India and Central Europe: Harnessing Business Complementarities

A Report

October 2015







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Foreword



The India-Central European partnership is today unfolding in all its resplendence, powered by multi-layered initiatives taken by governments and private enterprises alike. India has enjoyed long-standing and cordial diplomatic and political relations with the Central European countries which now serve as solid bedrock for building vibrant bilateral economic and business partnerships.

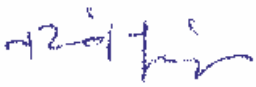
The last two decades have truly proved to be defining for the Indian and Central European economies. Qualitative shifts witnessed in their respective economies have been triggered by the economic liberalisation and calibrated privatisation programmes launched by their governments. Today, both regions boast of highly competitive business environments that foster entrepreneurship and cutting-edge innovations. So it comes as no surprise that Indian and Central European businesses are gravitating towards one another to share knowledge and technologies and to forge collaborations for leveraging the growth opportunities available across India, Central Europe and indeed rest of the world.

This FICCI report titled '**India and Central Europe: Harnessing Business Complementarities**" being released coinciding with the organisation of 2nd India-Central Europe Business Forum on October 5 & 6, 2015 in Bengaluru is an attempt to turn the spotlight on factors that could accelerate the growth of India-Central Europe bilateral trade & investment flows and business partnerships in the years ahead.

Indian companies too have evinced keen interest in doing business in emerging markets like the Central European region. While several Indian firms have already forayed into major Central European economies, they are now increasingly exploring for new opportunities in the smaller Central European economies, many of which have successfully emerged as robust market economies.

We are confident that this publication will be a useful enabler in triggering new ideas and perspectives among stakeholders on both sides along which new India-Central Europe partnerships will emerge. FICCI remains committed to assisting all stakeholders in developing strategic economic and knowledge partnerships and is confident that the government, private sector and citizens will benefit greatly from this report.

Sincerely,



(Dr A Didar Singh)
Secretary General
FICCI

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1. Executive Summary

Since the turn of the Millennium India has taken strident steps to build deep economic and business relations with all countries and regions around the globe. While in the early 2000s, India's focus areas were Africa and Latin America & Caribbean (LAC) to deepen bilateral trade and investment ties. Central Europe has now emerged as a focus area for Indian Government and industry.

India's bilateral trade relations with the Central European economies have not grown to levels expected of economic engagements between two dynamic regions. As per trade data released by the Ministry of Commerce & Industry, Government of India, India's total trade with Central European region was only 5.83% of India's total trade with all countries in FY2014-15.The relatively limited size of India's external trade with Central European economies is evidenced by the fact that only three countries - Switzerland (ranked 5th), Turkey (32nd) and Sweden (48th) - figure among India's top 50 trade partners in FY2014-15. Another 12 economies including major economies like Poland, Norway, Finland, Denmark, Czech Republic, Romania and Hungary figure in the top 100 list. However, India-Central Europe trade volumes are expected to grow at an accelerated rate in the coming years as businesses on both sides forge long-term partnerships.

This report titled '**India and Central Europe: Harnessing Business Complementarities**' has tracked the emerging trends in the bilateral economic and business ties and potential areas for deep bilateral cooperation.

The chapter titled '**Bilateral Trade Relations - The Big Picture**' throws light on the existing trade exchanges as well as factors that will boost India's bilateral trade with both large and smaller economies in the region. Deeper cooperation in the MSME sector could provide a key impetus to the bilateral trade.

Accelerated bilateral trade flows will also pave the way for greater bilateral investment flows. The chapter titled '**Investment Relations - Building On The Gains**' highlights the areas where cross-border investment flows are likely to grow in a big way. As on date, FDI inflows from Central European countries have not grown at any significant rate although India has emerged as one of the most attractive investment destinations. Cyprus and Switzerland are the 8th and 10th highest investing (FDI) countries in India.

Cyprus accounts for a little over 3% of India's total FDI inflows, while Switzerland accounts for around 1.2% share. Rest of FDI from Central Europe add up to only a small fraction of India's total FDI inflows. But with India taking firm steps to accelerate its manufacturing growth, new investment opportunities are being created in the country which would be of the essence to investors and companies in the Central European region.

Mega manufacturing and investment zones have been planned across the country which would be compelling investment destinations for Central European businesses that seek to establish deep footprints in the Indian market.

Alongside, Indian manufacturing companies that seek to establish or grow their global footprints now view the Central European region as an ideal investment destination, more so as the Central European economies offer a host of incentives in various fields in the form of tax exemptions, greater market access and a liberal investment regime. The incentives are principally focused on priority sectors such as R&D, infrastructure, construction, transport, Greenfield projects, communication and energy.

The chapter titled '**Sectoral Partnerships - Reinforcing The Linkages**' directs focus on the key sectors where India-Central Europe business partnerships and collaborations will gain significant ground. IT & ITeS is one key sector that promises to unfold major cross-border partnerships.

As a case in point, Government of India's 'Digital India' initiative will also provide significant growth impetus to the domestic IT industry.In keeping with India's core strengths in the IT & ITeS space, major Indian IT & ITeS firms are scouting for business opportunities in the Central European region. A few such ventures have already gained great traction.Reports indicate that Eastern Europe is fast becoming a go-to location for Indian IT players both for talent and for the captives that dot the region.

Investment ties are also deepening in the pharma space. For instance, Romania is one of the foremost Central European countries to deepen partnerships with the Indian pharma industry for research and development of new drugs.

Indian pharma industry on its part is cognizant of the fact that countries like Austria have established exceptional global reputation in life sciences and medical technology. The mix of global players and research institutes in Austria combined with young, dynamic start-ups and renowned universities has created the perfect backdrop for the success of the Austrian life sciences industry.

Development of clean technologies and renewable energy are also paving the way for India-Central Europe partnerships. Indian Government's policy decision to develop 100 smart cities has also opened up new cross-border investment and partnership opportunities. Pertinent to note that Denmark shares the first place with Sweden,

Estonia and Slovenia who have the largest share of major cities which can be categorised as smart cities. Around 50% of the 98 municipalities in Denmark is engaged in smart city activities, and 80% plans to increase their engagement the coming years.

Sectors like agriculture & agro-processing, and SME business are also seeing increased India-Central Europe interactions and collaborations.

The chapter titled '**New Partnerships, New Growth Opportunities**' focuses on India's ties with those Central European economies with which economic and business ties are at a nascent stage.



2. Introduction

India, one of the fastest growing major economies in the world, is continually globalising its external trade, investment ties and economic cooperation endeavours, to play a pivotal role in the emerging international economic order. Over the last two decades India's political leadership has taken calibrated steps to diversify the country's external trade and investment relations, paving the way for multi-pronged bilateral economic partnerships with regions and countries with which India has historically had limited economic engagements. Central Europe has thus emerged as a focus area for India.

Central Europe occupies a strategically important place on the global economic map. The region links the developed western Europe with Asia which houses some of the most dynamic economies. The Central European economies themselves are at the threshold of economic resurgence, having successfully tided over the challenges that countries in political and economic transition encounter.

Since the turn of the Millennium, India and the Central European economies have firmed up several bilateral agreements that are expected to positively impact the bilateral trade and investment flows. Although India's bilateral trade with the Central European economies has not grown to expected levels, there are clear signs that the trade volumes will expand appreciably in the coming years.

India has had long-standing trade ties with major Central European economies like Switzerland, Turkey, Poland, Sweden, Norway, Denmark, Finland, Romania, Hungary, Czech Republic and others, but now bilateral trade with the relatively smaller economies in the region is on the upswing. Trading ties with the major economies too will deepen as both regions take strident steps to widen the bilateral trade basket.

India-Central Europe economic relations have also grown on the back of accelerated bilateral investment flows. The two regions have markedly similar investment needs - to improve public infrastructure, enhance farm productivity levels, drive up industrial growth, and move up the global value chain. Indian and Central European governments are gravitating toward each other to deepen the investment ties and thereby fast-track cross-border knowledge exchanges, technology transfer, joint ventures and other collaborative arrangements.

Deeper bilateral trade and investment ties have also laid the foundation for intensive bilateral cooperation in areas such as manufacturing excellence, farm sector development and promotion of agro-processing industries, clean tech development, promotion of renewables, urban development and promotion of smart cities, promotion of SME businesses, etc.

This report provides an analytical view of the emerging trends in India-Central Europe economic and business relations.


82.3
90.1
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3. Bilateral Trade Relations- The Big Picture

The 30-country Central European region is of vital importance to India in strategic and economic terms. However, India's bilateral trade relations with the Central European economies have not grown to levels expected of economic engagements between two dynamic regions.

As per trade data released by the Ministry of Commerce & Industry, Government of India, India's total trade with the 30 countries of Central Europe stood at $44,276.76 million in FY2014-15, which was only 5.83% of India's total trade with all countries totalling $758,371.89 million in FY2014-15.[1]

The overall Balance of Trade was significantly tipped in favour of the Central European region, with India's total exports to the region at $13,044.19 million in FY2014-15, less than half of India's total imports from the region totalling $30,155.90 million in the same fiscal year.[2]

Fig 1: India's trade with Central European countries (in $mn) in FY2014-15

	Indian exports	Indian imports	Total trade	% Growth in Total Trade (YoY)
Albania	19.42	50.76	70.18	(-) 67.74
Austria	363.10	815.92	1,179.02	1.18
Bosnia & Herzegovina	17.88	4.26	22.13	67.31
Bulgaria	266.45	103.66	370.11	41
Croatia	176.39	28.65	205.04	37.74
Cyprus	51.11	22.82	73.94	(-) 9.70
Czech Republic	378.56	517.87	986.43	(-) 0.95
Denmark	724.24	457.95	1,182.20	(-) 2.05
Estonia	68.09	118.06	186.15	(-) 4.26
Finland	330.18	917.48	1,247.66	(-) 15.10
Greece	360.84	127.75	488.59	9.90
Hungary	349.26	239.55	588.81	4.38
Iceland	19.93	4.69	24.62	(-) 7.15

[1] http://www.commerce.nic.in/eidb/

[2] http://www.commerce.nic.in/eidb/

	Indian exports	Indian imports	Total trade	% Growth in Total Trade (YoY)
Latvia	98.12	36.22	134.34	(-) 34.78
Liechtenstein	0.19	1.17	1.36	74.55
Lithuania	103.23	111.91	215.15	35.62
Macedonia	14.51	9.05	23.56	(-) 23.25
Malta	327.59	28.42	356.01	75.93
Moldova	8.79	1.43	10.22	(-) 7.02
Montenegro	42.31	1.16	43.37	42.16
Norway	263.41	34.35	1,264.52	29.80
Poland	1,050.79	635.60	1,686.39	4.22
Romania	416.79	296.45	713.24	7.74
Serbia	42.39	23.71	66.09	90.02
Slovak Republic	136.90	137.04	273.94	73.87
Slovenia	245.77	104.54	350.31	6.04
Sweden	740.47	1,748.40	2,488.87	3.15
Switzerland	1,068.58	22,133.16	23,201.74	9.92
Turkey	5,358.90	1,463.87	6,822.77	31.35

Source: Ministry of Commerce & Industry, Government of India

To a great extent, the skewed Balance of Trade may be attributed to the composition of bilateral trade, as well as the volume of trade exchanges. Broadly, India's exports to Central European region include electric machines, transport vehicles, agricultural products, tea, coffee, pharmaceuticals, garments, computer software, jewellery, leather products, etc., whereas the imports mainly constitute iron & steel, metal scrap, nuclear reactors, mineral fuels & products, fertilisers, Swiss watches, glass and crystal products.[3]

The bilateral trade volumes with the major Central European economies have grown only at low single digit rate year-on-year with the exception of trade with Norway and Turkey.[4] Accelerated growth in bilateral trade volumes are evident only in the case of India's trade with smaller Central European economies like Boznia & Herzegovina, Croatia, Liechtenstein, Lithuania, Malta and Serbia[5].

The relatively limited size of India's external trade with Central European economies is evidenced by the fact that only three countries - Switzerland (ranked 5th), Turkey (32nd) and Sweden (48th) – figure among India's top 50 trade partners in FY2014-15. Another 12 economies including major economies like Poland, Norway, Finland, Denmark, Czech Republic, Romania and Hungary figure in the top 100 list.

[3] http://mea.gov.in/in-focus-article.htm?21946/India+and+Central+Europe+a+road+less+travelled

[4] http://www.commerce.nic.in/eidb/

[5] http://www.commerce.nic.in/eidb/

Fig 2: Ranking of India's trade partners in Central Europe

	Ranking in terms of India's total trade with individual countries in FY2014-15
Switzerland	5
Turkey	32
Sweden	48
Poland	57
Norway	64
Finland	66
Denmark	67
Austria	68
Czech Republic	75
Romania	85
Hungary	91
Greece	92
Bulgaria	98
Malta	99
Slovenia	100
Slovak Republic	104
Lithuania	121
Croatia	126
Estonia	128
Latvia	135
Cyprus	148
Albania	151
Serbia	153
Montenegro	161
Iceland	172
Macedonia	173
Bosnia & Herzegovina	174
Moldova	179

The ranking of India's bilateral trade with many of the key Central European economies is surprisingly low although India has maintained deep political, diplomatic and economic ties with all Central European nations, some of which were part of the erstwhile Eastern Bloc and also worked in unison with India in the Non-Aligned Movement. Strategic affairs expert Archis Mohan wrote in 2013 that "It is a result of New Delhi unable to take forward in the post-Cold War era the close links that it had with many of these countries from 1950s to 1980s."[6]

The bilateral trade flow patterns emerge clearly when India's trade with key individual Central European economies are analysed.

[6] http://mea.gov.in/in-focus-article.htm?21946/India+and+Central+Europe+a+road+less+travelled

Switzerland

Switzerland is India's biggest trade partner in Central Europe and indeed the 5th largest trade partner globally. Bilateral trade volumes have steadily increased over the last two decades. Total trade increased from $10.37 billion in FY2007-08 to $33.50 billion in FY2011-12, but dipped to $22.30 billion in FY2014-15.

Balance of trade has been significantly in favour of Switzerland whereby India's exports stood at $1.06 billion in FY2-14-15, whereas India imported $22.13 billion in the same fiscal. This huge imbalance has also contributed to the overall India-Central Europe balance of trade tipping in favour of Central Europe.

Indian exports to Switzerland largely constitute textiles and garments, organic chemicals, precious stones and jewellery, dyestuffs, machinery and parts, leather products, shoes and shoe uppers, cotton, plastics, coffee, tea, and hand-knotted carpets, whereas Swiss exports to India mainly consist of machinery and equipment (electrical and mechanical), precision instruments, pharmaceutical products dyes and chemicals, fertilizers, watches, etc.[7]

Almost 90% of Indian imports from Switzerland constitute gold, precious stones and other jewellery items. Switzerland has also provided parts for nuclear reactors for the purpose of power generation. Given that nuclear power is poised for accelerated growth in India, Swiss suppliers of nuclear reactor equipment and parts have a good opportunity to do business with India.[8]

The skewed balance of trade is evidenced from the facts that India stands at 22nd position worldwide in terms of countries exporting to Switzerland with a contribution of just 0.5% in Switzerland's imports and Switzerland stands at 44th position worldwide in terms of countries importing from India. Moreover, Indian stands at 14th position worldwide in terms of countries importing from Switzerland with a contribution of 1.2% to Switzerland's export markets. After China and UAE, Switzerland stands at 3rd position in terms of countries exporting to India.[9]

Currently, Switzerland and other EFTA countries (Iceland, Liechtenstein, Norway) and India are negotiating a broad based agreement on trade and investment. This initiative was taken when the Swiss President Micheline Calmy-Rey visited India in November 2007. The free trade agreement, once inked, will significantly improve mutual market access and launch the India-Switzerland bilateral economic relations to a new high.

