

INDIA NEWSLETTER

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India Economic News:

Indian Prime Minister: India seeks more Japanese investments

The Prime Minister Manmohan Singh has sought increased Japanese investment in India even as both the countries have agreed to explore the idea of concrete cooperation in manufacturing and research and development in the electronic sector as well as in energy efficient and energy saving technologies.

"I believe there is enormous untapped potential in our business ties," Singh said after the annual summit level meeting between India and Japan adding that the presence of Japanese companies in India increased 16 % last year. The Japanese Prime Minister, Shinzo Abe, was in India for the annual summit meeting. Abe was also the chief guest for the Republic Day celebrations held on Sunday the 26th of January.

"Japan is at the heart of India's 'Look East Policy'. It is also a key partner in our economic development and in our quest for a peaceful, stable and prosperous Asia and the world. Anchored in our shared values and interests, the partnership between a strong and economically resurgent Japan and a transforming and rapidly growing India can be an effective force of good for the region," Prime Minister Singh said.

A joint statement issued after the talks, states that the two leaders welcomed the expansion of the bilateral currency swap arrangement to \$50 billion from \$15 billion and signing of the contract for its entry into force in January 2014. The two Prime Ministers expressed their expectation that this expansion will further strengthen financial cooperation and contribute to the stability of global financial markets including emerging economies, the statement adds.

Recognising the importance of development in the Chennai-Bengaluru areas, they underlined their commitment to enhancing cooperation between the two countries on the Chennai-Bengaluru Industrial Corridor (CBIC).

India, UAE ink investment pact

India and the United Arab Emirates (UAE) signed a bilateral investment promotion and protection agreement (BIPPA) that seeks to accelerate fresh capital inflows from the Emirates and provide a thrust to stalled projects.

UAE controls the second-largest sovereign wealth fund (SWF) in the world, under the Abu Dhabi Investment Authority (assets worth \$627 billion). India had been keen to tap the SWF to finance major infrastructure projects. However, the UAE

hadn't shown interest in the absence of a BIPPA.

With the agreement being signed, it is expected the Abu Dhabi National Energy Company might invest \$700 million in Himachal Pradesh. It is also expected the stalled free trade agreement between India and the Gulf Cooperation Council will be concluded. Under this agreement, India is seeking preferential access for its textiles exports to the UAE.

To ensure adequate protection for its investors, the UAE had been pushing India to sign a BIPPA. The UAE is India's largest trading partner. Trade between the two countries stood at \$75.45 billion in 2012-13. However, investment from the UAE in India has been only \$3.68 billion.

Jute exports expected to rise 33% this year

Exports of jute products from the country is expected to touch USD 450 million in value in 2013-14 on the back of an increase in demand from the West, said Beela Rajesh, Executive Director, Handloom Export Promotion Council, Ministry of Textiles.

In 2012-13, exports stood at USD 340 million. The global jute import market, which went through a lean period from 2011 to mid-2012, is picking up again as top markets Europe and the US restarted buying.

Growing acceptance of jute bags as a personal accessory, and shopping bags made of the fiber for its eco-friendly nature, are brightening its prospects in the West, she said, adding that floor

coverings, wall hangings, and gift articles are also being bought.

"Jute, originally, was not used for purposes beyond covering floors. But with treatment and printing, it looks and feels as good as fabric," she said speaking at a buyer-seller meet organised by National Jute Board in association with Federation of Indian Export Organisations.

National Jute Board and Jute Product Development and Export Promotion Council, set up in 2011, are funding entrepreneurs interested in jute product manufacturing, and helping manufacturers upgrade facilities. Traditionally based in West Bengal, the jute business is spreading to Karnataka and Tamil Nadu.

Tesco to enter Indian retail space through joint venture with Tatas

Tesco Plc, the British multinational grocery & general merchandise retailer, sprang a surprise by announcing its intention to be the first foreign multi-brand chain to enter the Indian market, a little over a year after the country's policy on foreign direct investment (FDI) in the segment was relaxed.

Extending its back-end and wholesale support franchise agreement with the Tata Group's Trent, Tesco will invest \$110 million in the India market for front-end multi-brand retail stores. This investment, believed to be for the first three years of business, is likely to be increased later. For now, Tesco has plans to

invest only in Karnataka and Maharashtra.

