication (57th), on the basic drivers of competitiveness such as health and primary education, its performance was poor.

India had its lowest rank in technological readiness (121st). Despite mobile telephony being almost ubiquitous, India is one of the world's least digitally connected countries. The report said despite its immense potential and promise, by many accounts, India continued to suffer from poverty.

A third of India's population still lives in extreme poverty — possibly the highest incidence outside sub-Saharan Africa — and many people still lack access to basic services and opportunities, such as sanitation, health care, and quality schooling.

"There are encouraging signs," the report noted. "India has achieved spectacular progress on various measures of corruption and now ranks 65th. Red tape seems to be less of an issue than it had been, and government efficiency is equally improving."

However, it said the overall business environment and market efficiency (95th, down 10 places) are undermined by protectionism, monopolies, and various distortionary measures, including subsidies and administrative barriers to entry and operation.

It quoted the World Bank's data on ease of doing business to say that it took 12 procedures and almost a month to register a business in India. Besides, taxes for a typical registered firm amount, on average, to 63 per cent of profits.

12 Indian firms in Forbes' Asia-Pacific 'best companies' list

Tata Consultancy Services (TCS), HCL Technologies, and HDFC Bank are among the 12 companies included in the Forbes list of the 50 best companies in the Asia-Pacific region. The other Indian companies on the list are Asian Paints, Axis Bank, Lupin Laboratories, Mahindra & Mahindra, Motherson Sumi Systems, Sun Pharmaceuticals, Tata Motors, Tech Mahindra and Titan, another Tata Group company. Not surprisingly, Forbes ranked India second behind China as home to the "world's next growth engines".

The Forbes 'honour roll of the Fabulous 50' lists the best of Asia-Pacific's biggest publicly listed companies. China has 16 companies on the 2014 list, continuing the leadership it has held for the last three years. However, the number of Chinese companies on the list has gone down from 20 last year on the back of slow economic growth in the country. India continues to trail China with 12 companies on the list, the same number as last year. HDFC Bank, India's second-largest private sector bank, has made the list eight times, more than any other company since Forbes started compiling the Asia-Pacific list in 2005.

TCS makes it to the list for the seventh time, while Tech Mahindra, the country's fifth-largest IT firm, debuts on the list after net profits soared 112 per cent to touch $500 million. Cigarette-based Indian conglomerate ITC failed to make it to the list this year. Forbes said TCS, India's largest IT firm, boasts a market cap of $71.25 billion, bigger than the country's next three IT outfits combined. "Long dependent on the US market, [TCS] may soon generate more than half its revenue outside the US," the publication said.

South Korea has six companies on the list, followed by Hong Kong with three and two each from Japan, Australia, Malaysia, Singapore and Thailand Technology companies dominated the list, with nine representatives. The consumer durables industry has the second-most members with seven companies, including four motor vehicle giants from China and India, as the rise of Asia's middle class continues to drive global demand. Three oil and gas companies make it into the list, up from only one last year.

The list is chosen from a pool of 1,300 companies in the region that have at least $3 billion in market cap or annual revenue. Forbes took into account performance measures and outlook, and did not include companies that carried a lot of debt or were more than 50 per cent state-owned.

Swiss economy most competitive once again; EU, US, Japan improve

The European Union is becoming more competitive but Switzerland, Singapore and the United States are the three economies to beat, an annual survey by the World Economic Forum said.

The Global Competitiveness Report published by the Geneva-based body, which is most famous for gathering politicians and billionaires for an annual exchange of views at the Alpine resort of Davos, showed the same 10 countries filling the top 10 spots for at least the third year running.

Switzerland's slick efficiency, innovation and macroeconomic stability kept it on top for a sixth year in a row, although it was marked down for the difficulty of finding qualified workers.

"A potential threat to Switzerland's competitive edge might be the increasing difficulties faced by businesses and research institutions in finding the talent they need to preserve their outstanding capacity to innovate," the report said.

The United States muscled into third place ahead of Finland and Germany, while Japan leapfrogged Hong Kong and the Netherlands to take sixth spot.

EU states such as Romania, Portugal and Latvia were among those rising up the ranks of competitiveness. Greece, which is still bringing up the rear for the EU, in 81st place globally, jumped 10 places up the rankings from 91st last year.

Greece was helped by improvements in its goods and labour markets and a sharply reduced budget deficit, which improved the outlook despite still very high levels of government debt.

"All this suggests that the implemented reforms are starting to pay off," the report said.

China climbed one rank to 28th, Russia jumped 11 to 53rd spot, while India slid 11 to 71st and became the least competitive BRIC economy, 14 places behind Brazil.

Bottom-ranked this year was Guinea, lately in the news for being the source of the world's most deadly Ebola outbreak.

The Forum bases its assessment on a dozen drivers of competitiveness, including institutions, infrastructure, health and education, market size and the macroeconomic environment. The report also factors in a survey among business leaders, assessing government efficiency and transparency.

India has been sliding down the rankings since 2009, let down by basic healthcare and education, red tape, high business taxes, poor technology and a rigid labour market.

Russia's new-found competitive edge was sharpened by improvements to domestic competition and business sophistication that came befornoe the Ukraine conflict.

Reverberations from that conflict - sanctions and the impact on the gas trade, with knock-on effects on public funding - could blunt it again in the future, the survey said.

A major brake on competitiveness for many advanced economies, including the United States, Japan and many EU countries, was doubt about their macroeconomic environments.

In that category, the United States was ranked 113th worldwide, slightly better than 117th last year. The leaders in macroeconomic stability were Norway and Qatar, both blessed with energy bonanzas that have pushed GDP above $100,000 per head.