[7] http://www.ficci.com/international/75131/Project_docs/FICCI-Switzerland.pdf

[8] http://www.ficci.com/international/75131/Project_docs/FICCI-Switzerland.pdf

[9] http://www.ficci.com/international/75131/Project_docs/FICCI-Switzerland.pdf

Turkey

Turkey, one of the fastest growing emerging economies globally, is India's second largest trade partner in the Central European region and the 32nd largest trade partner globally. The economic dynamism of both countries has greatly contributed to the accelerated growth of bilateral trade flows. In FY2014-15 alone total trade between the two countries grew by 31.35%, although it was mainly fuelled by Indian exports to Turkey.

As is evident from the data released by the Ministry of Commerce & Industry, Government of India, Indian exports to Turkey totalling $5.35 billion in FY014-15 was more than three times greater than $1.46 billion worth Turkish exports to India.

India's exports to Turkey include petroleum products, vaccines, cotton yarn, synthetic yarn, organic dyes, organic chemicals, denim, steel, granite, antibiotics, carpets, tobacco, cars, sesame seed, TV CRTs, mobile handsets, clothing and apparel, whereas Turkey's exports to India include poppy seeds, auto components, marble, textile machinery, denim, carpets, cumin seeds, copper ores and concentrates, flat rolled iron and steel and gold.[10]

Addressing a gathering at the Turkey-India Business Forum in Mumbai in April this year, Turkey's Deputy Minister of Economy Adnan Yildirim said, "I expect the trade between India and Turkey to rise three-fold to over $22 billion in the next 5-7 years, supported by favourable business climate in both countries."[11]

The minister pointed out that international developments like sharp fall in crude oil prices and recovery in US economy augur well for the economic growth of both countries and this would lead to larger bilateral trade. Turkey, which ranks 17th in size among all economies in the world, is aiming to improve its position to the 10th rank by 2023.

Sweden

Sweden is India's third largest trade partner in Central Europe and 48th largest trade partner globally. Both countries have once again resolved to deepen the bilateral trade ties. During President of India Pranab Mukherjee's state visit to Sweden in June this year India and Sweden signed six agreements, including in the field of polar research and for boosting trade. It was the first-ever visit by an Indian head of state to the Nordic country.

[10] http://www.ficci.com/international/75130/Project_docs/FICCI-Turkey.pdf

[11] http://articles.economictimes.indiatimes.com/2015-04-10/news/61018005_1_bilateral-trade-volume-commerce-ministry-three-fold-rise

Among the agreements inked, both sides signed an MoU for cooperation in the field of micro, small and medium enterprises (MSMEs). This aims at promoting partnership projects, institution to institution and enterprise to enterprise cooperation relating to MSMEs, encourage exchange of information and experiences in policy setting and research on the development of MSMEs, feasibility studies to identify thrust areas and opportunities for development of MSMEs and facilitating exchange of business mission.[12] Deep bilateral MSME cooperation will accelerate India-Sweden trade exchanges in several hitherto explored areas.

Likewise, an MoI was signed between India`s Central Drugs Standard Control Organization (CDSCO) and the Swedish Medical Products Agency (MPA). This agreement, complementary to the ongoing cooperation between India and Sweden covering the area of health, is for increasing bilateral cooperation in the fields of pharma-covigilance, electronic submissions in related matter, clinical trials, drugs, medical devices and diagnostic kits, cosmetic and hygiene products and for exchange of information and experiences regarding good manufacturing practice. This agreement will also pave the way for accelerated bilateral trade in the said areas.[13]

Currently, India is Sweden's 19th largest export market and 3rd largest trade partner after China and Japan in Asia. Main Swedish exports to India are pharmaceuticals, paper & pulp products, chemicals, engineering products and telecom equipment. Main items of Indian exports to Sweden are chemical products, food products, and semi-manufactured and manufactured goods.[14] According to the International Trade Centre figures for 2013, Indian service exports to Sweden totalled $778 million and Swedish service exports to India added to $611 million.

Poland

Poland is India's fourth largest trade partner in Central Europe and 57th largest trade partner globally. Both countries have taken positive steps to boost the bilateral relations including trade exchanges. India and Poland signed a new Economic Agreement in May 2006. Following the agreement, the first meeting of the Joint Commission was held in India in May 2008, the second session in Poland in May 2011 and the third session in October 2013 in New Delhi. The fourth session was held in Warsaw in June this year wherein both sides discussed possible ways to boost the bilateral economic ties and double the bilateral trade to $5 billion by 2018.[15]

[12] http://www.business-standard.com/article/news-ians/india-sweden-ink-six-agreements-on-pranab-visit-115060101688_1.html

[13] http://www.business-standard.com/article/news-ians/india-sweden-ink-six-agreements-on-pranab-visit-115060101688_1.html

[14] http://www.mea.gov.in/Portal/ForeignRelation/Sweden_2015_08_04.pdf

[15] http://www.dnaindia.com/money/report-india-poland-set-trade-target-of-5-billion-by-2018-2096140

Poland's Deputy Prime Minister and Economy Minister Janusz Piechoci ski said earlier this year: "India is a country where there are infinite possibilities for Polish exporters and investors, a country which is looking for new trade partners, and which is open to doing business with Poland."[16]

Currently, India's major exports to Poland include cotton, textiles, chemical products, electromechanical appliances, vehicles, airships and vessels. Major import items from Poland are electro-mechanical appliances, mineral products, and chemical products.[17]

Norway

Norway is India's fifth largest trade partner in Central Europe and 64th largest trade partner globally. Exports from Norway to India include electronic goods, general industrial machinery, scientific control equipment, artificial resins, plastic materials, non-ferrous metals, whereas the main import items include transport equipment, apparels, cotton yarn and fabrics, miscellaneous manufactured articles, metals, non-metal mineral items, paper products, cashew, furniture, travel goods, leather items, coffee, tea, spices and footwear.[18]

The bilateral engagements have grown significantly in areas like oil and gas, shipping and maritime industries, renewable energy, offshore projects and service sectors.

Speaking at a roundtable meeting organised by FICCI and the Confederation of Norwegian Enterprise (NHO) in April this year, Norway's Minister Vidar Helgesen said that "bilateral trade negotiations are an important part of our trade policy for Asia. Both the multilateral trading system, and the free trade agreements we negotiate ensure that Norwegian businesses have stable and predictable frameworks for their operations. My message to the Indian Government is therefore that it is a priority for Norway to finalise the negotiations on a free trade agreement between the EFTA states and India. I am confident that a free trade agreement between India and the EFTA countries will lead to increased trade and investments between our countries."[19]

Finland

Trade is one of the corner stones of India-Finland relations. Over the last decade bilateral trade increased significantly making India Finland's 4th largest trade partner in Asia.

[16] www.thenews.pl/1/6/Artykul/204231,Poland-and-India-deepen-trade-relations#sthash.tlCA05j2.dpuf

[17] http://www.mea.gov.in/Portal/ForeignRelation/Poland_2015_07_16.pdf

[18] http://www.mea.gov.in/Portal/ForeignRelation/Norway_July_2014-1.pdf

[19] https://www.regjeringen.no/en/aktuelt/dialogue_roundtable/id2423046/

However, Finnish exports to India and investments in India have remained at a modest level.[20]

Main export items from India to Finland are electronic goods, mineral fuels and mineral oils, ready-made garments, cotton including accessories, pharmaceuticals & fine chemicals, articles of iron and steel, machinery and instrument, coffee, rubber, iron and steel, organic chemicals and nuclear reactors, boilers, machinery and mechanical appliances and parts thereof. Major imports include electrical machinery and equipment, nuclear reactor equipment and parts, boilers, machinery and mechanical appliances, paper and paper board, iron and steel, pulp of wood or of other fibrous cellulosic material, pulp and waste paper, vehicles and transport equipment, etc.[21]

Denmark

Trade of goods between India and Denmark has more than doubled from $530.9 million in 2002-03 to $1,341 million in 2013-14 and $1,182.2 million in 2014-15. Indian exports to Denmark increased from $811.4 million in 2012-13 to $904 million in 2013-14[22] and $724.24 million in 2014-15.

Danish exports to India increased from $393.3 million in 2013 to $437 million in 2014. Bilateral services trade stood at $2,074 million in 2014, 20% more than $1,733 million recorded in 2013.[23] India's service exports to Denmark increased by 41% from $562 million in 2013 to $793 million in 2014, whereas Denmark's service exports to India increased from $1,171 million in 2013 to $1,281 million in 2014.[24]

Denmark is a key cooperation partner for India in the EU. The country has espoused a liberal trading system and is open to service trade liberalisation. All this augurs well for the future of India-Denmark bilateral trade.

Austria

Austrian Ambassador to India Bernhard Wrabetz said in 2014 that the potential to strengthen economic ties between India and Austria is "endless". He said: "We see a lot of opportunities here, especially in public infrastructure, transport, energy, and waste management, where Austria has developed technologies for specific situations that are fully applicable in India."[25]

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[20] http://www.finland.org.in/public/default.aspx?nodeid=34795&contentlan=2&culture=en-US

[21] https://www.google.co.in/?gws_rd=ssl#q=india+finland+trade+relations+2015

[22] Statistics Denmark

[23] Statistics Denmark

[24] Statistics Denmark

[25] http://www.thehindubusinessline.com/economy/big-potential-for-increased-trade-with-india-says-austrian-envoy/article6481922.ece

Wrabetz said: "The time is right for Austria and India not only to explore the huge potential that exists between the two countries, but also implement it," adding that even as more than 40 Austrian companies are being located in Mumbai and across India, there was room for many more Austrian firms to establish their Indian footprint and thereby grow the bilateral trade volumes.[26]

Currently, Indian exports to Austria include footwear, textiles, leather products, apparel and clothing accessories, vehicles, rolling stock (and parts and accessories thereof), machinery and mechanical appliances (and parts thereof), electrical machinery and equipment, organic chemicals and pharmaceutical products[27], and the imports constitute different types of machinery, iron and steel, chemicals, machinery and equipment.

Czech Republic

Since 2012, India and Czech Republic have made continued efforts to strengthen the bilateral economic relations through frequent exchange of trade and business delegations. In 2014-15, Indian exports to Czech Republic added to $378.56 million and imports from the country totalled $517.87 million. The bilateral trade volumes are seen to be considerably lower in relation to the high potentials of India-Czech Republic bilateral economic cooperation and partnerships.

Romania

In 2011 India and Romania set a target of achieving $2 billion annual bilateral trade by the year 2016.[28] However, four years down the line India-Romania total bilateral trade stood at just $713.24 million. The current situation underscores the need for diversifying the bilateral trade basket.

Currently, principal Indian export items to Romania include electric machines, devices & equipment, common metals, chemical and allied industries products, plastic and rubber materials, textiles, food products, beverages and tobacco, vegetal products, wood paste, paper and cardboard and its scrap, articles made of stone, cement, ceramics, glass and optical photographic, cinematographic, medical instruments and devices. Main items of import from Romania are common metals, sound and image displayers & recorders, chemical and connected industrial products, plastic, rubber materials, textiles, vegetal products, transport vehicles and mineral products.[29]

[26] http://www.thehindubusinessline.com/economy/big-potential-for-increased-trade-with-india-says-austrian-envoy/article6481922.ece

[27] http://mea.gov.in/Portal/ForeignRelation/Austria_Dec_2014_eng_.pdf

[28] http://archive.financialexpress.com/news/Romania-eyes-2bn-trade-bond-with-India/745272

[29] http://www.mea.gov.in/Portal/ForeignRelation/Romania_Jan_2015.pdf

Hungary

Prior to 1990, India was a major trade partner to Hungary in Asia. Over 25 joint ventures were established by Hungarian companies in India. However, the bilateral engagements failed to gather momentum after Hungary experienced major economic shifts in the 1990s.[30]

Bilateral trade which was in the range of $100-200 million in the 1980s could not be sustained in the mid-1990s. However, India-Hungary economic relations are once again growing. In FY2014-15 Indian exports to Hungary totalled $349.26 million, and imports stood at $239.55 million, which are still seemingly below potential. In October 2013, Hungarian premier Viktor Orban said during his visit to India that Hungary was looking at increasing the bilateral trade with India. He also invited Indian companies to invest in Hungary. Orban expressed hope that a direct flight between Budapest and Mumbai would help boost bilateral tourism and indeed the economic ties.[31]

Currently, major Indian exports to Hungary include machinery and mechanical appliances, electrical equipment, products of the chemical or allied industries, vehicles and associated transport equipment, footwear, headgear and accessories of fashion, textiles and textile articles, prepared foodstuffs, beverages, and tobacco products. Major imports from Hungary are machinery and mechanical appliances, electrical equipment, vegetable products, products of the chemical or allied industries, base metals, materials and products of paper industry, optical, medical instruments, etc.[32]

Recent trends indicate a shift in the composition of Indian exports away from traditional goods such as cotton yarn and textiles, towards organic chemicals, machinery, automotive components and pharmaceuticals. Imports from Hungary comprise items such as wheat, electrical machinery and equipment and light engineering goods.

Greece

India's total trade with Greece dipped from $947.92 million in 2008-09[33] to $461.97 million in 2011-12 and $488.59 million in 2014-15. The trade balance has been predominantly in favour of India, with main items of India's exports to Greece being machinery, automobiles and auto parts, iron and steel, aluminium, copper, dyes and chemicals, and textiles and garments. Main items of Greece's exports to India are machinery, rubber and plastic products, cotton, copper products, iron and steel products and chemicals.

[30] http://www.mea.gov.in/Portal/ForeignRelation/Hungary_December_2014.pdf

[31] http://www.thehindubusinessline.com/economy/hungary-keen-on-boosting-bilateral-trade-with-india/article5247696.ece

[32] http://www.indianembassy.hu/?page_id=195

[33] http://www.mea.gov.in/Portal/ForeignRelation/Greece-July-2012.pdf

Recent reports indicate that Greece is also opening up to pharma imports from India. Greece is reportedly facing a shortfall in supply of key drugs. In view of this, Indian Government is drafting a new set of plans to offer Greece affordable 'Made in India' generics. "India stands a better chance as we are the most affordable at high quality," according to PV Appaji, Director General, Pharmaceutical Export Promotion Council of India (Pharmexcil), which is under the Ministry of Commerce and Industry.[34]

An official of the Ministry of Commerce and Industry, Government of India, was quoted by the media as saying that the move will also help India to boost trade relations with Europe, particularly Greece. India is planning to push generics, especially anti-infectives, anti-fungal, anti-diabetic, antibiotics, etc., to these promising markets.[35]

Bulgaria

Bilateral trade between India and Bulgaria has recovered rapidly in recent years. However, there is still considerable untapped potential keeping in view Bulgaria's geo-strategic location, EU membership and India's strong economic growth and profile. India's trade with Bulgaria still reflects the traditional export basket of India which is not reflective of the true export profile of India.