Tesco's last year revenue was £64.8 billion. It runs over 6,000 outlets across the UK, Europe, Asia (exited the US market recently). Its range includes Cash & carry, convenience store, department store, discount store, hypermarket/supermarket. It has presence in India since 2008 under a JV with Tata Group's Trent.

People in India would get to experience the Tesco stores soon after the company has got clearances from the government, as the Trent hypermarkets are to be converted to UK-branded outlets.

At present, Tesco is the only foreign chain with an Indian partner. Walmart recently broke up with Bharti and French retailer Carrefour is yet to find a partner. Another foreign retailer sounding positive on the India market is Japanese major Aeon, which has set up a small office in the country.

An official at the Department of Industrial Policy and Promotion (DIPP) confirmed a proposal had been received from Tesco Overseas Investment Ltd for approval of 50 % FDI in the issued and paid up equity share capital of Trent Hypermarket Ltd (THL), a Tata group enterprise, to engage in the activities of multi-brand retailing. According to the proposal, the JV will operate in India through a chain of stores under various banners, including Star Bazaar, Star Daily, Star Market — their tag line saying 'A Tata and Tesco Enterprise'. THL planned to open three to five

stores every financial year, the official added.

Arvind Singhal, chairman of retail consultancy Technopak Advisors, said: "Tesco's coming is very good news, not just for the retail sector but also for India. A marquee name like Tesco would mean an endorsement for destination India, he added. Whenever Tesco has expanded into new markets, it has undertaken a high level of localisation. In partnership with the Tatas, they worked in the back end, so it's logical to take this partnership to a joint venture in retailing."

Tesco's Asia CEO Trevor Masters stated: "We really like working with the Tata group in India," adding "we believe combining our global retail expertise and Tata's unrivalled understanding of the Indian market has tremendous potential and we're excited to be exploring ways to do more together".

PepsiCo plans largest India plant in Andhra Pradesh

PepsiCo India will set up a new beverage plant, poised to be the largest such factory for the company in India, at Sri City industrial park, close to the Andhra Pradesh-Tamil Nadu border.

Coming up on 80 acres, the first phase of the project entails an investment of USD 70 million and would be operational by the fourth quarter of the next financial year, according to D Shivakumar, chairman and

managing director, who took charge few days ago.

This is part of a three-phase investment of USD 200 million in the factory, with the final phase proposed to be completed by 2018, he said. The new plant is also part of the global beverages player's recent announcement that it was going to make a new investment of USD 5 billion in the country, with its partners, by 2020.

The plant would produce the full range of beverages — carbonated drinks, fruit-based drinks and sports drinks. Each of the three phases will have a production capacity of around 1.2 million liters a day. Shivakumar said the plan to set up a much larger plant in Andhra Pradesh signified not just the presence of a strong local market but also the growth at large in the country.

The company is also planning to make this location as the national hub for sourcing mango pulp, given the large numbers of mango orchards in Andhra Pradesh.

PepsiCo already has a beverage plant at near Hyderabad, which supplies to the state and neighboring Karnataka. The company, which refused to share the revenue or the market share figures, said eight of its brands generate around USD 160 million each in revenues in India.

Morgan Stanley to open Bangalore centre to service US parent

Morgan Stanley will open a new Global In-House Centre (GIC) in Bangalore that will provide outsourcing services to the multi-billion dollar company's parent in the US. This new centre will be opened in 2014 and will complement Morgan Stanley's GICs in Mumbai, the company said in a statement.

Bill Strong, Morgan Stanley's Co-CEO Asia Pacific, said the company had reviewed global options for building a new GIC that can provide a mass of employees to support its global functions and saw value-add in expanding further our on-the-ground teams in India.

While this is a new investment, the company did not quantify the exact amount of investments. However, it added that this new site in Bangalore is aligned with its continued focus on leveraging India's skilled and diverse talent pool for the company.

Morgan Stanley has been present in India since 1993 and the back-office provides investment banking, asset management and research, capital markets-related research and sales and trading advisory services to its global clients that include high net worth individuals from 1,200 offices across 43 countries.

Biocon signs agreement with US-based Quark Pharma

Biotechnology company Biocon Ltd and Quark Pharmaceuticals Inc have entered into a tie-up for the discovery and development of

small interfering RNA (siRNA)-based medicines.

