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Trade and business delegation from Gujarat to visit Europe

A trade and business delegation from Gujarat will visit Europe in the month of September to promote Global Investor Summit to be held in Ahmedabad in January 2011. The EICC has teamed up with Pricewaterhouse Coopers (PwC) to organize business meetings for the delegation which will visit UK, Netherlands, Spain and Germany. PwC is knowledge partner to the Government of Gujarat and is assisting them in the preparation of the investor summit called Vibrant Gujarat, planned for 12-13 January 2011 in Ahmedabad. The PwC is also helping the government to organize various government delegations to different countries in order to promote investments into Gujarat and invite companies, associations, chambers of commerce to participate in the Vibrant Gujarat. Vibrant Gujarat is a biennial Global Investors' Summit held by the Government of Gujarat. The event is aimed at bringing together business leaders, investors, corporations, policy and opinion makers in one platform to explore business opportunities in Gujarat. The 4th Global Investors' Summit held on 12–13 January 2009 saw MOUs to the value of $241 billion signed. The EICC has arranged meetings with companies, associations, educational institutions and government bodies in Europe for the delegation. The delegation comprising of business leaders and management experts from industrial sectors such as Chemicals and Pharmaceuticals, Infrastructure & Logistics, Food and Agro, Auto & Engineering, Financial Services, Waste management and Life sciences will explore business collaboration for long term partnership and invite entrepreneurs and business leaders to invest in Gujarat. EICC Board Member Mr. Sushil Handa will join the delegation. Other members of the delegation include Mr. J.R.Vyas (Dishman – Pharma and Chemicals), Mr. Suresh Patel (GIHED – housing), Ms. Shaleen Sharma (Gujarat Gas), Mr. Harish Mehta (Suzlon – Renewable Energy), Mr. Dilip Jiwarajka (Alok Industries - Textile). The delegation will be led by Mr. Guruprasad Mohapatra, IAS, Sales Tax Commissioner of Gujarat with additional charge of Managing Director of Gujarat Alkalis and Chemicals Ltd. The EICC looks forward to helping the delegation to meet their mission objectives and also establishing business collaboration with the participating companies, and developing partnership with the government of Gujarat. It is learnt that Gujarat government has planned to send similar business delegations to France, Italy, Brazil, USA, Canada, Japan, Malaysia and Singapore, in the countries of Africa, Middle East and Gulf. The delegation consisting Gujarat based well-known industrial leaders will visit these countries to invite business community to participate in the Vibrant Gujarat Global Summit.