Bilateral trade during 2014 added to $218.3 million (Bulgarian exports $64.9 million and imports $153.4 million). Between 2012 and 2014, the trade volume grew by more than 50% while it has grown manifold from $15.8 million in 2000 to $218.3 million in 2014. There is a lot of scope for expanding the current bilateral trade basket and enhancing the quantum of export and import of items being traded now.

Malta

Bilateral trade between India and Malta witnessed a healthy growth of 75.93% from $202 million in 2013-14 to $ 356 million in 2014-15. India's exports to Malta stood at $327.59 million whereas imports from Malta were to the tune of $ 28.42 million.[36]

Main items of India's exports to Malta are marine products, drugs, pharmaceutical & fine chemicals, inorganic/organic/agro chemicals, manufactures of metals, transport equipment, and other commodities, whereas the main items of India's imports from Malta are pulp and waste paper, metal scraps, organic chemicals, medicinal & pharmaceutical products, electronic goods.

[34] http://www.hindustantimes.com/business-news/greek-crisis-a-new-avenue-for-indian-drug-exports/article1-1373792.aspx

[35] http://www.hindustantimes.com/business-news/greek-crisis-a-new-avenue-for-indian-drug-exports/article1-1373792.aspx

[36] http://www.mea.gov.in/Portal/ForeignRelation/Malta_2015_07_06.pdf

Slovenia

Addressing a meeting organised by FICCI in New Delhi in January 2013, Slovenia's Deputy Prime Minister and Minister of Economic Development and Technology Radovan Žerjav said that India has emerged as a key strategic market. He said then that energy and renewables, energy efficiency, automotive industry, logistics, ICT, metal processing, electronics, services and tourism were some of the key sectors that offer scope for enhancing business relations between India and Slovenia.[37]

Samo Hribar Milič, President, Chamber of Commerce and Industry of Slovenia (CCIS), said during the meeting that Slovenia is an export-driven economy, as the country exports six times more than Greece and twice more than Italy. There are 25 focus sectors and there is "tremendous opportunity" for both nations to deepen business relations and networks.

He said that India and Slovenia should set a bilateral trade target of $500 million to be achieved by 2015. By 2014-15, the total bilateral trade had reached the level of $350.31 million. Given the overwhelming interest that both sides have demonstrated to intensify bilateral economic relations, the set target is likely to be realised in the next 1-2 years.

Pertinent to note that Indian investors could also look at the Slovenian sea port of Koper as a gateway for trade not just with Slovenia but to other Central European countries.[38]

Looking ahead

India's trade ties with the Central European countries have not realised their true potentials, evidenced by the bilateral trade flows in recent years. While the global economic slowdown has partly reined in accelerated bilateral trade growth, deeper bilateral economic cooperation and investment flows would have provided the impetus for expanded trade volumes.

Today, as Indian companies expand their footprints in the Central European region and as Central European companies explore and tap into investment opportunities in India, bilateral trade ties will also deepen in equal measure. The following steps will greatly facilitate the expansion of India-Central Europe bilateral flows;

- Diversification of trade baskets
- Improved transport connectivity and logistics support between the two regions
- Systematic reduction in trade barriers by all governments
- Conclusion of the India-EFTA Free Trade Agreement
- Deep economic engagement between India and the CEFTA (Central European Free Trade Agreement) member countries

[37] http://www.ficci.com/pressrelease/1105/ficci-press-jan29-slovenia.pdf

[38] http://icebf.in/


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4. Investment Relations- Building On The Gains

Even as India and the Central European economies deepen bilateral trade ties, businesses on both sides see significant cross-border investment opportunities. Down the years, several Indian companies have invested in the various Central European economies. Likewise, leading companies from major Central European companies have invested in key business sectors in India. Today, as both regions resolve to board a higher GDP growth trajectory by reinforcing their respective manufacturing competitiveness and farm sector productivity, a swathe of new cross-border investment opportunities are being created.

India has taken strident steps to accelerate its manufacturing growth. Mega manufacturing and investment zones have been planned across the country which would be compelling investment destinations for Central European businesses that seek to establish deep footprints in the Indian market.

Pertinent to add that the Indian Government's 'Make in India' campaign under the leadership of Prime Minister Narendra Modi is designed to attract global firms to invest and participate in India's manufacturing growth while meeting the country's goals of attaining indigenisation and self-sufficiency in the industrial sector. The campaign also covers a range of service sectors.

Alongside, Indian manufacturing companies that seek to establish or grow their global footprints increasingly view the Central European region as an ideal investment destination, especially since the Central European economies today offer various incentives such as tax exemptions, greater market access and a liberal investment regime. The incentives are principally offered in priority sectors such as R&D, infrastructure, construction, transport, Greenfield projects, communication and energy.

Indian IT and technology firms too can benefit directly and indirectly from these developments. Demand for a well-structured IT industry as a secondary industry for all the heavy industries in Central Europe will likely increase in the coming years.

Investment Opportunities in India

India is one of the most attractive emerging markets globally for direct investments. IMF forecasts suggest that India will outgrow China and its BRIC peers with 7.5% GDP growth this calendar year and the next.[39]

Reports indicate that global investors are appreciative of the monetary policy discipline maintained by India's Central bank. The Indian Government is focused on managing

inflation, which helps the Central bank to lower interest rates. Lower global crude oil prices, as well as, better fiscal management by the Government, including cutting government subsidies, will help India to rein in its fiscal deficits.[40]

India Inc's corporate earnings growth rate too is expected to average 7% this year, which is better than the average earnings growth rate in the MSCI All Country World Index.[41]

According to the United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2015, India held the 9th slot among top 10 countries that attracted highest FDI in 2014; India held the 15th position in 2013.

Fig 1: Cumulative FDI flows into India (2000-2015)

Cumulative FDI inflows (Equity inflows + 'Re-invested earnings' + 'Other capital')	$380,215 million
Cumulative FDI equity inflows (excluding, amount remitted through RBI's NRI Schemes)	$258,020 million

Source: Reserve Bank of India

Fig 2: Top 10 Sectors attracting highest FDI inflows

Sector	% age to total Inflows (In terms of $)
Services sector (includes financial, banking, insurance, non-financial / business, outsourcing, R&D, courier, tech. testing and analysis)	17
Construction development: townships, housing, built-up infrastructure	9
Computer software & hardware	7
Telecommunications (radio paging, cellular mobile, basic telephone services)	7

[39] http://www.forbes.com/sites/kenrapoza/2015/03/05/five-reasons-to-invest-in-india/

[40] http://www.forbes.com/sites/kenrapoza/2015/03/05/five-reasons-to-invest-in-india/

[41] http://www.forbes.com/sites/kenrapoza/2015/03/05/five-reasons-to-invest-in-india/

Sector	% age to total Inflows (In terms of $)
Automobiles	5
Drugs & pharmaceuticals	5
Chemicals (other than fertilisers)	4
Power	4
Trading	4
Metallurgical industries	3

Source: DIPP, Government of India

Fig 3: Financial year-wise FDI inflows into India (in $ million)

(As per International Best Practices; Data on FDI have been revised since 2000-01 with expended coverage to approach International Best Practices)

Financial Year	FDI inflows	YoY Growth	FII inflows
2005-06	8,961	(+) 48%	9,926
2006-07	22,826	(+) 155%	3,225
2007-08	34,843	(+) 53%	20,328
2008-09	41,873	(+) 20%	(-) 15,017
2009-10	37,745	(-) 10%	29,048
2010-11 (P)	34,847	(-) 08%	29,422
2011-12 (P)	46,556	(+) 34%	16,812
2012-13 (P)	34,298	(-) 26%	27,582
2013-14 (P)	36,046	(+) 5%	5,009
2014-15 (P)	44,291	(+) 23%	40,923
2015-16 (Apr - Jun) (P)	12,362		(-) 1,642

Source: DIPP, Government of India (RBI's Bulletin July, 2015 dt.10.08.2015 (Table No. 34 – Foreign Investment Inflows); P = Provisional

With the Indian Government training sharp attention on physical infrastructure development, investment opportunities in the country have grown manifold. Under the 12th Five-Year Plan (2012–17) alone India requires around $1 trillion to fund infrastructure growth covering sectors such as highways, ports and airways. FDI inflows will greatly bridge the investment needs in this sector.

As stated earlier, the 'Make in India' campaign has also opened up compelling FDI opportunities in India's manufacturing and service sectors. The campaign is aimed at making India a manufacturing hub while eliminating the unnecessary laws and

regulations, making bureaucratic processes easier and shorter. The Government has resolved to facilitate time-bound project clearances through a single online portal which will be further aided by an eight-member team dedicated to answering investor queries within 48 hours and addressing key issues including labour laws, skill development and infrastructure.

The 'Make in India' initiative directs focus on the following sectors: automobiles, automobile components, aviation, biotechnology, chemicals, construction, defense manufacturing, electrical machinery, electronic systems, food processing, IT and BPM, leather, media and entertainment, mining, oil and gas, pharmaceuticals, ports, railways, renewable energy, roads and highways, space, textile garments, thermal power, tourism and hospitality and wellness.

The Indian Government's favourable policy regime has also ensured that foreign capital flows into the country. The Government has relaxed FDI norms across sectors such as defense, PSU oil refineries, telecom, power exchanges, and stock exchanges, among others.

To illustrate this, the Government has amended the FDI policy for the construction development sector. The amended policy provides relaxed area restriction norms, reduction of minimum capitalisation and easy exit from project. Further, to provide a boost to low cost affordable housing, it has indicated that conditions of area restriction and minimum capitalisation will not apply to cases committing 30% of the project cost towards affordable housing.

Relaxation of FDI norms is expected to result in enhanced investment inflows in the construction development sector. It is likely to attract investments in new areas and encourage development of plots for serviced housing given the shortage of land in and around urban agglomerations as well as the high cost of land. The renewed policy is also expected to encourage development of low cost affordable housing as well as smart cities.

It may be added that the Cabinet Committee on Economic Affairs (CCEA) has raised the threshold for FDI requiring its approval to $469 million from $ 187 million. This decision is expected to expedite the approval process and result in increased foreign investment inflows.

The Union Cabinet has also cleared a proposal to allow 100% FDI in railway infrastructure, excluding operations. Though the initiative does not allow foreign firms to operate trains, it allows them to invest in areas such as creating the network and supplying trains for bullet trains etc.

The Government has also raised the FDI cap in insurance from 26% to 49% through a notification issued by the DIPP. The limit is composite in nature as it includes foreign investment in the form of foreign portfolio investment, foreign institutional investment, qualified foreign investment, foreign venture capital investment, and non-resident investment.

The Government has relaxed the FDI policy norms for Non-Resident Indians (NRIs). Under this, non-repatriable investments made by Persons of Indian Origin (PIOs), Overseas Citizens of India (OCI) and NRIs will be treated as domestic investments and not subject to FDI caps.

According to the Department of Industrial Policy and Promotion (DIPP), Government of India, total FDI inflows soared by 24.5% to $44.9 billion during FY2015, as compared to $36.0 billion in FY2014. FDI into India through the Foreign Investment Promotion Board (FIPB) route shot up by 26% to $31.9 billion in FY2015 as against $25.3 billion in the previous year, indicating that Government's effort to improve ease of doing business and relaxation in FDI norms is yielding results.[42]

Data for FY2015 indicates that the increase in the FDI inflows was primarily driven by investments in infrastructure and services sectors. Within infrastructure, oil & gas, mining and telecom witnessed higher FDI inflows, whereas IT services and trading (wholesale, cash & carry) drove the services inflows. Most recently, the total FDI inflows for the month of May 2015 touched $3.85 billion as compared to $3.6 billion in the same period in 2014.[43]

Also, in a sign that reflects investor confidence in the Government's 'Make in India' initiative, FDI saw a 48% jump in the seven-month period till April 2015.[44]

While India has emerged as one of the most attractive emerging market investment destinations, volume of FDI from Central European countries has not grown at any significant rate. Cyprus and Switzerland are the 8th and 10th highest investing (FDI) countries in India. Cyprus accounts for a little over 3% of India's total FDI inflows, while Switzerland accounts for around 1.2% share. Rest of FDI from Central Europe add up to only a small fraction of India's total FDI inflows.

[42] http://www.ibef.org/economy/foreign-direct-investment.aspx

[43] http://www.ibef.org/economy/foreign-direct-investment.aspx

[44] http://articles.economictimes.indiatimes.com/2015-07-14/news/64406052_1_fdi-inflows-foreign-direct-investment-usd

Fig 4: Share of top 10 Central European investing countries FDI equity inflows

Ranking	Country	Amt of FDI inflows (in $ million)	%age to total FDI inflows
8	Cyprus	8,139.55	3.15
10	Switzerland	3,138.47	1.22
19	Sweden	1,103.84	0.43
26	Poland	619.56	0.24
29	Denmark	417.37	0.16
31	Finland	354.10	0.14
34	Austria	252.68	0.10
37	Norway	181.16	0.07
41	Turkey	127.70	0.05
64	Czech Republic	21.37	0.01

It may be noted that the top investing countries in India by share are Mauritius (35%), Singapore (14%), UK (9%), Japan (7%), Netherlands (6%), USA (6%) and Germany (3%).[45]

Cyprus

Cyprus, a well regulated EU member state, on the OECD white list, with a tax system that conforms to EU laws and the EU code of conduct, and an existing double tax treaty with India provides comfort to foreign investors to set up their business in Cyprus and carry out their investments into India from Cyprus.[46]

With India and Cyprus signing a new protocol under the double tax avoidance agreement (DTAA) to modernise the exchange of information and assistance in the collection of taxes articles, Cyprus could be a gateway to India for foreign investors and similarly be India's Gateway to the rest of the world.

[45] http://dipp.nic.in/English/Publications/FDI_Statistics/2015/india_FDI_June2015.pdf

[46] http://www.pwc.com.cy/en/articles/2012/cyprus-india-fdi.jhtml

Switzerland

Switzerland's Ambassador to India Linus von Castelmur said at a press meeting in India that Swiss companies see high investment potential in India and many of them are waiting to come and invest.[47] Nearly 200 Swiss companies already have presence in India.

In a further development, Swiss multinationals based in India have announced plans to create a centre to provide Swiss-style vocational education to young Indians. The apprentices are expected to help Swiss companies address the shortage of skilled workers in India.[48]

The proposed plan for a Centre of Excellence for Manufacturing was presented at the Swiss Vocational Education Training (VET) day held in June this year in New Delhi as a part of the Year of Swiss Innovation in India. Swiss companies such as Burckhardt Compression, Syngenta, Sulzer and Rieter are part of the training venture. The centre is expected to be operational by 2017 and will be based in Koregaon Bhima near Pune, where over 20 Swiss companies have manufacturing units.

Besides manufacturing, there are also plans to develop a Swiss Centre of Excellence for Agriculture in the same centre to train rural youth to become agriculture entrepreneurs and technicians. This initiative will be supported by the Syngenta Foundation and will focus on precision agriculture.

In keeping with growing Swiss interest in the Indian market, lifestyle product brand Swiss Military is expanding its presence in the country with an investment of Rs 200 crore and 4,000 new stores in the next two years.[49] The $300-million privately held company, which has operations across 26 countries and brand registration across 40 markets, started India operations in 2010 with a 'four-phase' expansion strategy.