California-based Quark Pharma develops RNA interference-based treatments for chronic and acute diseases. This treatment involves a biological process in which RNA molecules inhibit gene expression by causing the destruction of specific RNA molecules used to treat conditions such as glaucoma.

This collaboration will enable Biocon to co-develop, manufacture and commercialise QPI-1007, a novel siRNA drug candidate for ophthalmic conditions, for India and other markets, according to a company statement.

siRNA are molecules and understanding the way these molecules work is important for validating the functioning of genes which would help in disease-causing genes.

The company did not disclose the financial details of this transaction. Biocon Chairperson and Managing Director Kiran Mazumdar-Shaw said: "Quark is the world leader in this technology and aims at providing relief to several patients suffering from serious ophthalmic conditions." According to the company, glaucoma affects 12 million people accounting for 12.8% of blindness affecting people.

India receives USD 10.37 billion investment proposals for semiconductor and electronics manufacturing business

The department of electronics and information technology

(DeitY) has received proposals for investments worth a total of about USD 10 billion in the area of semiconductor and electronics manufacturing.

Of these, proposals for investments of about USD 2.2 billion are under an incentive scheme, and the remaining accounts for investments in two silicon wafer foundries India is looking to build. At the IESA Vision Summit 2014, the annual industry conclave of Indian Electronics and Semiconductor Association, J Satyanarayana, secretary of DeitY, said, "We have identified 2014 as 'Made in India' year. We are creating the infrastructure for the sector."

Over the past year, the government has announced a number of incentives for encouraging electronic manufacturing in the country known as Modified Special Incentive Package Scheme (M-SIPS), under which companies in certain electronic clusters will get about 25 % of costs as subsidies.

So far, the department has received over USD 2.2 billion of investments proposals and cleared proposals worth USD 640 million. "Many companies like Samsung and Bosch have received the approval for setting up their units in Noida.

Apart from this, government has set a corpus sum of USD 4.8 billion for setting up electronic manufacturing clusters." IESA has been working with the government to reduce India's dependence on imports for electronic components. According to a report by IESA, the industry is expected to grow at a CAGR of

9.9 % to reach \$94.2 billion by 2015.

Currently, over 65 % of electronic products are imported and even the rest is mainly low-value added manufacturing. Satyanarayana stressed the need of India designing wafers. "Unless that happens, it won't give fillip to manufacturing in the country." India's first semiconductor characterisation lab is expected to come up in Bangalore in the next six months, said Omkar Rai, director-general of STPI.

Right now, firms which don't have their own foundries, in India have to rely on countries such as Singapore or Taiwan (if there is a bulk order) for characterisation of their semicon wafers. Characterisation refers to figuring out how well a particular semiconductor design works. Depending on the success of this lab, a second one is being planned in Bhubhaneswar and is expected to come up in a year's time.

Hitachi to invest USD 750 million in India by 2016

The Japan-based global engineering, construction and electronics giant, has said it would invest another USD 750 million in India by 2016.

The aim is to expand capacities across business verticals such as construction machinery, information technology (IT) services, transport and power equipment. The move is part of a bigger strategy to expand its global footprint, the Tokyo-headquartered company announced.

The expansion is aimed to triple the sales of Hitachi India Ltd to USD 3.2 billion and raise local headcount by 5,600 over the period. "The expansion will comprise providing services in the construction machinery and IT segments, apart from engaging in supplying urban transport equipment for the metro trains or monorails.

India currently accounts for only one per cent - USD 1.08 billion - of Hitachi's global sales. The expansion will raise local sales to 3% cent of the overall figure by 2016. Global revenues should rise from ¥9 trillion to over ¥10 trillion at the end of the period.

The company was seriously looking at an opportunity to supply nuclear power plants in India, as part of JV with US-based GE. Also interest is there for talking to Delhi Metro Rail Corporation and the Delhi government for supplying metro coaches and monorail systems.

Going forward, Hitachi plans to develop India as a base for exports to expand presence in Africa and West Asia/North Africa. The company has so far invested USD 370 million in India, including a desalination plant at Dahej in Gujarat and a solar power generation project at Neemrana in Rajasthan.

Hitachi currently operates through 24 companies, with facilities across seven states, employing 7,508 people in India.