Indian government opens debate for FDI in multi-brand retail sector

Multi-brand global retail giants like the Wal-Mart, Metro, Carrefour and Tesco may soon enter the rapidly expanding Indian retail market as Indian government has kicked off public debate on opening up the country's giant retail sector to foreign investors. A discussion paper released in July, prepared by the Department of Industrial Policy and Promotion for eliciting public opinion, has made out a strong case for the entry of multinational multi-brand retailers into the country. The paper, released for public comments has favoured allowing 51 per cent Foreign Direct Investment (FDI) in the multi-brand retail sector which would allow the global giants to directly set up shops in the country. "FDI in retail may be an efficient means of addressing the concerns of farmers and consumers….(It) may, therefore, be an efficient means of addressing the concerns of farmers and consumers," the government draft policy paper has contended. Further, it argued that FDI in multi-brand retailing "would also assist in lowering consumer prices and inflation." At present, the government policy allows 51 per cent FDI only in the single-brand retailing. The extension of this to the multi-brand segment would mean that the global multi-brand retailers would be able to open their shops in the country to directly sell consumer products ranging from state-of-the-art entertainment electronic goods to candy and biscuits of any brand one can think of. However, there has been an overwhelming apprehension among political parties of different hues in the country that the entry of foreign direct investment in retail business would signal the end of the conventional small "kirana" stores as they would be swamped by the multi-national corporations. Besides, there has also been widespread fear that allowing entry of global retail chains to carry on procurement of farm products and selling them in retail outlets directly to consumers would harm the interests of small-time farmers as well as consumers, who would be at the mercy of these global retailers. The government's policy paper however has pointed out that farmers, in the present system, got just a third of the consumer prices for their produce. India's tight foreign investment rules allow no overseas chains in the retail sector -- except for single-brand outlets such as Nokia or Reebok -- to protect local retailers in the 500-billion-dollar retail sector. Entry of multinational retailers into India and the growth of domestic mass merchandisers have been steeped in controversy amid fears they could drive corner shops out of business. The discussion paper talks of earmarking 50 per cent of FDI inflows for building up of back-end infrastructure, logistics and agro processing; and even moots riders such as reserving 50 per cent jobs in FDI-funded retail outlets for rural youth. Other issues up for debate include identifying possible locations for such stores. The current thinking is that these stores could initially be allowed to come up in cities with population of over 1 million, particularly on the outskirts. Also, to provide a fillip to the SME sector, the Centre has recommended sourcing a percentage of manufactured products from the domestic SMEs. Over the last few years, foreign investment in retail has been a politically sensitive issue. Concerns that foreign retailers, with their financial prowess, could rob the kirana stores and pushcart vendors of their livelihoods meant that the Government had to tread cautiously on the issue. The retail sector accounts for 12 per cent of the national GDP. The Indian retail industry is the fifth largest in the world. The organized retail segment in India accounts for less than five per cent of the total retail market, but is expected to grow at a compounded annual rate of 40 per cent to $75 billion by 2015, from less than $20 billion now, according to estimates by various brokerage reports. According to the ninth annual Global Retail Development Index study from management consulting firm A.T. Kearney, India is among the top 10 countries on the index's 2010 mix. “India, last year's top GRDI destination, fell to third. Retail growth will continue in India, but an influx of foreign players, limited and expensive desirable real estate and foreign investment restrictions have pushed the country's retail market closer to maturity.” India was number one in 2009. A recent McKinsey report said that India's retail space is set to grow to $450 billion by 2015, comparable to Italy's $462 billion market. “The game here has just begun, with organized retail accounting for just 5 per cent of today's market and likely to expand anywhere between 14 and 18 per cent by 2015.”

India Inc Runs Up an M&A Bill of US dollar 38 billion in H1

The value of mergers and acquisitions that India Inc snapped up in the first half of the year surged over seven times to a staggering USD 38 billion led by big ticket deals in the telecom and pharma sectors. The mergers and acquisitions (M&As) activity involving domestic firms witnessed a surge compared to the same period last year, global consultancy firm Grant Thornton said in the latest issue of Dealtracker. "The deal values are very close to the heightened level of M&A transaction value that was seen in 2007. The number of deals for the first half of 2010 is the highest-ever historically," Grant Thornton said. The significant increase in activity is driven by some of the large deals including the merger of Reliance Infratel's tower assets with GTL Infrastructure for USD 10.86 billion, Bharti Airtel's USD 10.7 billion acquisition of Zain's African assets and Abbott's acquisition of the domestic formulation business of Piramal Healthcare for around USD 3.72 billion. The largest contributor to the deal value has been the telecom sector followed by several others such as pharma/ healthcare, banking and financial services, metals and ores, the study notes. Interestingly, seven deals have been announced already which have are valued billion-dollar-plus -- which is a record for the first six months of a year. Another report from VCCEdge, the financial research platform of VCCircle.Com, states the M&A deal value during this April-June period touched USD 24.8 billion against USD 2.8 billion in the year-ago period. "The second quarter of this year saw some big tickets deals, which sent the total M&A deal value soaring. This signalled the return of investor confidence and liquidity to the market," the VC Edge report notes. In June, the total M&A and PE (including qualified institutional placement) deals were valued at USD 13.74 billion (67 deals) compared to USD 1.38 billion (43 deals) and in the same month of 2009, says the Grant Thornton report. Further, total value of outbound deals (domestic firms acquiring businesses outside the country) was USD 0.13 billion (17 deals) in June. The total value of inbound deals (foreign companies or their arms acquiring domestic businesses) was USD 0.41 billion (6 deals) in June. The Grant Thornton report says the most prominent region where outbound acquisitions have seen the highest include Africa, followed by Belgium, Britain and the US. The largest acquirer of Indian businesses has been the US so far this year, in terms of both volume and value, it added.