Sweden

A large number of Swedish MNCs have long had a presence in India. Their numbers are growing as Swedish companies look not only for manufacturing hubs but rely increasingly on offshore IT operations and R&D in India. Way back in 1926, Swedish Match had established its facility (WIMCO) in India. Down the decades, Swedish majors like Ericsson, SKF, Atlas Copco, DeLaval, Volvo, ABB, Astra Zeneca, etc. have established and steadily expanded their footprint in India. At present there are over 170 Swedish joint ventures/wholly owned subsidiaries in India.

[47] hhttp://www.rediff.com/business/report/swiss-entities-keen-to-invest-in-india-says-envoy-/20150310.htm

[48] http://www.swissinfo.ch/eng/skilled-workforce_swiss-companies-to-invest-in-indian-apprenticeships/41477634

[49] http://articles.economictimes.indiatimes.com/2015-07-07/news/64178181_1_retail-expansion-swiss-military-worldwide-indian-expansion

Swedish companies doing business in India are bullish about India's investment climate. According to the seventh Business Climate Survey, there is a positive shift in the perception of Swedish companies about investments and expanding their operations in India.[50]

The survey captured inputs from 110 Swedish companies established in the country from sectors such as IT, telecom, automotive, service sector, engineering products, defense, direct sales and retail. The Business Climate Survey is conducted annually by the Swedish Chamber of Commerce in India in partnership with the Embassy of Sweden in New Delhi, Consulate General in Mumbai and Business Sweden.

Fredrika Ornbrant, Consul General of Sweden, Mumbai, was quoted saying, "There is a positive shift in the perception of Swedish companies about investments and expanding their operations in India as is evident in the results of the Business Climate Survey 2014-15. Over 90% of the companies surveyed believe India's business and investment climate is favourable as compared to 51% in 2013 and expect it to improve in the coming three years. This shift in perception can be mainly accredited to the initiatives undertaken in India to provide a reliable and foreseeable business environment."

The number of Swedish companies in India has increased from 85 in 2007 to 153 in 2015. Around 12 new companies were established in India during 2014, 12 more are in the pipeline. The cumulative FDI from Sweden to India until 2013 was $2.15 billion. In 2013 alone, total FDI from Sweden to India was $350 million, up 16% from 2012.

According to the survey findings, the majority of companies identified taxation regulation and rates, import regulations and custom duties as the most significant challenges in doing business in India.

Ambassador of Sweden to India Harald Sandberg told The Hindu, "We have a high percentage of Swedish companies doing business here — there are about 150 big companies active in India, but there is huge potential in both directions. The 'Make in India' campaign is interesting both from the Indian perspective in terms of exports towards us, but also for Swedish industry." Swedish companies provide direct employment to 15,000 people in India, while the figures through subsidiary operations run into several lakhs, he said.

India is keen on partnering with Sweden on aspects of urban development, with a thrust on smart cities. "There is a big demand from the Indian side for sustainable solutions and innovations for urban development; this is an opportunity to meet, talk and showcase where we can have complementary and interesting ideas," he said.

[50] http://www.business-standard.com/article/economy-policy/swedish-companies-bullish-on-indias-investment-climate-115042400928_1.html

Since India sends a large group of foreign (non-European Union) students to Swedish universities, agreements to encourage more interactions between academic institutions is on the agenda.

In the area of climate change, Sweden perceives Indian as a "key player" in firming up an agreement at the Conference of Parties (COP), 2015 in December. "We see India as a very important partner in how the international community will meet the climate issue during the CoP in Paris," Sandberg said.

Poland

Polish companies have deepened their footprints in India, with firms such Bella Premiere (Torunskie Zaklady Materialow Opatrunkowych (TZMO) in Dindigul (manufacturing hygiene sanitary products), Can-Pack Poland in Aurangabad (manufacturing metal packaging), Inglot (cosmetic products), Geofyzika (seismic surveys for oil companies), GT Torun, and Obram carving out a strong presence in the country.

Poland's cumulative FDI inflows during April 2000–March 2015 amounted to $619 million.

Denmark

There are some 75 Danish companies which have set up subsidiaries, representative offices or joint ventures in India. Danish investments have been made in sectors like harbour/port modernisation and expansion, beer breweries, wind turbine/rotor blade manufacturing, agro-intermediates /insecticides, and the engineering sector. There is scope for additional investments in renewable energy, pharmaceuticals, food processing, shipping, electronics and infrastructure sectors.[51]

Finland

Key Finnish companies have been participating in India. Companies like Kone elevators, Wartsila, Ahlstron, Elcoteq, Metso, Fortum, UPM have set up manufacturing facilities in India and Finnode has opened its office in India.[52]

Top sectors attracting Finnish FDI inflows (from April 2000 to June 2013) are: industrial machinery, electrical equipment, textiles (including dyed, printed), power, and electronics. The number of Finnish companies established in India has more than tripled

[51] http://www.ficci.com/international/75127/Project_docs/Denmark_Profile.pdf

[52] http://www.ficci.com/international/75192/Project_docs/finland-ficci.pdf

during the 2000s. In 2001 there were around 30 Finnish companies operating in the country whereas today over 120 Finnish companies have operations in India.

The companies are present in India through their subsidiaries, joint ventures with local companies or representative / liaison offices. Apart from the companies having direct presence in the market, more than a 100 Finnish firms export their products to India or operate on the market through their local agents.

Projects in the Indian infrastructure sector have provided opportunities for Finnish companies. For instance, Metso Minerals sells mining drills and road-building equipment. Finnish firms Metso Automation, KCI Konecranes, Kalmar and Sandvik amongst several others are operating in this sector. Finnish paper products are being marketed in India by Finnish paper giants UPM, StoraEnso and M-real. Andritz Finland and Metso Paper are involved in upgrading paper machines and building new ones. Huhtamaki with its local joint venture partner is the largest Finnish employer in India in the packaging material sector. Eltete is another Finnish company in packaging business operating in India.

Twenty six companies from Finland are now exploring the possibility of working in the areas of clean technology in India. These include sectors such as mining, renewable energy, power plant, bio composts and even outdoor toilets.[53]

Austria

In 2011, then President of India Pratibha Patil said during her state visit to Austria that "Austrian strengths in infrastructure, automotive and environment friendly technologies provide a good option to the requirements of the Indian economy."[54]

Austria has a long history of cooperation with India. With massive investment imminent for the Indian rail network, Austrian companies are poised to put their expertise to good use in India.

Austria is known for high-end expertise in engineering and heavy manufacturing and India has a wealth of resources and a huge rail infrastructure to improve and maintain. As far back as the 1960s, Plasser & Theurer of Austria suppled to Indian Railways track laying machines and ballast cleaners. Several other Austrian companies have provided engineering expertise (rail laying and tunnelling) or equipment to Indian Railways.[55]

Between 2006 and 2010, Strabag, along with its Indian partners (Larsen & Toubro and IRCON International Ltd.), completed a £61 million, 3.2 km tunnelling project in the phase 2 of Delhi Metro System.

[54] http://www.livemint.com/Politics/pf8FSsoIX72swImeDTJOXN/Patil-asks-foreign-firms-to-tap-Indian-investment-potential.html

[55] http://www.india-at-hannover.com/trains-planes-and-automobiles

Norway

President of India Pranab Mukherjee, during his state visit to Norway in October 2014 invited Norwegian investors and entrepreneurs to explore possibilities of investment in India's infrastructure sector. He urged the companies to participate in the 'Make in India' initiative of the Indian government.

"We welcome foreign direct investments in our railways, roads and ports, power and communications sectors; we invite Norwegian companies to join Indian counterparts in the 'Make in India' initiative of the new government and we are presently simplifying the procedures to facilitate their participation in India's growth story," President Mukherjee said at the state banquet hosted by King Harald V and Queen Sonja at the Royal Palace.[56]

Down the years, top sectors in India that attracted FDI equity inflows from Norway are: chemicals (other than fertilizers), electrical equipment and electronics.[57]

Turkey

Turkey's cumulative direct investment into India amounted to $87.23 million (April 2000 – May 2014). Major Turkish companies operating in India are: LIMAK Construction, which has been in India since 2001. LIMAK has so far participated in collaboration with an Indian company Soma in construction, widening and strengthening of National Highway segments and is in collaboration with another Indian company Gammon India for laying cross-country pipeline and associated facilities on a 274 km stretch.

Sarkar, a high-end garment manufacturer entered the Indian market through its franchisee partners in 2003. Sokatas, a leading garment manufacturer in the European Customs Union, has started work on a proposed garment factory to be set up in Maharashtra.

Izopoli-Kingspan, a leading manufacturer of fire retardants, has opened office in India in 2007 and is looking to invest for manufacturing fire retardants in India, while Hidromas, manufacturer of heavy earth movers is looking to set up a manufacturing unit in Chennai.

Fernas, a Turkish infrastructure company mainly operating in pipeline sectors has won a contract for laying and commissioning a segment of GAIL pipeline in Gujarat.

[56] http://articles.economictimes.indiatimes.com/2014-10-14/news/55014485_1_india-and-norway-president-pranab-mukherjee-norwegian-companies

[57] http://www.ficci.com/international/75129/Project_docs/Norway_Profile.pdf

Czech Republic

The Indian market has become one of the most important destinations for Czech companies. Czech companies are emerging as major investors in energy and finance sectors. They are also bidding for infrastructural and industrial projects in India. Other main thriving sectors of bilateral cooperation are engineering, information technology, medical equipment, chemicals and pharmaceuticals, bio-technology and nanotechnology, science and technology which offer opportunities for flow of trade and investment.

Some of the major investments from Czech Republic in India are: Skoda Auto: one of the premium automobile manufacturers in India, a fully owned subsidiary of Skoda Auto Czech Republic (Volkswagen Group); Skoda Power: hundred power blocks in operation in India supplied from Skoda Power and by local firm BHEL, to which Skoda sold a license in the 1970s; Vítkovice Machinery Group: a major Czech Industrial group; ZKL Bearings CZ: setting up the production of railways bearings; Bonatrans: setting up railway and metro wheels production; Linet: hospital beds; FANS: cooling towers; and Tatra: a joint venture in India with BEML – manufacturing trucks.

Hungary

Hungary stands at 71st position worldwide in terms of investment into India with a cumulative investment from April 2000 to April 2013 amounting to $10.30 million. From Hungary, the most significant investment is by Richter Gideon. The Hungarian pharma major has invested $20 million in a 51:49 joint venture with an Indian firm Themis' Medicare Ltd., for production of intermediates, the entire production of which is exported to Richter Gideon, Hungary.

Top sectors attracting Hungarian FDI are: hotel & tourism, drugs & pharmaceuticals, consultancy services, leather, leather goods and pickers, food processing industries, information & broadcasting (including print media), scientific instruments, trading, automobile, services sector, among others.

Hungary is keen to promote cooperation between MOL, the Hungarian Oil Company, and ONGC, particularly in the area of joint exploration, where MOL claims to have new technology and expertise. A framework agreement for cooperation between MOL and ONGC has been signed. A separate agreement under the Framework Agreement has also been signed.

Investment Opportunities in Central Europe

Indian outbound FDI has increased in terms of size, geographical spread and sectorial composition. While FDI inflows between FY2002 and FY2014 witnessed a CAGR of 21%, FDI outflows registered a higher growth rate of CAGR 35.1% during the same period.[58]

While in the first half, overseas investments were directed to resource rich countries, such as, Australia, UAE, and Sudan, in the latter half, ODI was directed to countries providing higher tax benefits such as Mauritius, Singapore, British Virgin Islands, and the Netherlands.

Indian firms invest in foreign shores primarily through mergers and acquisition (M&A) transactions. With rising M&A activity, companies will get direct access to newer and more extensive markets, and better technologies, which would enable them to increase their customer base and achieve greater global reach.[59]

India has emerged as one of the strongest performers in the deal-street across the world in mergers and acquisitions. M&A activity increased in 2014 with deals worth US$ 38.1 billion, compared to $28.2 billion in 2013 and $35.4 billion in 2012.

In terms of sectors, transportation, storage and communication services drew maximum investment outflows from India (28%). Companies have also been actively investing in sectors such as manufacturing (24%), agriculture & mining (21%), wholesale, retail trade & restaurant (10%), financial institution and business services (8%).[60]

Central Europe promises to be one the major destinations for Indian outbound FDI. The Central European governments pursue highly investor-friendly policies and that should encourage a greater number of Indian companies to establish their footprints in the region.

Indian investment patterns in the Central European region are as follows:

Austria

Key industries in Austria are agriculture and forestry, food and drink, mechanical and steel engineering, chemicals, automotive, electrical engineering and electronics, wood, pulp and paper. The Austrian government has directed sharper attention on manufacturing, infrastructure development, R&D and education, service industries, telecommunication, transportation, retail, banking, and tourism. All these sectors in turn offer attractive investment opportunities.

[58] http://www.ibef.org/economy/indian-investments-abroad

[59] http://www.ibef.org/economy/indian-investments-abroad

[60] http://www.ibef.org/economy/indian-investments-abroad

The Austrian government offers tax incentives and R&D subsidies for FDI involving substantial transfer of important technology and job opportunities. The government also offers grants for later-stage R&D activities by companies.

Czech Republic

Czech Republic is located strategically in Europe and is a part of the expanded EU. The country observes high standards of technology, quality and manufacturing in areas like auto parts manufacturing, R&D, biotech, hi-tech Engineering and wages are much lower than those in western Europe.

Key business sectors in Czech Republic are agriculture, automotive industry, electrical and electronic industry, financial services, construction, and retail. To spur investments, the government offers 10-year full corporate income tax relief for greenfield investments and 10-year partial tax relief for brownfield investments, provision of industrial property on discount, financial support for the creation of new jobs and financial support for the re-qualification of employees.

Indian companies have invested in Czech Republic in sectors like IT, vehicles, tea, textile, pharmaceutical, auto-components. Infosys, Ashok Leyland, Tata Tea, Alok Industries, Spentex Industries, Motherson Sumi Systems Limited, Glenmark Pharmaceuticals, Lloyd Group, Lloyd Electric and Engineering Ltd, PMP Components Ltd, are among the early movers.

Hungary

Key Hungarian industries are automotive industry, information and communication technology, pharmaceuticals, chemicals, and financial services. To bring in FDI, the government offers development tax allowance, whereby, up to 80% of the corporate income tax payable every year can be foregone for a period of 10 years.

Indian investments in Hungary are witnessing an upswing in recent years. Investment flows are spread over sectors such as IT, pharmaceuticals, power equipment, auto-components and food processing. Indian companies in Hungary include Sun Pharma, Crompton Greaves, SMR, Bakony Wipers, Orion, Hema Engineering and Cosmos. Jet Air has opened an off-line office in Budapest. Several IT companies like TCS, Mahindra-Satyam, Genpact and Cognizant have established their operations in Budapest.

Indian IT companies have considerable expertise on e-governance issues and are keen to participate in Hungarian government projects for e-governance that are financed through EU funds. Indian IT companies in Hungary benefit from multiple language /

computer skills and low wage rates of Hungarians as well as the geographical location of the country in the heart of Europe.

Hungary itself is becoming a major source of export of ICT services and products, mainly to other European countries. Hungary's long term development goal is to become a 'knowledge' economy.

