

# EUROPEAN BUSINESS GROUP, INDIA

Issue 2 • July - September 2010



PROMOTE AND SAFEGUARD EUROPEAN BUSINESS INTERESTS IN INDIA

## Message...

The European Business Group, India, is the focal point for European organisations in India. It is a forum where European companies can discuss matters of common interest and have them represented in a broader way. Set up in 1997 the EBGI is an initiative of the European business community supported by the delegation of the European Commission to India. With 250 members in Delhi, recently established Mumbai and in Bangalore are growing in membership and activities.

The EBGI promotes and safeguards European business interests in India, while increasing bilateral trade between India and EU. It also aims to enhance business and social relationships. We make representations on behalf of European businesses to the Indian Government. Through the EBGI, they are regular discussions and meetings among members of the European business community. The Group actively organises meetings with Ministries of the Government of India to further improve bilateral relations. The EBGI works through its sector committees which bring together industry representatives to discuss, share information and resolve common issues. These committees are in the field of Alcoholic Beverages, Banking and finance, Healthcare, IT and Telecom, Law and Taxation, Textiles, Civil Aviation.

The EBGI Annual Position Paper has become an official document in the Indo-EU bilateral discussions recognized by the European Commission and the Government of India. The group has been invited to present its views at the annual pre-budget meeting with the Indian Finance Ministry and is involved in the EU-India Summit.

EBGI is committed to stepping up its engagement with the European Union and India on a wide range of issues that it identifies as being priorities of the group. We now have a full time Secretariat and a permanent office, who is working on enhancing our services and engagement with members. Recently, a pre-view visit to the new Indira Gandhi International Airport (New Delhi) in June and high profile speakers like, Mr. Shyam Saran, PM's Special Envoy on Climate Change, Mr. Sam Pitroda, Chairman, Advisor to the PM on Public Information Infrastructure and Innovations had received lot of interest from our members. Over the course of the next six months EBG will work on several different initiatives to facilitate its members. These initiatives will include regular Sectoral Round table sessions with the EU delegation and a similar format will be followed with the senior officials of relevant Ministries. Interesting site and factory visits are being planned. As is customary, EBGI will also offer exciting and unique social Networking opportunities for its members.

I sincerely believe that the EBG Newsletter will help all stake holders to develop a sound understanding and increased participation in Group's activities.

**Mr. Vinod Verma,**  
Managing Director - Société Générale & Treasurer EBGI



**Mr. Vinod Verma**  
MD-Société Générale  
& Treasurer EBGI

## Economic Updates

### GDP & budget deficits

- India' GDP expected to grow at 8.5% in 2010-11 as compared to 7.4% in FY 2009-10; CAGR for the last 5 years – 8.5% (2004-05 to 2009-10)
- Services sector contributed 56.9% while Industry and Agriculture contributed 28.5% and 14.6% to GDP
- Impressive recovery witnessed with the Index of Industrial Production ("IIP") recording a growth of 10.4% in FY 2009 10 [2.8% in FY 2008-09]
- Fiscal deficit for FY 2010-11 estimated at 5.5% of the GDP, and budgeted to go down to 4.1% by FY 2012-13

### Revenue collections

- Tax revenue (net to Centre) during FY 2009-10 recorded a growth of 3.6%
- Direct tax collections to GDP ratio for FY 2009-10 - 6.1%; gross collection of Rs 3,780 billion in 2009-10, CAGR of 24%
- Tax to GDP ratio for FY 2010-11 is estimated at 10.8% [10.3% in FY 2009-10]
- 2010 Bonanza for the Government:
  - Gross collection from 3G Spectrum auction – Rs 677.19 billion
  - Expected collection from Broadband Wireless Access (BWA) auction - Rs 385.43 billion

### Inflation

- WPI inflation on a rise since September 2009; annual WPI inflation scaled to 10.16% in May 2010
- Food inflation declined to 14.56% in May 2010 from its peak of 20.47% in December 2009

*Courtesy: BMR Advisors*



The European Business Group would like to take this opportunity to thank Mr. Carlos Bermejo Acosta, Head of Trade and Economic Section, Delegation of the European Union in New Delhi for the help extended to the Group during his tenure. We wish him and his family all the very best in all future endeavors.