Government of India Tenders:

- **The Government of India Tender Information System**
<http://tenders.gov.in/>
- **Ministry of Home Affairs**
http://mha.nic.in/uniquepage.asp?Id_Pk=298

Bilateral Relations :

“Incredible India” LED Billboard Campaign in Belgrade, Serbia.



The Embassy of India in cooperation with the Government of India Tourism Office, Frankfurt has started a Brand India campaign “Incredible India” by displaying beautiful video clips of Indian nature, people and culture on LED billboards in Belgrade city center. Citizens and commuters can in the next 12 weeks view the beautiful LED displays at Terazije square, MUP building in Kneza Milosa Street, London building in Kneza Milosa Street, Republic Square and SIV Government building in New Belgrade.



Participation of Indian Woman Boxing Team in 3rd Nations Cup International Boxing Tournament in Vrbas.

A 27-member Indian Women’s Boxing team consisting of seniors, juniors and sub-juniors participated in the 3rd Nations Cup International Boxing Tournament held in Vrbas, Serbia from 08-12 Jan 2014. The Indian senior team won 1 silver and 4 bronze medals, the junior team (under 19) won two gold medals, 3 silver and 3 bronze medals, and sub-junior (under 17) won 3 gold medals and 2 bronze medals. It would be worthwhile to mention the success of 17-years-old Ms. Nikhat Zareen who defeated sentimental favourite Ms. Paltceva Ekaterina of Russia 3-0 in the 51 kg final. Nikhat's mastery was such that none of her opponents logged a point against her in the knockout round. The Indian team was placed as overall runners-up in the tournament.

Indian Technical & Economic Cooperation Programme.

Indian Technical & Economic Cooperation Programme (ITEC) programme is fast becoming one of the most active areas of bilateral cooperation between India and Serbia. ITEC offers 270 courses spread over 47 institutions in a

wide range of disciplines including ICT. ITEC was introduced in Serbia in 2008 and in this short span, 81 ITEC candidates from Serbia have availed of the ITEC training in India till January 2014. In February 2014, seven more candidates will visit India to avail ITEC training. Another five candidates will travel to India in March 2014 to undertake the ITEC training under the ITEC Programme 2013-14 taking the cumulative figure to 93. Serbian side has shown a great interest and enthusiasm towards ITEC training courses and the feedback received from the trainees is encouraging.

India Engineering Sourcing Show 2014:

3rd India Engineering Sourcing Show (IESS) 2014 was organised by the Ministry of Commerce & Industry, Government of India along with EEPC India (formerly Engineering Export Promotion Council) from 22-24th of January 2014 in Mumbai, India. A sponsored package was provided for Industrial Associations, Chambers of Commerce and companies for visiting or exhibiting at the fair. Two Serbian companies Agrouniverzal and Trstenik availed the sponsorship package and participated in the IESS 2014.

CCIS delegation visits the CII Partnership Summit 2014 & Road Shows.

Mr Zeljko Sertic President and Mr Zojan Bojovic Advisor to the President Chamber of Commerce and Industry of Serbia (CCIS) led a business delegation to India from 24-30 Jan 014. Representatives of the following

companies also participated in the delegation: UTI doo, Zepter Health & Skin care, Flory-Aleva, Nova Vita Hospital and the Local Economic Development Office of Novi Sad.



The delegation participated in the CII Partnership Summit 2014, in Bangalore, India from 27-29 January. In addition business road-shows were organized in Delhi, Ahmadabad, Bangalore and Mumbai for business tie-ups.



The CCIS delegation had meetings with the Government functionaries in Delhi, Ahmadabad, Bangalore and Mumbai including meeting with Mr. Saurabh Patel, Hon'ble Minister for Energy and Petrochemicals Mines and Minerals, Cottage Industries, Salt Industries, Printing, Stationery, Planning, Tourism, Civil Aviation, Labour and Employment, Government of Gujarat.



They met with the executives and the members of the Confederation of Indian Industry (CII) in all the four cities visited. This includes meetings with Aventus Capital Pvt. Ltd., Bird Group, Go India Journeys, Hi-Tech Gears Ltd., International Tractors Ltd., Lanza Tech, Lupin Pharma, PTC India Ltd., Tata Services Ltd., Mahindra & Mahindra Ltd., Shapoorji Pallonji & Co. Ltd., Piramal Enterprises Ltd., Hinduja Energy (India) Ltd., RK Infra Techno-Clinic Services Pvt Ltd., NRB Bearing Ltd., Hinduja Group, Tata Steel Ltd., Bermaco Energy Ltd. and many others, An MOU was signed between CII and SCCI on 28 Jan in Bangalore seeking economic and trade cooperation based on equality and mutual advantage to each other. A round table was organised by the Federation of Indian Chambers of Commerce and Industry (FICCI) in New Delhi.