The Hungarian pharmaceutical sector offers significant opportunities for cross-border partnerships. As Hungary tries to reduce the burden of its public healthcare system and health subsidies on the Hungarian public exchequer, they are encouraging use of cheaper generic drugs, a sector where India has a significant advantage.

Poland

Key Polish industries are automotive, agricultural production, construction, and financial services. The Polish Government offers income tax & local tax exemption in its special economic zones (SEZ), and also cash grants for strategic investors.

Indian investments in Poland add up to $3 billion and more. Leading Indian companies operating in Poland are ArcelorMittal, Videocon, Escorts, Strides Arcolab, Reliance Industries, Ranbaxy, Essel Propack, KPIT Cummins, Zensar Technologies Ltd, Infosys and Wipro, Jindal Stainless, Berger Paints India, UFLEX Glenmark Pharmaceuticals, Flemingo Duty Free, Rishabh Instruments, etc.

Looking ahead, India and Poland could explore synergies in the following sectors: agri and food processing, automobiles and engineering, coal and mining, defense and R&D, green technologies, ICT, pharmaceuticals and healthcare, nuclear energy, skill development, smart cities, and textiles and apparels.

Turkey

Turkey is one of the most attractive investment destinations today. According to Mustafa Alper, former Secretary General of the International Investors Association of Turkey, "Turkey has the potential of attracting 5% of its GNP - $25 billion – in foreign investments every year."

Turkish authorities are seeking FDI in a big way with emphasis on investments that create new jobs and bring in know-how. Investments in information and communications technology, machine tools, machinery, metal processing, logistics and automotive industry, food processing, pharmaceuticals, energy, services and infrastructure are being particularly encouraged.

More than 150 Indian companies have registered businesses in Turkey in the form of joint ventures, trade and representative offices. They include Polyplex, GMR Infrastructure, TATA Motors, Mahindra & Mahindra, Reliance, Ispat, Aditya Birla Group, Tractors and Farm Equipment, Jain Irrigation, Wipro, Dabur, Kalpataru, Punj Lloyd, Indian Oil, etc.

Romania

Key Romanian industries are automotive manufacturing, pharmaceuticals, real estate and constructions, and financial services. The Romanian Government offers tax exemption on reinvested profit, special incentives for expenses related to R&D, dividend tax exemption for reinvestments, reduced VAT rate of 5% for the sale of buildings, local tax exemptions for businesses located in industrial parks or scientific and technological parks.

The Romanian government is focusing upon restructuring their state-owned enterprises (SOEs) under private management, liberalisation of energy prices for commercial customers, and attracting greenfield investment, particularly in renewable energy, inclusion of reforms in the healthcare system, deregulation of energy prices and the sale of some government holdings in the energy sectors, expansion of the trans-European transport network (TEN-T), and prioritising the construction of a motorway from the Black Sea port of Constanta to Nadlac on the Hungarian border, as part of the Pan-European Corridor IV motorway.

Switzerland

Key Swiss industries are financial services, machinery, chemicals & pharmaceuticals, and tourism. The Swiss government offers investment incentives in the form of a Federal Tax holiday to companies boosting the economy in specific regions of Switzerland. Most cantons in the country also grant tax holidays to companies bringing economic value-added functions and creating significant new jobs. Linus von Castelmur, Ambassador of Switzerland to India and Bhutan said recently that Switzerland could be the gateway to Europe for Indian companies.[61]

[61] http://www.thehindu.com/news/national/karnataka/switzerland-can-be-the-gateway-to-europe-for-indian-companies/article6790918.ece

Slovenia

Key Slovenian industries are automotive, chemical and pharmaceuticals, electrical and electronics, information and communication technology, machining and metalworking. Slovenia has invited Indian investments in sectors such as mining, tourism and IT.

Slovenia ranks 76th in terms of investment with cumulative FDI inflows into India amounting to $8.24 million (April 2000 – December 2013).

Croatia

Key Slovenian industries are automotive, chemical and pharmaceuticals, electrical and electronics, information and communication technology, machining and metalworking. Slovenia has invited Indian investments in sectors such as mining, tourism and IT.

Slovenia ranks 76th in terms of investment with cumulative FDI inflows into India amounting to $8.24 million (April 2000 – December 2013).

Bulgaria

Key industries in Bulgaria are mining and semi-processing, construction, tourism, and financial services. The Bulgarian government offers part or full reduction in amount of annual corporate income tax due by entities on their profits from manufacturing activities carried out in municipalities with high unemployment.

Looking ahead

Expansion of India-Central Europe investment relations is contingent on:

- India and the Central European economies achieving sustained high GDP growth
- Pro-active steps by Indian and Central European governments to spur bilateral investment flows, and B2B meetings and partnerships
- Sustained RoI
- Participation in value-added business
- Access to new markets


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5. Sectoral Partnerships- Reinforcing The Linkages

Growth and development of India's economic partnership with the Central European region hinges on identification and establishment of deep sectoral partnerships, especially in areas where India has cutting-edge technologies and solutions to offer, and in sectors where both India and Central European countries seek major investments and collaborations.

This chapter directs focus on some of the key business sectors where India-Central European partnerships could gain significant traction in the coming years.

Information Technology (IT) & Information Technology Enabled Services (ITeS)

India is widely recognised as one of world's largest sourcing destinations for the IT industry, accounting for around 52% of the $124-130 billion global market.[62] The Indian IT industry is highly cost competitive, offering services that are 3-4 times cheaper than, for instance, the US IT industry.[63]

The Indian IT & ITeS industry has four key segments - IT services, business process management (BPM), software products and engineering services, and hardware. The IT-BPM sector in the country grew at a CAGR of 25% over 2000-13, 3-4 times higher than the global IT-BPM spend, and is estimated to expand at a CAGR of 9.5% to $300 billion by 2020.[64]

Today, India has a vibrant technology start-up environment. The country -- fourth largest base for young businesses in the world and home to 3,000 tech start-ups - will see an estimated 11,500 tech start-ups by 2020.[65]

India's internet economy is expected to touch $161.26-billion level by 2018, accounting for 5% of the country's GDP, according to a report by the Boston Consulting Group (BCG) and Internet and Mobile Association of India (IAMAI). In December 2014, India's internet user base reached 300 million, the third largest in the world, while the number of social media users and smartphones grew to 100 million.[66]

[62] http://www.ibef.org/industry/information-technology-india.aspx
[63] http://www.ibef.org/industry/information-technology-india.aspx
[64] http://www.ibef.org/industry/information-technology-india.aspx
[65] http://www.ibef.org/industry/information-technology-india.aspx
[66] http://www.ibef.org/industry/information-technology-india.aspx

Public cloud services revenue in India is expected to reach $838 million in 2015, growing by 33% y-o-y, as per a report by Gartner Inc. The public cloud market alone in the country was estimated to treble to $1.9 billion by 2018 from $638 million in 2014. The increased internet penetration and rise of e-commerce are the main reasons for continued growth of the data centre co-location and hosting market in India.[67]

Moreover, the computer software and hardware sector in India has attracted cumulative FDI inflows worth $13,788.56 million between April 2000 and December 2014, according to data released by DIPP, Government of India.[68] The IT space, including e-commerce, also witnessed 240 deals worth $3.8 billion in 2014 alone, according to Dealogic.[69]

While the IT industry has manly contracted business from the large enterprises, a report from market research firm Zinnov has highlighted that the small & medium businesses will present lucrative opportunities worth $11.6 billion in 2015 and $25.8 billion in 2020. It was cited that India has over 50 million MSMEs of which 12 million have a high degree of technology influence and are looking to adopt newer IT products.[70]

Government of India's 'Digital India' initiative will also provide significant growth impetus to the domestic IT industry. Mckinsey has observed in a report that adoption of key technologies across sectors spurred by the 'Digital India Initiative' could help boost India's GDP by $550 billion to $1 trillion by 2025.[71]

In keeping with India's core strengths in the IT & ITeS space, major Indian IT & ITeS firms are scouting for business opportunities in the Central European region. A few such ventures have already gained great traction. As a case in point, Tech Mahindra has opened an office in Istanbul to cater not only to the rapidly growing ITeS market in Turkey, and neighbouring South Eastern Europe and Balkan nations. The company intends to use Turkey as its hub for the region, where it has bagged a contract to implement a billing solution for a large telecom operator. Tech Mahindra plans to recruit local resources and train them to support the company's services.[72]

For several other Indian IT firms too Turkey could emerge as a preferred near-shore delivery location for clients across Central Asia. Indian firms have been looking for business opportunities in new areas to reduce their dependence upon the US and EU markets. And they are discovering new territories around the world, with a clear focus on Latin America, Africa and Central and Southern Europe.[73]

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[67] http://www.ibef.org/industry/information-technology-india.aspx

[68] http://www.ibef.org/industry/information-technology-india.aspx

[69] http://www.ibef.org/industry/information-technology-india.aspx

[70] http://www.ibef.org/industry/information-technology-india.aspx

[71] http://www.ibef.org/industry/information-technology-india.aspx

[72] https://www.pac-online.com/indian-it-eyes-turkey

[73] https://www.pac-online.com/indian-it-eyes-turkey

The size of the strategically located Turkish IT market is forecast to increase from $7.9 billion in 2012 to $14.4 billion by 2016, making it one of the fastest growing in emerging Europe. A cultural and geographical position as a hub between Europe and the Middle East only accentuates the significance of the country's large market size for Indian IT vendors. The country's government is also keen to expand the information communication and technology sector to $160 billion by 2023 from $30 billion in 2011. A dedicated Talent Exchange Program for transfer of skills between India and Turkey will also be initiated as part of the overall plans.[74] Indian companies would do well to note that while the large companies in Turkey have planned and invested in ITeS, the SME sector could offer new business opportunities.

IT services spend in Turkey is expected to grow robustly at 14% by 2016. The most promising sectors are the ones where Indian firms have a clear edge - financial services, telecoms and manufacturing. With their rich experience and branding in systems integration, application management and outsourcing, Indian ITeS firms could position themselves strongly to tap into the opportunity.[75]

The Nordic countries too are promising destinations for Indian IT players. Sweden, Denmark, Finland and Norway have higher acceptance of English as a language of communication and relatively lower resistance to offshoring, making them the ideal first step locations for the Indian footprint in Europe.[76]

The Nordic countries are also facing demographic challenges and cost pressures and are finding it difficult to sustain their traditional engineering and technology led innovation. India could prove to be a major partner to these economies to help them maintain their competitiveness.[77]

HCL Technologies has already moved into this region. The company has won a $400 million deal from Norway's DNB Bank ASA to manage its information technology and infrastructure services and application operations in Norway and some other locations.[78]

As part of the deal, HCL Technologies will create two new data centres in Norway by migrating and transforming DNB's systems and infrastructure from its existing IT partner. These will serve the bank's 2.5 million retail banking customers and end-users of all its products.[79]

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[74] https://www.pac-online.com/indian-it-eyes-turkey

[75] https://www.pac-online.com/indian-it-eyes-turkey

[76] http://www.nasscom.in/Emerging-Markets-Series-Opportunities-for-Indian-ITES-industry-The-Nordic-countries-58916

[77] http://www.nasscom.in/Emerging-Markets-Series-Opportunities-for-Indian-ITES-industry-The-Nordic-countries-58916

[78] http://articles.economictimes.indiatimes.com/2014-05-07/news/49689718_1_hcl-technologies-tcs-and-wipro-nordic-region

[79] http://articles.economictimes.indiatimes.com/2014-05-07/news/49689718_1_hcl-technologies-tcs-and-wipro-nordic-region

Likewise, Tata Consultancy Services (TCS) and Capgemini have been awarded contracts worth $43 million each from Norway Post to operate and manage its applications.[80] The six-year deal encompasses delivery of a wide range of services across Norway Post's core portfolio of 55 applications. It delivers over 36 million packages and 2.2 billion letters annually.

Similarly, Wipro Digital, the digital unit of India's third-largest software company Wipro, is reportedly acquiring Denmark-based global strategic design firm Designit for an undisclosed amount.[81] Wipro has stated in a release that the acquisition will enable it to evolve its go-to-market digital offerings. Designit's capabilities in strategic design, user experience and interaction design will complement Wipro Digital's capabilities in technology, digital strategy, design and digital architecture.

Reports indicate that Eastern Europe is fast becoming a go-to location for Indian IT players both for talent and for the captives that dot the region. Countries like Poland, Hungary, Romania and the Czech Republic already have centres of multinational outsourcing companies such as IBM, HP and Accenture. TCS also has a centre in Hungary. Other Indian IT firms are exploring the region as a base for talent, as engineering skills are strong in the region.[82]

Wipro too has delivery centres in Romania and Poland for IT and BPO as well as a presence in Hungary. About 90% of the European opportunity comes from Western Europe, while Eastern Europe accounts for the rest.[83]

However, Indian IT players in general are using Eastern Europe as a delivery location to cater to Western European countries because of the favourable time-zone. Also, as some of the Eastern European countries are part of the European Union, data protection rules are not an issue. "Most of the work Infosys BPO does in Eastern Europe is related to SAP consulting and cost arbitrage. European multinationals are open to outsourcing although it's becoming more of a trend now. We also advise on how they can set up shared service centres in these markets," Abraham Mathews, chief financial officer, Infosys BPO, said in a published article.[84]

"While Indian IT players are focusing on acquisition activity in Continental Europe and the US, there is some interest in Eastern Europe as well," said Sandeep Ladda, Executive Director, at consultancy PwC, in an article.[85]

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[81] http://articles.economictimes.indiatimes.com/2013-03-25/news/38010188_1_nordic-customers-tcs-norway-post

[82] http://articles.economictimes.indiatimes.com/2015-07-10/news/64282724_1_design-cloud-computing-digital-strategy

[83] http://articles.economictimes.indiatimes.com/2014-04-30/news/49523646_1_continental-europe-ulrich-meister-eastern-europe

[84] http://articles.economictimes.indiatimes.com/2014-04-30/news/49523646_1_continental-europe-ulrich-meister-eastern-europe

[85] http://articles.economictimes.indiatimes.com/2014-04-30/news/49523646_1_continental-europe-ulrich-meister-eastern-europe

Experts believe that India and Poland could do much more in innovative sectors, such as, IT, BPO, pharmaceuticals and biotechnology. The success of some Polish companies in India and of Indian BPO and IT companies in Poland feed positive outlooks for similar endeavours in the future.[86]

The two countries could exchange international best practices on standards in technical vocational training, which will benefit the youth at large. The initiative will establish a platform to enable corporate entities from India to set up and/or support IT skill development centres in Poland.[87] Moreover, Polish start-ups have interest in diverse areas such as IT and ITeS, surveillance & industrial safety systems to work with their Indian counterparts.[88]

Among the smaller Central European economies, Malta has invited Indian technology firms to set up near-shore facilities to serve European and North African markets.[89] According to George E. Sullivan, Managing Director of Sullivan Mediterranean Group, Malta is an ideal place for Indian IT and ITeS firms to set up near-shore facilities for serving their European and North African customers. Malta Government is offering a package of incentives and low interest loans to attract overseas investments. IBM and HP have already set shop in Malta and working on various projects of ICT. These projects include e-Learning facility, training and e-payment gateway.[90]

Moldova is another emerging destination for Indian IT firms. The India-Moldova e-Development Forum has been created to promote and support specific set of coordinated initiatives between top e-Governance professionals and ITeS organisations/experts in India and Moldova. The forum is designed to support networking between professionals, experts and industry associations which have high leverage on good governance and IT industry in India and Moldova.