India is ready to treat world with spice- flavoured chocolates

Come October, the gourmet chocolate company Cacobean Chocolatier, that manufactures chocolates for leading brands in India like Coffee Day, Metro cash & Carry, Chocolate Room and Cookie Man will launch its own brand in the Dubai market and later take it across the world. Coming from the land of spices it was but natural for premium chocolate manufacturer Cacobean Chocolatier, to try producing soft-filled chocolates that were flavoured with spices. Eight flavours that include pepper, chilli, ginger, cumin, cardamom, cinnamon, clove and mace will be sold under the Cacobean brand, globally. "In order to enhance the presence of our origin, we have come out with a unique premium brand of spice flavoured chocolates. What makes the spice flavoured chocolates special is the natural ingredients of spices that give them the true flavour and aroma of actual spices. Chilli and pepper will have the pungency while cardamom and ginger will linger in your mouth and breath," the statement added. The company has already launched their premium range of spice flavoured chocolates at the duty free outlet at Cochin International Airport. The promoters of Cacobean is one of the largest cocoa producers in the country and the only gourmet chocolate manufacturer with state-of-the-art manufacturing facility The company has also acquired the Swiss tag by incorporating a company in Switzerland called Cacobean GmbH, Switzerland. Apart from being a semi finished product supplier to the hospitality industry and bakery segment, Cacobean with its in-house design and development team, has provided total finished customized solutions for gourmet chocolatiers and retailers as a product. Cacobean caters in the bulk and retail formats to several leading global hotel chains and airlines. They cater to many orders for corporate gifting from the hospitality industry especially during Christmas and New Year. Van Heusen and Titan are some of the leading brands that have used our service during the last festival season, the Cacobean Chocolatier said. "We had supplied custom design packaged chocolates for our clients in the hotel industry which were gifted to their corporate clients during the season. We are in the final stage of developing various innovative flavours and fillings for the coming season too," the company representative added.

India ranks second in global manufacturing competence

India has been ranked second, ahead of the US and South Korea, in terms of manufacturing competence globally, a report by Deloitte has said. China, followed by India and South Korea has been ranked first, second and third respectively in the 2010 Global Manufacturing Competitiveness Index; a result of the collaboration between Deloitte Touche Tohmatsu and the US Council on Competitiveness. “In less than a decade, a new world order for manufacturing competitiveness has emerged along with a tectonic shift in regional manufacturing competence,” the report said. The rise in the manufacturing competitiveness of three countries in particular — China, India, and the Republic of Korea (Korea) — appears to parallel the rapidly growing and important Asian market,“ said the 56-page report. The report notes that China’s ascent to the top of the list is not surprising, given its rising eminence in the manufacturing sector over the past ten years, particularly as a regional hub for foreign outsourced production, foreign direct investments, and joint ventures. “Perhaps more surprising is that India is now positioned at number two and gaining an even stronger foothold on that position over the next five years,” the report said, adding India’s rich talent pool of scientists, researchers, and engineers as well as its large, well-educated English-speaking workforce and democratic regime make it an attractive destination for manufacturers. Noting that since the mid-1990s, India’s software industry has escalated to new heights and post-economic liberation has also opened a pathway to unprecedented market opportunities for Indian manufacturing, it said moreover, beyond low-cost, Indian manufacturers gained experience in quality improvement and Japanese principles of quality management, with the largest number of Deming Award winners outside of Japan. “The country is also rapidly expanding its capabilities in engineering design and development and embedded software development, which form an integral part of many modern-day manufactured products,” it said. The importance of India to manufacturing executives around the world underscores two important points, it said. First, strength in research and development, paired with engineering, software, and technology integration abilities, are viewed by global executives as a vital element of the talent-driven and innovative manufacturing enterprise of the 21st century. Second, manufacturing executives increasingly view India as a place where they can design, develop and manufacture innovative products for sale in local as well as in global markets, the report said. “These factors explain, in part, India’s rise from a low-cost, ‘back office´ location to a country that is well-positioned to be an active participant in the entire value chain-as well as it now being viewed by many executives as an integral part of their global manufacturing enterprise and location strategy,” the report said. Projecting the competitiveness ranking after five years, the report says while China with 10 points would still remain on the top, India would inch closer to China with 9.01 points. South Korea would remain at the third slot with 6.53 points, while Brazil (6.32) would replace US (5.38) to the fourth slot. The United States would drop down to the fifth place, followed by Mexico (4.84), Japan (4.74) and Germany (4.53).