# The Indira Gandhi International A world-class Airport



*Signages*



*Check-in Islands*

**D**elhi's new world-class Rs. 9,000 crore airport will combine domestic and international operations and is expected to handle 34 million passengers annually.

The integrated T-3 Terminal of the Indira Gandhi International Airport in New Delhi was inaugurated by the Prime Minister, Dr. Manmohan Singh on 2nd July, 2010 who commented "An airport is often the first introduction to the country and a good airport would signal a new India, committed to join the ranks of modern industrialised nations".

The new terminal or Terminal 3 (T3) as it is called is said to be the sixth largest in the world.

Spread over 4 kms, 80 percent of T3 is made of glass and supported by metal frames. The nine-level terminal building would be used for 90 percent of the entire passenger movement in the airport.

Comfortable lounges, nap and shower rooms will add to passenger comfort in the airport which will have a mix of restaurants, bars, cafes and fast food outlets in around 20,000 sq. m of commercial space.

The Prime Minister said Delhi's new airport proves the success of public-private partnership model in execution of large infrastructure projects.

T3 now awaits merchants to deck up the retail spaces and passengers to board flights. Otherwise, it is complete with security cameras, grey-coloured ticketing counters, large LCD displays and CISF soldiers in their crisp uniforms.

The Indian Aviation Industry achieved yet another landmark, when the Emirates Airbus A380 flew in from Dubai with over 500 passengers, marking the world's largest commercial aircraft's arrival at the Terminal-3 (T3) of Delhi's Indira Gandhi International Airport (IGIA) on Thursday, 15th July 2010.



*Canyon From Arrival Level*



*Departure Immigration Area*

## The AGS Approach - Planting Trees for you

In order to compensate for the environmental impact that is inherent to their business activity (packing material, carbon dioxide emission during transportation), AGS is contributing to the planet's rehabilitation by planting one tree for every international move of an expatriate more than 10m<sup>3</sup>, and by the issuance of a Tree Certificate.

AGS understands that fight against deforestation and the restoration of degraded forests is one of the vital responses to put an end to current global warming and to reduce its harmful effects on humanity and biodiversity and more generally in the survival of many human communities.

Through its participation in the United Nations Global Compact and as a responsible corporate citizen operating in 75 countries, AGS is committed to sustainable development through local actions. In 2010, AGS is working in partnership with Planète Urgence in order to reduce greenhouse gas emissions, to protect biodiversity and to promote local socioeconomic development through 2 projects:



### Agro-silvicultural development in Mali: Planète Urgence global project:

450 000 trees planted in the Mopti region. The reforestation area is spread over 4 communes: Mopti, Sio, Fatoma and Konna.

**Restoration of the mangrove swamp in Indonesia:** Planète Urgence global project: 1 840 000 trees planted in the North Sumatra region - North East of the Sumatra Island in the 3 districts of Medan, Deli Serdang and Langkat, in the North Sumatra province. After 2 years close to 1 840 000 mangroves have been replanted.



Contact: Mr Ratendra Kumar: Mobile: 09899901921, Email ID: trinity.delhi@agsfourwinds.com

## Message

Dear Partners, Colleagues, Friends,



**Poul V. Jensen, Director, EBTC**

During the last months, EBTC has taken a final step forward in developing a comprehensive and innovative service portfolio. In order to offer genuinely complementary services, we have been in close contact with our partners here in India, the European Member States representations and bilateral Chambers of Commerce. It will therefore come as no surprise to you, that alongside the topic of climate change, EBTC's market access focus, has been, and will remain, a top priority in the years to come. One thing is sure: Especially when entering a market as large, diverse and exotic as India, European companies and researchers need reliable and updated information on regulatory aspects and IPR as well as close guidance on market access issues. EBTC is filling this gap with relevant, specific and innovative services. As we all know, the EU market share in India's cleantech sector is not nearly as high as it could be. Thus, as a first entry point to India, EBTC's focus is and will be, first and foremost, to support EU cleantech companies and researchers on their market entry to India and give hands-on support in the early stages of expansion.

Against this background, I am extremely confident that the EBTC will be able to greatly facilitate the transfer of European clean technologies to India, and ultimately make a positive contribution to the overall efforts to combat climate change.