Pharmaceutical & Life Sciences

The Indian pharmaceuticals market is the third largest in terms of volume and thirteen largest in terms of value. The market is dominated by branded generics which constitute 70- 80% of the market. Viewed as a highly fragmented industry, consolidation has increasingly become an important feature of the Indian pharmaceutical market.[91]

The Indian pharmaceutical industry is estimated to grow at 20% CAGR over the next five years, as per India Ratings, a Fitch Group company. Indian pharmaceutical

[86] http://pibc.truest.pl/event/poland-india-it-forum/
[87] http://pibc.truest.pl/event/poland-india-it-forum/
[88] http://pibc.truest.pl/event/poland-india-it-forum/
[89] http://i4d.eletsonline.com/malta-invites-indian-it-ites-firms-to-promote-ict-in-the-country/
[90] http://i4d.eletsonline.com/malta-invites-indian-it-ites-firms-to-promote-ict-in-the-country/
[91] http://www.ibef.org/industry/pharmaceutical-india.aspx

manufacturing facilities registered with US Food and Drug Administration (FDA) as on March 2014 was the highest at 523 for any country outside the US.[92]

Also, growing at an average rate of about 20%, India's biotechnology industry comprising bio-pharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected to reach the $7 billion mark by end of FY15, according to an industry body. Biopharma is the largest sector contributing about 62% of the total revenue, with revenue generation to the tune of over $2.03 billion.[93]

Medical devices is another key segment that offers compelling business opportunities. India's Union Cabinet has given its approval to amend the existing FDI policy in the pharmaceutical sector in order to cover medical devices. The Cabinet has allowed FDI up to 100% under the automatic route for manufacturing of medical devices subject to specified conditions.

Overall, the Indian drugs and pharmaceuticals sector has attracted cumulative FDI worth $12,813.02 million between April 2000 and December 2014, according to data released by DIPP.[94]

Government of India has also unveiled its 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. It has reduced approval time for new facilities to boost investments. Further, the government has also put in place mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to address the issue of affordability and availability of medicines.[95]

Romania is one of the foremost Central European countries to deepen partnerships with the Indian pharma industry for research and development of new drugs.[96] A recent Romanian delegation to India, led by their Health Minister Nicolae Banicioiu, said that the European country will tie up with Indian pharmaceutical companies to conduct research and develop new drugs. "Romania will collaborate with India for license acquisition to sell drugs in Europe. We will tie up with the Indian companies and Romanian drug agency will inspect India's pharma companies (for the same)," he said.[97] Romania's state-owned drug agency 'Antibiotice Iasi' will collaborate with Aurobindo Pharma to develop anti-viral medicines; Macleods Pharma for tuberculosis and Cipla for cancer medicine.[98]

Indian pharma industry on its part is cognizant of the fact that Austria has established an exceptional global reputation in life sciences and medical technology. The mix of

[92] http://www.ibef.org/industry/pharmaceutical-india.aspx
[93] http://www.ibef.org/industry/pharmaceutical-india.aspx
[94] http://www.ibef.org/industry/pharmaceutical-india.aspx
[95] http://www.ibef.org/industry/pharmaceutical-india.aspx
[96] http://www.ibef.org/industry/pharmaceutical-india.aspx
[97] http://www.dailyexcelsior.com/romania-research-develop-new-drugs-indian-pharma-cos/
[98] http://www.dailyexcelsior.com/romania-research-develop-new-drugs-indian-pharma-cos/

global players and research institutes in Austria combined with young, dynamic start-ups and renowned universities has created the perfect backdrop for the success of the Austrian Life Sciences industry.[99]

Indian pharma & biotech firms are foraying into other Central European countries too for partnerships. As a case in point, Jubilant Biosys, a Bengaluru-based subsidiary of Jubilant Life Sciences, and Orion Corporation (Orion), the largest pharmaceutical company in Finland, have entered into a drug discovery collaboration to discover small molecule inhibitors in neuroscience therapeutic area. The research deal is aimed at developing drug that can benefit a large population with unmet needs in the pain management area.[100]

As per the terms of agreement, Jubilant's extensive experience in drug discovery and pre-clinical development will be utilised by Orion to address pain management needs of central nervous system (CNS). Jubilant will offer integrated drug discovery services across early discovery, synthetic and medicinal chemistry including scale up and pre-clinical services. The research for the project will be undertaken primarily at state-of-the-art R&D labs of Jubilant Biosys (India) and some parts at Jubilant Discovery Center, USA.[101]

In a similar development, India's Drugs Ltd and Wockhardt Ltd are looking to set up R&D hubs in Sweden for 'bio-similars' or off-patent versions of biotechnology drugs, in a bid to jump-start their global operations in this segment.[102]

Several Indian pharmaceutical companies are also eyeing the market for 'bio-generics' or 'bio-similars', copies of patented bio-pharmaceuticals or drugs developed from complex proteins and living organisms.[103]

Denmark is another key destination for Indian pharma and biotech firms seeking global partnerships. Currently, Denmark has the largest commercial drug development pipeline in Europe, measured per inhabitant. The long-standing tradition and solid foundation for pharmaceutical research in Denmark have facilitated the establishment of a number of biotech companies.[104]

Manufacturing & High Technology

India's rapidly expanding economy, which has grown by 7% a year over the past decade, gives the country's manufacturing sector a big opportunity to accelerate its growth.

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[99] http://www.advantageaustria.org/in/oesterreich-in-india/news/local/20150107_FRESH_VIEW_155.en.html
[100] http://jubilantbiosys.com/media-press-details.aspx?mpgid=391&pgid=392&pressid=204
[101] http://jubilantbiosys.com/media-press-details.aspx?mpgid=391&pgid=392&pressid=204
[102] http://www.livemint.com/Companies/QRGAXIQFuEcvKi0bFOR4RL/Pharma-firms-plan-RampD-hub-in-Sweden.html
[103] http://www.livemint.com/Companies/QRGAXIQFuEcvKi0bFOR4RL/Pharma-firms-plan-RampD-hub-in-Sweden.html
[104] http://www.investindk.com/Clusters/Life-Sciences

History shows that as incomes rise, the demand for consumer goods skyrockets. And many of India's consumption sectors-including food and beverages, textiles and apparel, and electrical equipment and machinery-have reached this inflection point.[105]

Currently, the manufacturing sector accounts for only 16-17% of the GDP. However, due efforts and initiatives are underway to increase the manufacturing share of GDP to 25% by 2025.

A McKinsey analysis suggests that rising demand in India, together with the multinationals' desire to diversify their production to include low-cost plants in countries other than China, could together help India's manufacturing sector to grow six-fold by 2025, to $1 trillion, while creating up to 90 million domestic jobs.[106]

World Bank has stated in a report that measures such as a national Goods and Services Tax (GST), accompanied by a dismantling of inter-state check posts, can be transformational and significantly improve the domestic and international competitiveness of Indian manufacturing firms.[107]

It was also pointed out simply halving the delays due to road blocks, tolls and other stoppages could cut freight times by some 20-30% and logistics costs by an even higher 30-40%. This alone can go a long way in boosting the competitiveness of India's key manufacturing sectors by 3-4% of net sales, thereby helping India return to a high growth path and enabling large scale job creation.[108]

What also goes in India's favour is that it has a massive workforce, an emerging supply base, and access to natural resources needed in production-notably, iron ore and aluminium for engineered goods, cotton for textiles, and coal for power generation. The country could thus become a viable manufacturing alternative to China in industries ranging from apparel to auto components and might even dominate some skill-intensive manufacturing sectors.[109]

In the emerging scenario in India, Central European manufacturing enterprises are likely to spot a raft of investment and business opportunities in India or in partnership with Indian firms. Several Central European firms have already made their moves in this regard. Indian firms too have forayed into the Central European space for partnerships and investments. For instance, India's Glenmark, which is working on both novel monoclonal antibodies and biosimilars, needed more manufacturing capacity for its clinical trial work and so has brought online a new mAb manufacturing facility in

[105] http://www.mckinsey.com/insights/operations/fulfilling_the_promise_of_indias_manufacturing_sector

[106] http://www.mckinsey.com/insights/operations/fulfilling_the_promise_of_indias_manufacturing_sector

[107] http://www.worldbank.org/en/news/press-release/2014/10/27/india-needs-improve-manufacturing-performance-high-growth-path

[108] http://www.worldbank.org/en/news/press-release/2014/10/27/india-needs-improve-manufacturing-performance-high-growth-path

[109] http://www.mckinsey.com/insights/operations/fulfilling_the_promise_of_indias_manufacturing_sector

Switzerland. With more mAbs and antibody-drug conjugates being developed for attacking cancers, a number of companies have undertaken expansion projects.[110]

The Mumbai-based company has a number of mAbs in various stages of development, including bispecific antibodies, and so needed more capacity. Glenmark Biologics President Michael Buschle stated in a release: "The manufacturing facility would help us bring these antibodies to the clinic faster and position Glenmark as a leading innovative pharmaceutical company." [111]

In a different space, Switzerland-based chocolate maker Barry Callebaut is looking at setting up a manufacturing unit in India as part of its global expansion plans to cash in on the rapidly growing Indian market for chocolates. Barry Callebaut currently has only commercial operations in the country.[112]

Indian and Turkish manufacturing firms too are joining hands. Turkish Ambassador to India Burak Akcapar has been quoted saying that Turkey is keen to invest in India's manufacturing and construction sectors.[113]

In the advanced technology space, Sweden has reportedly offered to collaborate with India on production of light combat aircraft in the country as part of the 'Make-in-India' initiative as the two countries decided to scale up bilateral defense ties.[114]

India is also striking partnerships with Finland in the realm of manufacturing business. A press statement issued prior to Indian President Pranab Mukherjee's visit to Finland[115] earlier this year said: "India views Finland as an important member of the European Union and a repository of modern technology and Finland sees in India a large market for its products and a favourable investment destination for its high technology industries."[116]

India-Norway partnerships are also gaining ground in the manufacturing sector. For instance, Jotun India Private Ltd, a 100 percent subsidiary of Jotun A/S, Norway in India, has set up its corporate office in Mumbai and a state-of-the-art manufacturing facility in Ranjangaon near Pune. Jotun is one of the world's leading manufacturers of decorative paints, marine, protective and powder coatings.

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[110] http://www.fiercepharmamanufacturing.com/story/glenmark-opens-new-mab-manufacturing-facility-switzerland/2014-06-05

[111] http://www.fiercepharmamanufacturing.com/story/glenmark-opens-new-mab-manufacturing-facility-switzerland/2014-06-05

[112] http://www.firstpost.com/business/corporate-business/its-coming-here-swiss-chocolate-giant-barry-callebaut-to-set-up-manufacturing-unit-in-india-2011953.html

[113] http://www.bgr.in/news/turkey-keen-to-invest-in-make-in-india-envoy/

[114] http://www.business-standard.com/article/pti-stories/sweden-offers-to-collaborate-with-india-for-production-of-lca-115061001376_1.html

[115] http://www.thehindubusinessline.com/economy/india-eyes-finland-for-tech-cooperation-to-boost-mfg/article6496423.ece

[116] http://www.thehindubusinessline.com/economy/india-eyes-finland-for-tech-cooperation-to-boost-mfg/article6496423.ece

Bengaluru-based MTR Foods has also taken a Scandinavian turn - it is selling out to Norwegian foods-to-metals group Orkla.[117]

Meanwhile, Denmark-based Danfoss Group, a producer of components for refrigeration and air conditioners, has stated that it is planning to invest $100 million to set up a plant near Chennai. The plant to be established in Oragadam, will be its largest R&D centre.[118]

Poland too has sought to woo Indian entrepreneurs to set up their manufacturing facilities offering support and presenting itself as a gateway for tapping the European Union. While speaking at a meeting hosted by FICCI, Polish Ambassador to India Tomasz Lukaszuk said there is potential to partner with Indian companies in the areas of manufacturing, coal mining, food processing and research and development. As the largest producer of coking coal in EU, Poland sees itself as a country that can share its expertise in coal mining with Telangana and possibly other states.[119]

Referring to the food processing sector potential, he said, "As one of the largest producers of milk and dairy products and a leading player in agri-food processing, there is potential for a number of collaborations in upstream and downstream agri-food value chain."

In a related development, Apollo Tyres plans to set up a Greenfield facility in Hungary.[120]

Apollo Tyres will invest Euro 475 million over 5 years to set up this facility in the new industrial zone near Gyongyoshalasz, Hungary. Once completed, the plant will have a capacity to produce 5.5 million passenger car & light truck (PCLT) tyres and 675,000 heavy commercial vehicle (HCV) tyres per annum. This facility will produce both, Apollo and Vredestein branded tyres, and will cater to the entire European market and complement Apollo Tyres' existing facility in the Netherlands.[121]

Indian industry has also acknowledged the core manufacturing strengths of the Czech Republic. The Czech Republic is strong in manufacturing generally and heavy engineering in particular - metallurgy, machine tools, defense equipment. Indian Government has invited Czech automotives firms to invest in National Investment & Manufacturing Zones in India.[122]

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[117] http://timesofindia.indiatimes.com/business/india-business/Norways-Orkla-buys-MTR-Foods-for-100-million/articleshow/1606558.cms

[118] http://www.livemint.com/Companies/zuHUkEmQHGwBCxu0iEjgOO/Denmarks-Danfoss-to-invest-100-mn-in-India.html

[119] http://www.thehindubusinessline.com/economy/poland-woos-indian-firms-to-set-up-manufacturing-facilities/article7522142.ece

[120] http://www.apollovredestein.com/nieuws/624/apollo-tyres-confirms-hungary-as-the-location-for-its-first-greenfield-facility-outside-india

[121] http://www.apollovredestein.com/nieuws/624/apollo-tyres-confirms-hungary-as-the-location-for-its-first-greenfield-facility-outside-india

Further, luxury carmaker Jaguar Land Rover has signed a letter of intent to build a new car plant in Slovakia, a further expansion away from its British manufacturing base as it seeks to boost sales worldwide.[123] The brand, owned by India's Tata Group since 2008, said it was carrying out a feasibility study for a factory in the western Slovak town of Nitra with the aim of reaching an annual output of up to 300,000 cars over the decade from 2018 when the plant could start production. A final decision will be made later this year, with the firm currently looking at issues such as costs, logistics and infrastructure.[124]

Clean Technologies & Renewable Energy

India ranks sixth among the world's 20 leading economies in attracting funds to build clean energy infrastructure. Indian Government's Jawaharlal Nehru National Solar Mission has encouraged investments close to $4.2 billion in converting sunlight to electricity.

The Government's 12th Five-Year Plan aims to install 18.5GW of renewable energy. There are investment opportunities in India across the entire supply chain, not just on the generation front. The Indian renewable energy market is estimated to be worth over $17 billion and is growing at an annual rate of 15%. Wind, hydro, solar, biomass, and waste-to-energy -- all have huge potential. Only 19,973 MW of total renewable energy potential estimated at 200,000 MW has been tapped in India thus far leaving a huge opportunity for potential future market growth.