The delegation also visited an automotive plant of Sona Koyo Steering Systems Ltd. near Delhi, Tata Nano Plant near Ahmadabad

and Campus of Indian IT giant Infosys in Bangalore. A Luncheon meeting was organised with World Trade Centre (WTC), Mumbai and All India Association of Industries (AIAI) in Mumbai.



The delegation discussed with Indian businessmen about the possibility of investing in over 100 Serbian projects, worth around Euro 7 billion in total.

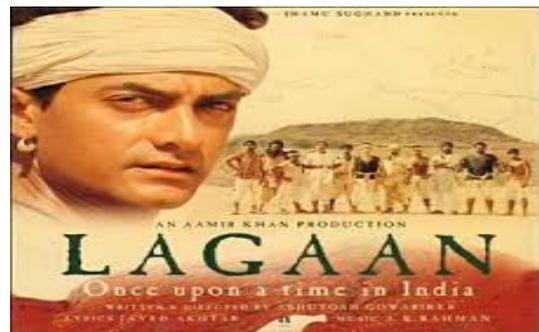
Ambassador's Meeting with Belgrade Sajam:

H.E. Mrs. Narinder Chauhan, Ambassador had a meeting with the organizers of Belgrade Sajam Fair on 29 Jan to discuss about Indian participation in the International Tourism Fair from 27 Feb to 02 Mar 2014.

Meeting with the company MySkin Inc:

Ambassador met with Mr. Rahul Mehendale, CEO, MySkin Inc on 29 Jan to discuss about company's future plans in Serbia.

Screening of Indian Feature Films:



Embassy of India introduced screening of popular Indian feature films with Serbian subtitled in the Chancery on every Friday and Saturday. During the month of January 2013, some popular Indian movies such as "TAARE ZAMEEN PAR", "DIL CHANTA HAI", "WAKE UP SID", "LAGAAN", "NANDU KA RAJA", "JODHAA AKBAR", "LUKKA CHUPPI (Hide 'n' Seek)" and "ANTAHEEN" were screened.



Forthcoming Events:

Eighth World Poetry Festival, Kolkata. Ms. Mirjana Markovic, Poet & President of Association of Writers of Sremska Mitrovica, Serbia will represent Serbia at the Eighth World Poetry Festival 2014 organised by International Bengali Poetry Festival in Kolkata, India from 06-08 Feb 2014. About 30 foreign poets and more than 300 Indian poets are expected to participate.

Defexpo India 2014: The Serbian Defence Delegation led by state run company YugoImport SDPR and Sloboda arms factory will participate in Defexpo from 06-09 Feb in New Delhi, India. Areas relating to joint defence production will also be discussed.

"Incredible India" Bus Branding Campaign in

Belgrade, Serbia. The Embassy of India in cooperation with the Government of India Tourist Office, Frankfurt "Incredible India" will start a Brand India marketing campaign by exterior branding of two Belgrade city transport busses (line 16 & 83). The two India branded busses will circle the Belgrade streets for at least 6 months, allowing citizens of Belgrade and commuters to enjoy the beautiful sights of Indian nature, people and culture.



36th International Fair of Tourism (ITF). The Embassy of India in cooperation with the Government of India Tourism Office, Frankfurt "Incredible India" will exhibit at the 36th International Fair of Tourism being held from the 27th of February to the 2nd of March 2014 at Hall No. 1 in Belgrade "Sajam" fair grounds. This will be a great opportunity for visitors to learn more about Indian culture and tourism potentials.