India is fast emerging as a global manufacturing hub. The country has all the requisite skills in product, process and capital engineering, thanks to its long manufacturing history and higher education system. India's cheap, skilled manpower is attracting a number of companies, spanning diverse industries, making India a global manufacturing powerhouse.

European Parliament gives nod to EU’s new diplomatic service blueprint

The European Parliament recently approved a legal blueprint for the formation of the European External Action Service. Members of the Parliament approved a package of recommendations concerning the proposed diplomatic body and working methods of the service, a major new development introduced in the Lisbon Treaty. The Members negotiated substantial changes to the original plans put forward in March by Ms. Catherine Ashton, the EU high representative for Foreign Affairs and Security Policy. The new diplomatic service is expected to begin by December and will help the high representative conduct the EU's foreign policy and ensure that its external policy is consistent. This EEAS is a new dawn in the EU foreign policy. One of the innovations of the new Lisbon Treaty is the creation of a new European External Action Service, intended as a diplomatic corps that will oversee not only Europe's huge aid and humanitarian budget but also relations with countries around the world. It is expected to include 130 existing Commission delegations, which will become "EU delegations" and will be staffed by civil servants from the Commission, the Council of the European Union and national foreign ministries. They will be answerable to the High Representative with the aim of increasing the impact and coherence of the EU's foreign policy. It could also go a long way to solving the dilemma posed by former US Secretary of State Henry Kissinger who asked "who should I call?" when looking for European diplomats. The EP resolution also says that the EEAS should complement the diplomatic services of EU States rather than replacing them. Moreover it recommends "that political agreement be reached with Parliament on all issues at an early stage in order to avoid valuable time being wasted on political controversies about the form to be taken by the EEAS after the entry into force of the Treaty of Lisbon". EU foreign ministers on 26 July gave their final approval to the EEAS paving the way for the diplomatic corps "to come into being" by December 2010. Attention now shifts to budgetary issues and the battle to assign top positions. At least one third of EEAS staff will be provided by member states. Another 60%, at least, will be EU personnel.

European Union plans to toughen investor protection

Account holders in the European Union who are faced with a run on their bank would get their money back within a week under a draft EU law published in July to protect consumers in the wake of the global crisis. The European Commission's proposals are intended to restore investor confidence, shattered by the worst financial crisis since the 1930s, during which household savings were whittled away and governments were forced to shore up banks. "We don't want to await a new Madoff case in Europe to better protect investors," EU Internal Market Commissioner Michel Barnier told a news conference. "We are not talking about offsetting the risk of the investment itself but we want to protect them against fraud, negligence and sometimes just mere incompetence on the part of those (to whom) they have entrusted their money." Some of the changes proposed by the Commission seek to plug the sorts of gaps highlighted by Wall Street fraudster Bernard Madoff, who swindled investors out of billions of dollars through a worldwide scam that he ran for decades. Account protections would be extended beyond individuals to safeguard small company accounts for the first time, a step that would help restore the sector's confidence in the banking system. The proposals are part of wider EU efforts to introduce "brick by brick, week by week" all the reforms pledged by the Group of 20 countries, which includes the European Union, to learn from the financial crisis. Highlighting the complexity of introducing such reforms across the 27-country bloc, one planned EU measure to centralize the supervision of banks, insurers and markets is deadlocked because of British opposition to giving the EU supervisory authorities powers over national regulators. The stringent norms to protect investor’s interests are also a warning to big companies. The EU states and the European Parliament have the final say on the proposals, which seek to entice investors to save for their retirement and avoid taxpayers having to bail out banks again in any future crisis. If approved, national deposit guarantee schemes would have to reimburse bank account holders up to 100,000 euros ($126,000) per account per bank from the end of 2010. This doubling of minimum compensation levels would cover 95 percent of all EU bank account holders. From the end of 2013, customers would get their deposits back within seven days, compared to three months at present. Barnier said the plans would not jeopardize voluntary guarantee schemes already in place at savings banks in some EU states like Germany and Austria.