Yours Sincerely  
**Poul V. Jensen**

EBTC Head Office, New Delhi IBC building, M-38/1,  
Middle Circle, Connaught Place, New Delhi – 110 001  
Tel: +91 - (11) 4517-2200; Fax: +91 - (11) 4517-2209  
Website: www.ebtc.eu; E-mail: delhi@ebtc.eu

# Bridging the Gap between India and Europe



**Ansgar Sickert**

*Managing Director, Fraport India*

In today's ever more globalising world, connectivity is a key strategic asset. While EU-India free trade negotiations may not have been progressing as smoothly and speedily as business leaders on both sides have hoped for, at least the physical gap between India and Europe keeps on shrinking.

In its June 2004 strategic partnership paper, the EU recognised that "in the transport sector, the EU should be ready to support India in making substantial efforts to upgrade roads, airports, ports and other sectors. Cooperation on air transport should be enhanced, in particular through the negotiation of an air transport agreement." Transportation and infrastructure were thus the linchpin of a strategic partnership between the two regions. Hence, the direction is clear. As with the US, the EU is seeking to conclude open skies agreements with key partners including India. But even today without any such agreement in place, air links are growing at a blistering pace.

268 passenger flights connect the subcontinent with the EU (and aspirant member Turkey) per week. All major cities on the subcontinent - Ahmedabad, Amritsar, Bangalore, Chennai, Delhi, Hyderabad, Kolkata, Mumbai, Pune – have at least three weekly connections to 11 European capitals. Even Taiwanese carrier China Airlines has jumped on the bandwagon with three weekly connections between Delhi and Rome. Add to these the many seasonal flights with Thomson Flights, Condor, Monarch Airlines and the many other charter carriers that most of us would never have heard of to tropical Goa and Kochi and the number of weekly flights and destinations expands even more. It would be unfair not to mention the large number of dedicated cargo services by, for instance, Lufthansa Cargo, Air India, KLM or recently the newly launched Aryan Cargo Express to Frankfurt-Hahn and the scale and importance of the two regions for each other becomes self-evident.



While these numbers are undoubtedly impressive, Air India and Jet Airways have established their hubs in Frankfurt and Brussels less because of their passengers' enthusiasm for Europe but rather because approx 70 percent of their customers want to fly on the United States. While these airports clearly make for excellent transit points concluding both the India-EU open skies and the free trade agreements would surely go a long way in bolstering trade, travel and family and business ties between the two economic giants and helping to keep a bigger portion of Indian travellers in Europe and ensuring more Europeans pick India as their preferred holiday destination over Malaysia or Thailand.

*Courtesy: Ansgar Sickert*

## FTA Talks Intensify

Negotiations for the conclusion of a Free Trade Agreement between the European Union and India, which began in June 2007, have been given urgency and impetus in recent weeks. Following the EU-India Summit in November last year where the two sides agreed at the highest level to push for an agreement by the Summit of 2010, EU Trade Commissioner Karel De Gucht came to New Delhi in February 2010, a few weeks after taking office, to hold discussions with his counterpart Minister Anand Sharma. At this meeting, as well as during discussions between the Director General for Trade, David O'Sullivan and Commerce Secretary Rahul Khullar in May, progress was made in identifying a road map for closure on specific issues of concern to both parties. On both occasions, EU representatives have held meetings with senior leaders of Indian industry and with European companies present in and doing business with India. The FTA has been welcomed by both sides and gives cause for optimism about an early and successful outcome.

The EU is India's largest trading partner accounting for 21% of India's exports of goods and services. Studies have estimated that India's exports of goods to the EU alone, could go up by as much as 30% following an agreement. The European Union is also the biggest source of foreign direct investment into India with a cumulative total of nearly € 20 bn. between 1997 and 2008.

The next round of negotiations is being held in July 2010 and will be part of intensified efforts at expert and political levels to arrive at the outlines of an agreement on all aspects of the FTA by the time the summit is held.



*Courtesy: Delegation of the European Union to India*

## Other News

### Lamborghini's new Rs. 3.6 crore sports car

Italian luxury car maker Lamborghini unveiled the limited edition of its fastest sports car Murcielago LP 670-4 SuperVeloce, which carries a price tag of Rs. 3.6 crores (exshowroom) of which the company will produce only 350 units. With a 6.5 litre V12 petrol engine, the car has a maximum speed of 342 km per hour.