Indian International Handwoven Fair (IIHF) 2014. The Handloom Export Promotion Council (HEPC) is organizing the India International Handwoven Fair (IIHF) 2014 from the 12-14th March 2014 at the Chennai Trade Center, Chennai, India. IIHF 2013 had 200 exhibitors representing various parts of India and displaying wide varieties of home textiles, weaves, fashion accessories, textile designs and rugs. More information on the IIHF 2014 is

available at:
www.iihfchennai.com. The Handloom Export Promotion Council (HEPC) is extending a hospitality package for interested international buyers, business visitors, which includes to and fro free airfare (up to Euro 900.-) in economy excursion class along with stay in star category hotel for 3 nights. It is expected that several leading Serbian importers of home textile will take part in the Expo.

India Trade Fair in Novi Sad Fair in May 2014. The Embassy of India will be organising an India Trade Fair in conjunction with the '81st International Agriculture Fair' in Novi Sad from 20-26 May 2014. India Trade Fair will provide an excellent platform to showcase India's capabilities primarily in Agri-processing & Agri-food, Chemical, Pharmaceutical, Automotive, IT, Textiles & Leather Industry and Agricultural Machinery, Engineering goods & Electrical Industry etc. and will promote a strong 'Brand India' image in the region. The event will also be used to project India's Culture, Tourism, Bollywood and Cuisine etc.

more information on forthcoming events is available at the Embassy website <http://eoibelgrade.gov.in>

Trade Fairs in India

- o **World Tea & Coffee Expo**
www.worldteacoffeeexpo.com
 6-8th of February 2014
 Mumbai, India
- o **Defexpo India**
<http://defexpoindia.in>

6-9th of February 2014
 New Delhi, India

- o **Auto Expo India**
www.autoexpo.in
 7-11 February 2014,
 New Delhi, India
- o **New Delhi World Book Fair**
www.newdelhiworldbookfair.gov.in
 15-23rd of February 2014
 New Delhi, India
- o **Panacea Natural Products Expo**
www.naturalproductsexpoindia.com
 20-22nd of February 2014
 Mumbai, India
- o **India International Jewelry Show**
www.iijs-signature.org
 21-24th of February 2014
 Mumbai, India
- o **Indian Ceramics**
www.indian-ceramics.com
 26-28th of February 2014
 Ahmedabad, India
- o **India International Handwoven Fair**
www.iihfchennai.com
 12-14th of March 2014
 Chennai, India
- o **Aahar International Food Fair**
www.aaharinternationalfair.com
 14-18th of March 2014
 New Delhi, India
- o **iPHEX**
<http://iphex-india.com/2014/>
 26-28th of April 2014
 Mumbai, India

- o **India International Yarn Exhibition** www.yarnex.in
9-11 September 2014
Tirupur, India
- o **Annapoorna World of Food**
www.worldoffoodindia.com
24-26th September 2014
Mumbai India
- o **India International Security Expo**
www.indiasecurityexpo.com
25-28th September 2014
New Delhi , India
- o **Indian Pharma Expo**
www.indianpharmaexpo.com
11-12th October 2014
New Delhi , India
- o **Indian Handicrafts & Gifts Fair** <http://epch.in>
14-18th October 2014
Delhi NCR, India
- o **The Economic Times AceTech**
www.etacetech.com
October 2014
Mumbai, India
- o **India International Trade Fair**
www.iitf.in
14-27th of November 2014
New Delhi, India
- o **CPhI India** www.cphi.com
<http://www.cphi.com/india/home>
2-4th of December 2014
Mumbai, India
- o **Fine Food India**
www.finefoodindiaexpo.com
3-5th December 2014
of New Delhi, India

- o **Plastivision India**
www.plastivision.org
December 2014
Mumbai, India
- o **India International Leather Fair**
www.iilflatherfair.com

Useful Links

- **The National Portal of India**
<http://india.gov.in>
- **The Ministry of External Affairs, Government of India**
<http://mea.gov.in/>
- **India Public Diplomacy**
www.indiadiplomacy.in
- **Invest India**
www.investindia.gov.in
- **India In Business**
<http://indiainbusiness.nic.in>
- **Incredible India**
www.incredibleindia.org
- **India Brand Equity Foundation** www.ibef.org
- **India Trade Promotion Organisation**
www.indiatradefair.com
- **EXIM Bank**
<http://eximbankindia.com>
- **The Confederation of Indian Industry** www.cii.in
- **Federation of Indian Chambers of Commerce & Industry** www.fcci.com
- **Associated Chambers of Commerce & Industry of India**
www.assochem.org
- **The Federation of Indian Export Organizations**
www.fieo.org