To keep its economic growth at its current pace, India needs to add 150 GW of power capacity at an investment of $200 billion over the next five years. Government's thrust on renewable energy and clean tech is encapsulated below:

- **Solar power:** India's Prime Minister Narendra Modi has set the goal to dramatically increase the planned solar power capacity additions in the country. From an initial target to install 22 GW capacity by 2022, the Ministry of New & Renewable Energy, Government of India, now plans to add 100 GW capacity over the next few years. This will include 25 ultra mega solar power projects, each with a minimum installed capacity of 500 MW. Manufacturing of solar power equipment is also a major area of thrust as the government hopes to further reduce the cost of solar power in the face of increasing dependence on fossil fuels and power demand. A number of the planned ultra mega solar power projects may be implemented by state-owned companies which would be required to use domestically manufactured equipment. Some of these companies are planning to set up solar cell and module manufacturing facilities

[122] http://pib.nic.in/newsite/PrintRelease.aspx?relid=93481

[123] http://in.reuters.com/article/2015/08/11/jaguar-lnd-rover-slovakia-idINKCN0QG0PC20150811

[124] http://in.reuters.com/article/2015/08/11/jaguar-lnd-rover-slovakia-idINKCN0QG0PC20150811

as well. This is where Switzerland-based Burger Meyer may find its market - as per reports. Meyer Burger is a solutions provider to manufacturers of solar cells and solar photovoltaic modules.[125]

- **Wind energy:** Companies can take advantage of India's wind energy market, which is one of the world's largest as India imports wind turbines, windmill blades, wind battery chargers, wind energy converters, etc.
- **Hydro power:** The hydropower generation potential for India is 300,000 MW out of which only 145,000 MW can be exploited due to limited resources and difficult geographical terrain. Government of India has firmed up investments of $20 billion for the development of hydro projects by 2020.
- **Biomass power:** Government announced a target of creating 10,000 MW of biomass power generation by 2020 and will release a biomass power policy to chart out a roadmap for supporting biomass generated power.
- **Waste to Energy:** Government has also developed a National Master Plan for Development of Waste to Energy in India. The potential to generate power from municipal solid waste will more than double by 2020, while the potential from industrial waste is likely to increase by more than 50%.
- **Clean Coal Technologies:** India is making significant effort in adopting international technology and adding new clean coal infrastructure in the three categories of coal beneficiation, coal combustion and coal conversion. Indian coal is predominantly low grade and high in ash contents. India is targeting a coal beneficiation capacity of 810 million tons by 2025, an eight-fold increase from the current installed capacity. Improved coal combustion technology upgrade efforts include supercritical boiler technology and Integrated Gas Combined Cycle (IGCC) using synthesis gas for thermal power plants. Coal conversion technologies being targeted are underground coal gasification and coal to liquid projects. Additional focus areas are capturing methane from coal bed/coal mine/ventilation air for commercial exploitation. Government is collaborating with several international agencies and countries to explore the best available technology options in each of the areas.
- **Smart Grids:** At present the smart grid market in India is at a nascent stage but is projected to grow rapidly with plans to install several million smart meters in the next few years.
- **Energy Efficiency:** The market potential for industrial energy efficiency products and services in India is projected to be approximately $27 billion in 2018; the potential for green buildings was estimated to be over $3 billion in 2011.
- **Green Buildings:** India has emerged as one of the world's top destinations for green buildings and has implemented a number of home-rating schemes and building

[125] http://cleantechnica.com/2014/12/09/swiss-company-meyer-burger-eyes-billion-dollar-solar-power-market-india/

codes, which open up a wide range of opportunities for companies in the energy efficiency sector.

- **Environmental Technologies:** The environmental technologies market in India is estimated at approximately $9 billion per year with an annual growth rate of 15%. Government has initiated many new projects for improving environmental conditions and reducing pollution ($12.4 billion is reserved for improvement of waste management, development of urban areas, water and sanitation, etc., in 63 cities nationwide.)
- **Water and Waste Water Management:** The Indian Water Resources Ministry plans to invest $50 billion in the water sector over the next 5 years. The $1.2 billion Indian water and waste water treatment market is expected to grow at a rate of over 10% in the next few years.

India is working closely with EU in the area of clean technologies. For instance, the European Business and Technology Centre (EBTC), an agency co-funded by the European Union (EU) for promoting clean technologies in India, will facilitate establishing 30 projects in the country in the near future.

In a similar vein, India has signed an agreement with Finland to produce indigenous ethanol to promote use of clean technologies and cut down the oil import bill. Oil and Natural Gas Corporation (ONGC) and Finnish clean technology firm Chempolis will set up a pilot project to produce ethanol, bio-chemicals and bio-coal from biomass residual matters.[126]

India could establish partnerships with Turkey in the area of wind energy development. Turkey's Energy Minister Taner Yildiz has stated that Turkey aims to increase its wind capacity to at least 20,000 megawatts and total installed electricity capacity to 110,000 megawatts by 2023. Natural gas and coal supply more than half of Turkey's power, with hydroelectric units feeding about a third of the nation's electricity, according to data compiled by Bloomberg.[127]

Sweden is another country with whom India is building partnerships for clean tech and renewables. A MoU between Ministry of Enterprise, Energy and Communications in Sweden and the Ministry of New and Renewable Energy in India concerning renewable energy was signed in 2010. The MoU aims to enhance the bilateral cooperation concerning renewable energy and promote trade and investments within this area. The Swedish Energy Agency and Ministry of New and Renewable Energy in India are the responsible authorities for implementing the MoU.[128]

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[126] http://www.thehindu.com/business/india-finland-in-pact-to-produce-ethanol/article5236960.ece

[127] http://www.renewableenergyworld.com/articles/2015/08/global-renewable-energy-roundup-china-kenya-turkey-india-seeking-more-renewables.html

[128] http://www.swedenabroad.com/en-GB/Embassies/New-Delhi/Business/Memoranda-of-Understanding-between-Sweden-and-India--sys/

Likewise, the Government of Norway and the Ministry of New and Renewable Energy, Government of India are collaborating and co-funding a solar based rural electrification project which aims at developing sustainable and scalable business models for accelerating large scale roll-out of community solar power plants (CSPPs) in India. The pilot projects are being set up in 30 villages in Uttar Pradesh, Madhya Pradesh, Jharkhand and Jammu and Kashmir. Different models and solutions are being tested with regard to technology and local revenue models, as well as different cooperation models with local NGOs and entrepreneurs.[129]

Smart Cities & Urban Infrastructure

Indian Government has announced the names of nearly 100 cities that are expected to become "smart". There are 24 state capitals included with the 98 cities selected for the programme.

India's Finance Minister Arun Jaitley has urged Turkish industry leaders to invest in India assuring of a rational tax regime and easier environment for doing business. In an interactive session with Turkish business leaders on the sidelines of the G20 meeting of finance ministers and central bank governors in Ankara, he said that India is in the process of rationalising its tax structures, both direct and indirect taxes. Inviting Turkish investors in areas like smart cities, the Finance Minister said the infrastructure sector, including the recently announced 98 smart cities, offer significant opportunities for companies from Turkey.[130]

Reports suggest that Sweden is keen on partnering with Indian companies to build 'smart cities' through the public private partnership (PPP) mode in states like Karnataka, Telangana and Maharashtra. Early signing of a pending memorandum of understanding (MOU) on urban development framework between the two countries is expected to facilitate for collaboration.[131]

"Rather than adopting cities in India, we will work on actual PPP model, wherein we will bring in Swedish expertise and world class state-of-the-art knowledge and investment," according to Anna Liberg, Trade Commissioner to India, Business Sweden India and South Asia.

"We recently had a Swedish delegation here - eight companies from India Sweden Innovations' Accelerator - for the SmartCities India 2015 expo", said Ludvig Lindström, international coordinator at the Swedish Energy Agency. "Smart City is a concept

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[129] http://www.norwayemb.org.in/News_and_events/Bilateral-Relations/Climate-and-Environment/Environment/Indo-Norwegian-Cooperation-on-Environment-Renewable-Energy-and-Climate-Change/#.VgY0quOBqAA

[130] http://www.newindianexpress.com/business/news/Jaitley-Urges-Turkish-Industry-Leaders-to-Invest-in-India/2015/09/06/article3013749.ece

[131] http://articles.economictimes.indiatimes.com/2015-05-17/news/62276941_1_smart-cities-smart-solutions-waste-management

[132] http://advantage-environment.com/transporter/svensk-miljoteknik-gor-indien-gronare/

[133] http://advantage-environment.com/transporter/svensk-miljoteknik-gor-indien-gronare/

focusing on how to handle the challenges of urban growth. We have to find smart, sustainable solutions to manage the influx of resources needed to support millions of people, as well as the waste flows they generate".[132]

"Swedish companies and the Swedish society in general are very proficient in sustainable urban development. SymbioCity is a concept based on Swedish experience and research. It is a holistic approach, encompassing transports, information, communication, water issues, architecture and urban planning. Companies within India Sweden Innovations' Accelerator all develop solutions for smart cities, such as, biogas production, electric trikes, air conditioning monitoring, innovations in concrete, and solar lighting for developing countries", said Ludvig.[133]

The Poland India Business Council and the companies in Poland have also expressed deep interest in developing India's next 100 Smart Cities.[134]

Meanwhile, an Indian delegation made up of government officials, industry representatives and experts from across the country visited Switzerland to know more about the innovative initiatives in that country in areas such as skill development and smart cities.

Further, Team Finland and Cleantech Finland are preparing the Neemrana (Rajasthan, India) Smart City Commercial and Residential project. The project, led by Indian partner ETI Dynamics, offers the possibility to get preferential access and early mover advantage to establish a major presence in the Indian market.[135]

Pertinent to note that Denmark is a European smart city leader, according to a new ranking mapping smart cities across the EU-28 by the European Parliament's Committee on Industry, Research and Energy. Smart city initiatives have a very high priority in Greater Copenhagen. The ranking is testament to Copenhagen's strong smart city competences. International companies such as Cisco and Hitachi have recently located R&D activities in Copenhagen, because the city is a great living lab for test and demonstration.[136]

Denmark shares the first place with Sweden, Estonia and Slovenia who have the largest share of major cities which can be categorised as smart cities. Around 50% of the 98 municipalities in Denmark is engaged in smart city activities, and 80% plans to increase their engagement the coming years.[137]

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[134] http://pibc.truest.pl/event/poland-india-it-forum/

[135] http://www.cleantechfinland.com/content/coming-soon-unique-smart-city-project-opportunity-india-eti-dynamics

[136] http://www.copcap.com/newslist/2015/denmark-tops-eu-28-smart-city-ranking

[137] http://www.copcap.com/newslist/2015/denmark-tops-eu-28-smart-city-ranking

Agro & Food Processing

India is playing an active role in strengthening its food security. Various initiatives are underway to usher the country's second Green evolution. To augment farm productivity, mechanisation is being adopted in various quarters. And to move up the value chain, the Central and state government are also promoting agro-processing in a major way.

All these developments are paving the way for robust India-Central European cooperation in the farm sector. A Norwegian-Indian research project aims to develop a more robust form of agriculture in India to tackle climate changes.[138]

According to Norwegian Minister of Agriculture Trygve Slagsvold Vedum: "If countries like China and India aren't self-sufficient in food production, it will upset global balances. This also affects our own food supply security."[139]

Poland, which has made phenomenal progress in the field of agro-processing and allied agricultural practices like cooperative dairies and milk processing besides poultry and flower cultivation, is another major partner in India's agriculture development. There is huge scope for Polish investment in the farm sector in Punjab.

Poland plans to strengthen agricultural trade with India and seeks to import tea, basmati rice, mangoes and spices, Poland's Deputy Minister for Agriculture and Urban Development Zofia Szalczyk has said. "We have a new strategy to promote our agricultural produce in the global market and India is one of them. We would like to import agri produces like spices, basmati rice, mango, cashew, raisins and tea from India," Szalczyk told an Indian news service.

She urged Indian companies to achieve EU standards as there are vast opportunities in Europe, adding that Poland has a lot to offer India, like dairy products, confectionery, sweets, chocolates, fruits and vegetables. "Our environment and natural resources help in producing the best quality produce. We export to other European Union countries with high quality standards like France, Germany, Italy and the UK. Now we want to focus to strengthen our global export market, including India," she added.

Small & Medium Enterprises

Small and medium enterprises account for a sizable share of India's industrial output, employment and exports. The Indian SME sector is a hotbed of entrepreneurship. Today, many of the SMEs are adopting new technologies and best practices to strengthen their competitiveness.

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[138] http://sciencenordic.com/norway-and-india-collaborate-versatile-farming

[139] http://sciencenordic.com/norway-and-india-collaborate-versatile-farming

The stage is now set for deeper India-Central European partnership endeavours in the SME space. To illustrate new developments on this count, India and Romania are exploring ways to deepen the bilateral SME partnerships. The two sides have agreed on information sharing, facilitating institutional cooperation; business and trade delegations to explore joint ventures, technology transfer and investment opportunities.

Indian Government has also signed an agreement with Sweden to promote cooperation in the MSME sector. The cooperation opens up doors of new opportunities for the domestic MSME sector by way of new markets, joint ventures, sharing of best practices and technology collaborations, among others.[140] The MoU contains an agreement to enable respective MSMEs to participate in each other's trade fairs/exhibitions and to exchange business delegations, to understand policy and explore markets so that joint ventures, tie-ups and technology transfer among others could take place.[141]

Bilateral India-Central European SME partnerships will provide the foundation for a gamut of industrial partnerships between the two regions.

[140] http://economictimes.indiatimes.com/articleshow/47481162.cms?utm_source=contentof interest&utm_medium=text&utm_campaign=cppst

[141] http://economictimes.indiatimes.com/articleshow/47481162.cms?utm_source=content ofinterest&utm_medium=text&utm_campaign=cppst



6. New Partnerships, New Growth Opportunities

Indian Government and industry, in their effort to broadbase and deepen the economic and business engagements with the Central European region, are seemingly taking strident steps to identify new partnership opportunities across the region. For decades, India's bilateral engagements in the Central European region were concentrated in the major economies. However, there are clear signs that India seeks to deepen its economic and business relations with every Central European economy.

This chapter brings forth the current economic environment as also the core strengths of many of the Central European economies -- serving as direction finders for organisations and enterprises from both regions toward forging new cross-border partnerships.

Albania

Albania is a middle-income country that has made enormous strides in establishing a credible, multi-party democracy and market economy over the last two decades. Before the global financial crisis in 2007-08, Albania was one of the fastest-growing economies in Europe, enjoying average annual real growth rates of 6%. However, after 2008 average growth halved and macroeconomic imbalances in the public and external sectors emerged.[142]

Albania is rich in natural resources. The economy is mainly bolstered by agriculture, food processing, lumber, oil, cement, chemicals, mining, basic metals, hydro power, tourism, textile industry, and petroleum extraction. In recent years, the Albanian government has taken key steps to strengthen the industrial and service sectors -- from banking to telecommunications and tourism.[143]

Yet, agriculture remains the largest sectors in Albania and the main source of employment and income -representing around 20% of GDP while accounting for about half of total employment in the country. However, the primary sector continues to face a number of challenges, such as, small farm size and land fragmentation, poor infrastructure, market limitations, limited access to credit and grants, and inadequate rural institutions.[144]

[142] http://www.worldbank.org/en/country/albania/overview
[143] http://www.worldbank.org/en/country/albania/overview
[144] http://www.worldbank.org/en/country/albania/overview

Albania also has the second largest oil deposits in the Balkans (after Romania) and the largest onshore oil reserves in Europe. Albania's crude output amounted to more than 1.2 million tonnes in 2013.