### Swarovski targets 25% growth in India

Luxury crystal products maker Swarovski is eyeing over 25 percent growth this year owing to increasing market demand and response for its products. The Austrian firm is also confident of more than doubling its retail base of 20 boutiques to around 50 by 2012. Besides, it also has 14 shop-in-shop tie-ups with Shoppers Stop in the country.

### Alstom ties with Bhel for Chennai for Metro Rail Project

French power generation and rail transport major Alstom has joined hands with Bharat Heavy Electricals Ltd. to jointly bid for the 14000, Chennai Metro Rail Project.

Alstom is to launch soon, eco-friendly products and services aimed at catering to the needs of the countries rapidly growing power Sector.

## Direct Taxes Code fine-tuned; set to roll by next fiscal

**R**eiterating the commitment to usher in tax reforms, the Government presented the Revised Discussion Paper on the Direct Taxes Code last week. The Revised Discussion Paper is a mixed bag as it rationalises 11 priority issues in the original Bill; there are important misses as well!

Withdrawal of treaty override provisions and dilution of GAAR rigor, barring logical exceptions, are encouraging signs; however, detailed transparent and objective guidelines shall be awaited for discreet implementation of anti-avoidance provisions in Indian context. Re-alignment of Minimum Alternate Tax levy to 'book profits' base; graded taxation of capital gains; proposal for grandfathering tax incentives for SEZ units, and exemption threshold for Non-profit organisation, are other positives borne out in the revised paper.

Lack of clarity on corporate tax rate and MAT rate would cause anxiety and tentativeness for business enterprises. The revised paper proposes to introduce internationally accepted CFC regime which, in my view may be premature and would need deeper thinking and greater alignment with OECD principles. In hindsight, certain important aspects in the DTC Bill have not yet been addressed. I was surprised not to see any clarification on proposal to tax 'indirect' transfer of capital gains; one is left to wonder whether it's an oversight or the intent to tax all such transfer of capital assets.

Clearly, the Parliament process for approving the revised Code shall be watched out by stakeholders with much interest. I would hope tax rates rationalisation policy of the government does not eventually lose out to larger macro-economic drivers!

\*The views expressed here are of the author and not necessarily that of the European Business Group.

*Courtesy: BMR Advisors*

## Mexico Gulf Oil Spill - An Environmental Disaster



**H**ome to endangered species, marine mammals, the Gulf of Mexico ecosystem is under assault. When the Deepwater Horizon oil platform exploded on April 20, sinking two days later, it began spewing oil into the Gulf's ecosystem. Scientists have estimated that the Mexico Gulf spill, hopefully now capped, released between 17 million and 27 million gallons of oil, making it the largest spill in U.S. history

Already oil is washing ashore along the Gulf Coast states, but the damages were felt from the very first days of the spill. Many charter boat fishermen watched helplessly as virtually all of their spring, summer, and fall bookings were canceled. The multi-million dollar shrimp fisheries, together with other major Gulf commercial fisheries, face economic ruin. Federal and state agencies are mobilising for the expected strandings of marine mammals and other wildlife populations. Valuable wetland and marsh areas may be lost.

Sadly, scientists who assess and manage all of these resources have varying degrees of data to assess the impacts of the spill. In the case of the deep ocean ecosystem where much of the spilled oil resides, scientific knowledge is scant at best. It may be years before the full impact of this spill on the Gulf's ecosystem is known. In some instances, we may never know because we do not have the environmental baseline data for the environment that existed before the spill. Louisiana, the nearest state to the leaking well, some 42 miles offshore, has been the most impacted.

Louisiana, the nearest state to the leaking well, some 42 miles offshore, has been the most impacted. The state's governor, Bobby Jindal, said more than 100 miles of its 400-mile coast had so far been polluted. Work on the first relief well - started on May 2, days after an explosion on board the Deepwater Horizon rig sank following an explosion that killed 11 workers and breached the wellhead - reached a depth of 17,725ft on Sunday.. Experts fear that the spill will result in an environmental disaster, with extensive impact already apparent on marine and wildlife habitats. The spill has also damaged the Gulf of Mexico fishing and tourism industries.

*Courtesy: Prabha Nair, Secy. Gen., EBGI.*

## Around the World

**D**uring the past 20 years, European companies operating outside Europe have organised themselves into pan-European business organisations – called EBOs – to mutually grow their commercial networks and to represent their interests to the governments of their host countries. These EBOs – some also called European Chambers of Commerce – play an important role in addressing the cause of free trade and investment. EBOs also foster links between European companies large and small doing business in their host countries.