EU announces €6.4 billion for smart growth and jobs

The Commissioner Máire Geoghegan-Quinn has announced nearly € 6.4 billion - Europe's biggest ever investment in research and innovation. The package, the biggest ever, covers a vast range of scientific disciplines, public policy areas and commercial sectors. This funding will advance scientific boundaries, increase European competitiveness and help solve societal challenges such as climate change, energy and food security, health and an ageing population. Around 16,000 participants from research organisations, universities and industry, including about 3,000 SMEs, will receive funding. Grants will be awarded through "calls for proposals" (invitations to bid) and evaluations over the next 14 months. Many calls will be formally published on 20th July. This package is an economic stimulus expected to create more than 165.000 jobs. It is also a long-term investment in a smarter, sustainable and more inclusive Europe. It is a key element within the EU's Europe 2020 Strategy and in particular the Innovation Union Flagship, which will be launched in autumn 2010. Commissioner Geoghegan-Quinn said: We are offering researchers and innovators €6.4 billion for cutting-edge projects focusing on big economic and societal challenges: climate change, energy and food security, health and an ageing population. This is a huge and efficient economic stimulus and an investment in our future." Top priority has been given to Small and Medium-sized Enterprises (SME), the backbone of the European innovation system, representing 99% of all European businesses. SMEs, will receive close to €800 million and for the first time, there will be ring-fenced budgets in several areas. Translating research into new technologies, products and services is at the heart of the package. Around €600 million of ICT funding is earmarked for next generation network and service infrastructures, robotic systems, electronic and photonic components, and digital content technologies. More than €400 million will support research into how ICTs can address challenges such as a lower-carbon economy, an ageing society, and adaptable and sustainable factories. By adopting the Europe 2020 strategy, Europe's political leaders have put research and innovation at the top of the European political agenda, making it the cornerstone of investment in sustainable growth and jobs.

India successfully foils Danish company's bio piracy bid

After stopping the Chinese from patenting pudina's health benefits, India has now foiled a major bio piracy bid by a Danish company to patent ginger, jeera (cumin), onion and turmeric's fat burning properties. Claras ApS, a Danish company, on September 19, 2007 had filed a patent application at the European Patent Office, saying its invention of turmeric, cumin, ginger and onion as slimming agents was novel. The Council of Scientific and Industrial Research (CSIR), with the help of India's Traditional Knowledge Digital Library (TKDL), dug out formulations from ancient Ayurveda texts like Astanga Samgraha, Yogaratnakarah, Yogatarangini and Gadanigrahah dating back to the 5th century, which contained formulations involving their use for ages in India, as fat burners. The TKDL had submitted a letter to EPO on August 25, 2009 to inform the examiners that all the four have long been known in Indian systems of traditional medicine for their use as slimming agents or fat destroyers. CSIR's in its submission to the EPO had said, "The patent application number EP2044850, titled method for altering the metabolism characteristic of food products, may kindly be referred to wherein the usefulness of a herbal composition of Zingiber officinale (ginger), Allium cepa (onion) , Cuminum cyminum (cumin seed) and Curcuma longa (turmeric) on being added to a food product as a slimming agent by altering the digestion characteristic/metabolism characteristic of the food product has been claimed to be novel." The letter added, "In TKDL, there are several references where all four have been found to be used for improving digestion process and act as slimming agent. Hence, there does not seem to be any novelty or inventive step involved in the claims made in the above referred patent application." The letter was accompanied with evidence from age-old Indian medicinal texts. Following India's intervention, the Danish company was not left with any option except to withdraw its patent and claims. Accordingly, the company decided to withdraw its three-year-old application. TKDL is a collaborative project between CSIR and the health ministry's department of Ayush.

In 2000, the TKDL expert group estimated that about 2,000 wrong patents concerning Indian systems of medicine were being granted every year at international level, mainly due to the fact that India's traditional medicine knowledge existed in languages such as Sanskrit, Hindi, Arabic, Urdu, Tamil etc and was neither accessible nor understood by patent examiners at the international patent offices. TKDL, therefore, overcame these language and format barriers by scientifically converting and making available information in 34 million A4 size pages of the ancient texts into five international languages -- English, Japanese, French, German and Spanish. European Patent Office (EPO) has rejected 15 patent applications of various international companies during the past one year after it found they had used India's traditional medicinal knowledge to prepare certain products. The action was taken after the government entered into an access agreement with EPO in February last year to share India's traditional medicinal knowledge and prevent the practice of foreign companies taking patent on Indian systems of medicine. Readers may know that India scored a stunning victory over China during June. The EPO, which grants trademark protection to individual inventors and companies in up to 40 European countries, in February delivered exclusive patents on two medicinal herbaceous plants - andrographis and mint - to the Chinese pharmaceutical giant Livzon. With a board of directors closely connected to the Chinese Communist Party, Livzon is one of Asia's leading research-oriented bio-technology firms and enjoys a lion's share of China's drug market. It is also successfully foraying into overseas markets like Western Europe and the Middle East. The EPO's award was a shot in the arm for Shenzhen-listed Livzon, which had claimed in an application in January 2007 that the two herbs could be newfound ingredients to manufacture medicines treating avian flu (H5N1 influenza). With a robust laboratory of scientists that perform gene recombination and biological extraction, Livzon planned to cash in on the EPO's patent to produce a wonder drug for the flu that has claimed the lives of millions of birds and hundreds of humans since 1987. But once the patent was awarded by the EPO, India sprung into action, disputing Livzon's argument that treatment for fever, detoxification and bird flu by employing andrographis and mint was novel. In fact, it was a time-tested Indian practice, where the herbs (locally known as "*kalamegha*" and "*pudina*") had been regular inputs for curing influenza and epidemic fevers. India's traditional medicine system, *ayurveda*, which can be traced to at least 1,500 BC, had accorded pride of place to natural remedies based on a diverse range of plant species. *Pudina* and *kalamegha* entered the lexicon of India's home-healing lore long ago and continue to feature in diet and culinary preparations for their immunity-boosting, cooling and aromatic qualities. According to the Times of India, a complaint from India's Council of Scientific and Industrial Research (CSIR) to the EPO included extensive citations from texts of *ayurveda* and *yunani* (Greco-Arabic traditional medicine popular in South Asia), "dating back to the 9th century" to demonstrate that medicinal knowledge of *pudina* and *kalamegha* was present for "ages". The comprehensive evidence presented by India convinced the EPO's three-member investigative panel, leading to the cancelation of Livzon's patent. The credit for saving these two household names from a biotech giant goes to a digitalization project started by the Indian government in the year 2000. After eight years of laborious information-extraction by over 200 scientists and language experts, India came up with a detailed database of its traditional medicinal formulations translated from Hindi, Sanskrit, Arabic, Persian, Urdu and Tamil into five international languages - English, Japanese, French, German and Spanish. The resultant Traditional Knowledge Digital Library (TKDL) documents more than 200,000 natural medicinal prescriptions spread over 30 million pages of details. TKDL made accessible to the world knowledge about Indian systems of medicine (ISM) that had been confined to the sub-continent due to their original renderings in arcane ancient languages. Armed with TKDL, India's scientists have launched a vigorous challenge to bio-piracy of the country's medicinal heritage by firms from Spain (melon extract to cure vitiligo) and the United States ("*ashwagandha*" to cure depression, insomnia and diabetes). Even yoga postures have been rescued from quack Western instructors in the lucrative market for alternative health exercise. CSIR estimated that before TKDL was compiled, India was bleeding about 2,000 new patents every year at the EPO and the United States Patent and Trademark Office (USPTO).

Fighting bio-piracy is a terrain that combines nationalistic honor with practical concerns about denial of freely available local knowledge and substances to common people who have inherited them from their forebears. India stands to gain in soft power internationally by helping other threatened countries build their own local versions of TKDL in what futurologist Jeremy Rifkin terms as the "biotech century".