Since 2001 the Commission's Enterprise and Industry Directorate-General has held a series of meetings with EBOs to strengthen the global EBO network.

The EBO network now represents European business in 20 countries on 4 continents, and together represents the interests of over 25,000 European corporations abroad.

*Courtesy: DG Enterprise and Industry, European Commission, Brussels*



*Participants of the EBO Global Meet in Sri Lanka in June 2010*

The European Union and its member states have shown keen interest in promoting and showcasing their culture in India, a country which itself boasts of a rich cultural heritage. In this section, we present a few snippets of the important cultural events that have been and will be organised in India in the near future, by the embassies of the EU member countries.



**Duo in Unison**, a fine Dutch Jazz duo for piano and vocals from **The Netherlands** will give concerts cum workshops in 4 different Indian cities commencing from Delhi. The Delhi concert is being organised at the India International Centre in the second fortnight of August 2010. After their Delhi concert, they will perform in 3 other Indian cities, namely, Pune, Mumbai and Chennai.

The Dutch duo are Anne Chris - Vocalist & Berend van den Berg - Jazz Pianist, arranger and composer.



The **Sweden-India Nobel Memorial Week** will be celebrated in the last week of October.

A classical music concert tour will be organized by the **Embassy of Belgium in India**.

**La Petite Bande** is planning a concert tour in India at the end of October – beginning of November. An orchestra consisting of 7 persons would perform Vivaldi's Four Seasons in the Stein Auditorium at the India Habitat Centre in Delhi on 28th October 2010.

Besides the concert in Delhi, La Petite Bande will also perform in Mumbai, Pune and Aurangabad.

Founded in 1972 by the Belgian Sigiswald Kuijken, the orchestra La Petite Bande has acquired world fame in its genre. The orchestra takes its name and constitution from Lully's orchestra at the court of Louis XIV of France. All its members are internationally renowned specialists in the baroque music field. Although originally La Petite Bande was not meant to become a permanent orchestra, the success of the recordings was so immense that they began to give concerts regularly.

By using authentic instruments and the original way of playing them, both in interpretation and sound quality, la Petite Bande strives to revive baroque music as faithfully as possible without lapsing into rigid academics.

For more information, please visit <http://www.lapetitebande.be>, where you can find more information about the orchestra and its founder.

Admission to these concerts is free of charge.



**The Instituto Camões** - Portuguese Cultural Centre has programmed the following major activities upto the month of October, 2010:

- July 14 - 16, 2010: Portuguese Film Festival (6 films) at Nandan, Kolkata, in collaboration with Cine Central, Kolkata.
- July 19 - November 30, 2010: 44th batch of Portuguese Language & Culture Courses at the Instituto Camões - Portuguese Cultural Centre, New Delhi (basic, intermediate & advance levels).
- August 2 - October 1, 2010: Sessions of Portuguese Cinema ("Recent Films from Portugal" on Mondays, "Portuguese Classics" on Wednesdays & "Portugal in Indian Cinema" on Fridays) at Instituto Camões, New Delhi.
- September, 2010 (dates to be confirmed): Portuguese Film Festival (6 films) at Chennai in collaboration with IFAC, Chennai.
- October 21 - 24, 2010: Participation in RENDEZVOUS 2010, Cultural Festival of IIT Delhi, with a Portuguese Jazz group "Latin Quartet".
- October, 2010 (date to be confirmed): Session of Portuguese & Indian Poetry: Feminine Poetry - A Dissident Voice, at Instituto Camões, New Delhi, in collaboration with Expressions - The Creative Writing Society English, Kamla Nehru College, University of Delhi.

For queries, contributions on articles please contact:  
Neema ([info@europeanbusinessgroupindia.com](mailto:info@europeanbusinessgroupindia.com))

## Activities of the European Business Group in the second Quarter of 2010

The Second Quarter of the year showcased a range of interesting events and initiatives organised by EBG Delhi Chapter.



Mr. Arun Maira, Member Planning Commission, addressing the EBG Forum

### April 2010:

An evening meeting was organised with Mr. Arun Maira, Member Planning Commission, for the members on 16 April, 2010. The Planning Commission is chaired by the Prime Minister of India and is India's think tank on policy decisions. In this ministerial level position, he is responsible for

facilitating the shaping of policies and programs in the country. He addressed the members on "India's Growth Story".

### May 2010:

The Telecom Sector is one of the most celebrated success stories of Indian Infrastructure, and who better than the father of India's communication revolution to narrate the story.



Mr. Sam Pitroda, advisor to PM on Public Information Infrastructure & Innovations addressing the gathering

May '10, saw the members get an excellent opportunity to interact with the high Profile Advisor to the Prime Minister, Mr. Sam Pitroda. He is one of the main architects of India's Communication's revolution, as well as an inventor, entrepreneur and policymaker. He enjoys the rank and status of a Cabinet Minister. This lunch meeting with Mr. Pitroda was organised on 13 May 2010. Mr. Pitroda spoke on "Innovation: Next Growth Engine".

The European Business Group in a different initiative organised a visit to T3 terminal of the Delhi International Airport, Delhi's new international and domestic terminal and the world's sixth largest airport on Thursday, 20 May 2010. The visit was coordinated by EBG in conjunction with DIAL and was overwhelmingly received by its members.



### June 2010:

We received an invitation from the German Embassy for a joint German business community meeting with the EBG. The meeting was planned for Monday, 14th June 2010. This gave us a great opportunity to increase awareness of the EBG within the German business community and identify opportunities for cooperation.

**Do keep a watch on the next quarter for interesting events and meetings that we will be bringing for you!!**

### EBG Delhi Calendar Aug-Sep 2010

Month	Date	Event/Meeting Detail	Topic
August	10 August 2010	<i>Evening session with Sri. Sri. Ravi Shankar followed by dinner</i> <b>Confirm your participation NOW.</b>	Relevance of a Stress free life in the Corporate world / CSR followed by a brief meditation session
	18 August 2010	<i>Lunch meeting with Shri. Kamal Nath, Minister for Roadways and Transport</i> <b>Confirm your participation NOW.</b>	Chronicling progress of India roads/infrastructure
	27 August 2010	Round table Environment / Energy Sectoral Meetings with EU Delegation	
	30 August 2010	Visit to Moserbaer Factory	
September	Mid September	Wine tasting event sponsored by Moët Hennessy	
	Last week of September (TBC)	Lunch meeting with Mr. Suhel Seth	Role of Brand building in today's world

### EBGI Mumbai Chapter Update

22 July 2010 - Wine & Art Evening with spouses at the Royal Bombay Yacht Club.



# Securing Your World

- MANNED SECURITY SERVICES
- SECURITY SYSTEMS & TECHNOLOGY
- CASH SOLUTIONS
- AVIATION SERVICES
- EVENT MANAGEMENT
- TRAINING
- SECURITY CONSULTANCY
- FACILITIES MANAGEMENT
- METER READING
- WASTE MANAGEMENT
- CENTRAL MONITORING SERVICES
- IT SERVICES & SECURE IT
- FLEET MANAGEMENT & ASSET TRACKING
- GARMENT MANUFACTURING
- RECRUITMENT & PLACEMENT



G4S is the world's leading security solutions group, which specialises in outsourcing of business processes in sectors where security and safety risks are considered a strategic threat. G4S is the largest employer quoted on the London Stock Exchange and has a secondary stock exchange listing in Copenhagen. G4S has operations in more than 110 countries and over 595,000 employees.

Since its inception in India in 1989, G4S has been the leading security solutions group in the country. The company today has over 140,000 employees with a strong network of more than 200 branches and regional office spread throughout the country. G4S is proud to have a lasting association with its clients ranging from banks, corporate houses, diplomatic missions & embassies, residencies, hospitality, transportation, communication and aviation industry to name a few.

G4S Corporate Services (India) Pvt. Ltd.

**Corporate Office :**

Panchwati, 82-A, Sector-18, Gurgaon-122016, Haryana, India. Phone : 91-124-2398888, Fax : 91-124-2397131

email : [enquiries@in.g4s.com](mailto:enquiries@in.g4s.com), Website : [www.g4s.in](http://www.g4s.in)

**Registered Office :**

C-16, Community Centre, Janakpuri, Behind Janak Cinema, New Delhi-110058, India.