As the Albanian government aims to achieve sustained GDP growth, concurrent efforts will be made to broaden and sustain the country's social gains, and reduce vulnerability to climate change - particularly through improved water resource management.[145]

India's diplomatic relations with Albania were established way back in 1956. However, it was only in 1984 that the bilateral ties gained greater ground -- Indian Ambassador in Bucharest was accredited concurrently to Tirana in April 1990, and Albania opened an embassy in New Delhi in early 2008.

India-Albania bilateral trade is minimal, and dominated by Indian export of pharmaceuticals. India also exports coffee chemical industry products, vegetable products, mechanical, electrical machinery and equipment; textiles, tyres and plastic products and imports chemical industry products and metal alloys from Albania.[146]

Bosnia-Herzegovina

Bosnia-Herzegovina had experienced strong growth prior to the global financial crisis. Sizable inflows into the banking system fuelled a credit boom, while the introduction of value added taxation in 2006 allowed for large increases in public sector employment and in public wages and social benefits. But while incomes rose, so did domestic and external vulnerabilities. When output collapsed in the aftermath of the global crisis, the country's current account and budget deficits rose sharply, and with that public debt.[147]

The economy started to recover in 2013, with growth reaching 2.5%. This progress was interrupted by the natural disaster that hit Bosnia-Herzegovina in May 2014. However, the economy proved more resilient to the impact of the disaster than initially expected.[148]

Bosnia-Herzegovina relies heavily on the export of metals, energy, textiles and furniture as well as on remittances and foreign aid. The country became a full member of the Central European Free Trade Agreement in September 2007. Today, the Bosnia-Herzegovina government's top economic priorities are: acceleration of integration into the EU, strengthening the fiscal system, public administration reform, World Trade Organization (WTO) membership, and securing economic growth by fostering a dynamic, competitive private sector.[149]

[145] http://www.worldbank.org/en/country/albania/overview
[146] http://www.mea.gov.in/Portal/ForeignRelation/Albania-February-2012.pdf
[147] https://www.imf.org/external/np/ms/2015/051215.htm
[148] https://www.imf.org/external/np/ms/2015/051215.htm
[149] http://www.forbes.com/places/bosnia-and-herzegovina/

Bosnia-Herzegovina will likely achieve 4% GDP growth over the medium term, provided sustained progress is made in structural reform implementation. A faster recovery in Europe or the resolution of trade issues between Bosnia-Herzegovina and the EU could spur the young country's exports.

India enjoys friendly ties with Bosnia-Herzegovina. However, bilateral trade has been minimal owing to various factors like geographical distance, weak banking sector, poor infrastructure, etc. India's major items of exports to Bosnia-Herzegovina include machinery and instruments, drugs, pharmaceuticals and fine chemicals, whereas India imports mineral fuels, inorganic chemicals, toys, games sport requisites, wool, animal hair, and glass and glassware.[150]

As Bosnia-Herzegovina opens up its economy for private investments, Indian industry could leverage investment opportunities in areas like textiles, automobile components, metal processing, energy, wood processing, mining, food processing, tourism, pharmaceuticals and infrastructure projects on BOT basis, etc.

Bulgaria

Bulgaria has come a long way from its turbulent political and economic transition in the 1990s to becoming a member of the EU in January 2007. Today, it is an upper middle-income economy of 7.3 million people.[151]

In the decade leading up to EU accession, Bulgaria embraced difficult reforms to build macro-economic stability and stimulate growth. It built fiscal buffers by accumulating fiscal surpluses between 2004 and 2008, and reduced public debt from over 70% of GDP in 2000 to 18.5% in 2012, the second lowest debt levels in the EU. Between 2000 and 2010, average annual growth reached 4.7%.[152]

To stimulate private sector-led growth, the Bulgarian Government has directed sharp attention on building roads, rail and water infrastructure and creating an enabling business environment.[153]

India established its diplomatic ties with Bulgaria in 1954. On the bilateral trade front, major Indian exports to Bulgaria include ferro-alloys, organic chemicals, cotton yarn, pharmaceutical products, electrical machinery and equipment, tobacco, coffee and cumin seeds.

[150] http://www.indianembassy.hu/?page_id=206
[151] http://www.worldbank.org/en/country/bulgaria/overview
[152] http://www.worldbank.org/en/country/bulgaria/overview
[153] http://www.worldbank.org/en/country/bulgaria/overview

Major Bulgarian exports to India include engines and motors, optical, photographic instruments, waste & scrap of aluminium, electrical machinery & equipment, prepared animal fodder, waste and scrap of copper, kaolin & other kaolinic clays and kraft paper.[154]

Croatia

Croatia is a service-based economy with the tertiary sector accounting for 70% of total GDP. The young country joined the World Trade Organization in 2000, NATO in 2009 and became a member of the EU in July 2013.

Croatia's industrial sector is dominated by shipbuilding which accounts for over 10% of exported goods. Food processing and chemical industry also account for significant portions of industrial output and exports. The industrial sector represents 27% of Croatia's total economic output while agriculture represents 6%.[155]

Tourism is a notable source of income, particularly during the summer months, and more recently during the winter months as well, due to an increase in popularity of snow sports such as skiing. With over 10 million foreign tourist visits annually, tourism generates revenue in excess of €7 billion. Croatia is ranked among the top 20 most popular tourist destinations in the world.[156]

India's diplomatic ties with Croatia have been friendly since the days of the former Yugoslavia. On the bilateral trade front, India's exports to Croatia include textiles (yarn, linen, cotton fabrics and readymade garments), leather and footwear products, coffee, tobacco, organic/inorganic compounds, carpets and floor coverings, crude minerals, antibiotics and spices, tractors, passenger vehicles and auto spare parts. Imports from Croatia include electrical machinery, turbines, electrical equipment, measurement and control instruments, pharmaceuticals (antibiotics), heating and cooling equipment, and machinery.[157]

In terms of bilateral investment flows, pertinent to note that Croatian pharma firm Pliva set up an R&D facility in Goa in 2006, and Mumbai-based ACG Worldwide established a capsule manufacturing company called Lukaps in the Varazdin county in Croatia.[158] In time the bilateral investment flows will likely increase.

[154] http://mea.gov.in/Portal/ForeignRelation/India-Bulgaria_Relations.pdf
[155] https://en.wikipedia.org/wiki/Economy_of_Croatia
[156] https://en.wikipedia.org/wiki/Economy_of_Croatia
[157] http://www.mea.gov.in/Portal/ForeignRelation/Croatia-July-2012.pdf
[158] http://www.mea.gov.in/Portal/ForeignRelation/Croatia-July-2012.pdf

Cyprus

The Cypriot economy is dominated by the service sector, which accounts for four-fifths of GDP. Tourism, financial services, and real estate have traditionally been the most important sectors. Manufacturing is limited to food and beverages, furniture and fixtures, construction materials, metal and non-metal products, textiles and clothing.[159]

Cyprus has been a member of the EU since May 2004 and adopted the euro as its national currency in January 2008. During the first five years of EU membership, the Cypriot economy grew at an average rate of about 4%. However, the economy tipped into recession in 2009 in the wake of the global financial crisis and resulting low demand hit the tourism and construction sectors.[1]

India's economic and commercial relations with Cyprus have grown in recent years. However, the two-way trade is still small. Indian exports to Cyprus include organic chemicals, iron & steel, mineral fuels, oils & product of their distillation, crustaceans, molluscs, sesame seeds, edible fruit & nuts, boilers, electrical equipment, machinery & mechanical appliances, furniture and articles of leather. Major imports from Cyprus include machinery & mechanical appliances, copper & articles thereof, aluminium & articles thereof, pulp of wood/other fibrous cellulosic materials, electrical machinery, ammunition, optical plastic, etc.[160]

Also, Indian companies like BHEL, PEC, Tata Projects Ltd, Bharati Shipyard Private Ltd, Tata Exports Ltd, and Reliance Globalcom have participated in various Cyprus projects from time to time.[161]

Estonia

Estonia, a member of the EU since 2004 and the euro zone since 2011, has a modern market-based economy and one of the higher per capita income levels in Central Europe and the Baltic region. Estonia's successive governments have pursued a free market, pro-business economic agenda.[162] The economy benefits from strong electronics and telecommunications sectors and strong trade ties with Finland, Sweden, and Germany.

[159] https://www.cia.gov/library/publications/the-world-factbook/geos/cy.html

[160] http://mea.gov.in/Portal/ForeignRelation/Cyprus_Brief_for_XP_as_on_4_Jan_2013.pdf

[161] http://mea.gov.in/Portal/ForeignRelation/Cyprus_Brief_for_XP_as_on_4_Jan_2013.pdf

[162] https://www.cia.gov/library/publications/the-world-factbook/geos/en.html

Estonia's economy fell into recession in mid-2008 as a result of an investment and consumption slump following the bursting of the real estate market bubble and a decrease in export demand, but the economy recovered strongly in the five years up to 2014.[163]

Estonia is reportedly challenged by a shortage of labour, both skilled and unskilled, and the government has amended its immigration law to allow easier hiring of highly qualified foreign workers.

India recognised the Republic of Estonia in September 1991 and diplomatic relations were established in December the same year. Since then the bilateral relations have been cordial and friendly. Commercial relations between the two countries are looking up. Considering the size of India and its rapidly developing economy, there is significant room for deepening the bilateral ties, especially in areas like information technology and biotechnology.

India's trade with Estonia remains modest. Main items of exports to Estonia are cotton, leather products, tea and metals, and imports from Estonia include copper, iron and steel, paper products and machinery.

Greece

Greece has a capitalist economy with the public sector accounting for about 40% of GDP. Tourism provides 18% of GDP. The Greek economy averaged growth of about 4% per year between 2003 and 2007, but the economy went into recession in 2009 as a result of the world financial crisis, and tightening credit conditions. By 2013 the economy had contracted 26%, compared with the pre-crisis level of 2007.

Under intense pressure from the EU and international market participants, the Greek government adopted a medium-term austerity programme that includes cutting government spending, decreasing tax evasion, overhauling the healthcare and pension systems, and reforming the labour and product markets.[164]

Investor confidence began to show signs of strengthening by the end of 2013, and the decline in GDP slowed to 3.9% that year, Greece's best performance since 2009. Greece subsequently marked three significant milestones in 2014: balancing its 2013 budget - not including debt repayments; re-entering financial markets in April with the first issue of government debt since 2010; and posting its first quarter of positive growth since 2008.[165] The Greek economy posted an annual economic growth rate of 0.8% in 2014, the first year of positive growth since 2008.

[163] https://www.cia.gov/library/publications/the-world-factbook/geos/en.html

[164] https://www.cia.gov/library/publications/the-world-factbook/geos/gr.html

[165] https://www.cia.gov/library/publications/the-world-factbook/geos/gr.html

India and Greece have developed a warm relationship based on a common commitment to democracy, peace and development in the world and to a social system imbued with principles of justice and equality.

On the bilateral trade front, main items of Greece's exports to India are machinery, rubber and plastic products, cotton, copper products, iron and steel products and chemicals. Main items of India's exports to Greece are machinery, automobiles and auto parts, iron and steel, aluminium, copper, dyes and chemicals, and textiles and garments.

With regard to bilateral investment flows and business partnerships, a few Greek companies are operating in India -- the Pisani Group has set up Arkay Glenrock Pvt. Ltd for production of high quality granite stones in Tamil Nadu; M.J. Maillis & Co. has set up a joint venture with Strong Strap Pvt Ltd, Mumbai, for manufacture of secondary packaging materials in Gandhinagar district of Gujarat; European Dynamics, a provider of specialised IT/e-business and telecom services in Greece, has set up a 100 % subsidiary in Bangalore in the IT sector; Frigoglass, which manufactures ice cold merchandisers, glass containers, plastics, metal crowns and home refrigeration, is active in India through its subsidiary Frigoglass India Pvt. Ltd., in Gurgaon, Haryana, for manufacture and distribution of coolers; Topos Trading has established a marketing office in Chennai for Greek Olive oil.[166]

Indian IT majors Infosys, TCS and I-flex have acquired software contracts for providing mainly banking software to Greek banks. I-flex has set up a subsidiary "I-flex solutions S.A." in Athens in partnership with Fourlis Group, one of the largest holding houses in Greece. With the taking over of I-flex solutions by Oracle, the Greek subsidiary has been renamed as Oracle Financial Services.[167]

Holy See

The Holy See is supported financially by investments, real estate income, and donations from Catholic individuals, dioceses, and institutions. Moreover, an annual collection taken up in dioceses and from direct donations go to a non-budgetary fund, known as Peter's Pence, which is used directly by the Pope for charity, disaster relief, and aid to churches in developing nations.[168]

The separate Vatican City State budget includes the Vatican museums and post office and is supported financially by the sale of stamps, coins, medals, and tourist mementos; by fees for admission to museums; and by publication sales.[169]

[166] http://www.ficci.com/international/75191/Project_docs/Greece.pdf

[167] http://www.ficci.com/international/75191/Project_docs/Greece.pdf

[168] https://www.cia.gov/library/publications/the-world-factbook/geos/vt.html

[169] https://www.cia.gov/library/publications/the-world-factbook/geos/vt.html

Holy See's revenues increased between 2010 and 2011 because of expanded opening hours and a growing number of visitors. However, it has not escaped the financial difficulties engulfing other European countries; in 2012 it started a spending review to determine where to cut costs to reverse its 2011 budget deficit of $20 million. The Holy See generated a modest surplus in 2012 before recording a $32 million deficit in 2013, driven primarily by the decreasing value of gold.

Latvia

Situated in north-eastern Europe with a coastline along the Baltic Sea, Latvia has borders with Estonia, Russia, Belarus and Lithuania. Like its Baltic neighbours, in the decade after independence Latvia made a rapid transformation to embrace the free market.

Latvia's economy grew by 50% between 2004 and 2007, but the global financial crisis of 2008-9 hit the country hard. The former Baltic tiger endured one of the worst recessions in the EU, triggering widespread social unrest and bringing down a government. Subsequent deep public spending led to further discontent, but earned Latvia an IMF/EU 7.5bn euro ($10bn) bailout. This helped recovery and Latvia returned to growth in 2011, and by late 2012, its economic revival was the EU's strongest.[170]

The country joined the Eurozone at the start of 2014. Privatisation is almost complete in Latvia. Nearly all of the previously state-owned small and medium companies have been privatised, leaving aside only a small number of large state companies.

The Latvian government views India as a country of strategic importance and has concurrently accredited the Latvian Ambassador to Azerbaijan to India. The Latvian government has appointed its Honorary Consuls in Delhi and Chennai. The Latvian government has also authorised the Hungarian Embassy in Delhi as well as the Consulate of Netherlands in Mumbai to issue visas to Indian nationals for Latvia. The Indian Mission in Stockholm is concurrently accredited to Latvia.

Latvia envisages itself as a gateway to both the EU and Russian hinterland in view of its location. Latvia looks to India for greater investment and trade and use of its all-weather ports. This along with the investment friendly policies of the Latvian government provide great opportunity for Indian firms to make forays in the Latvian market. Potential areas of investment from India include pharmaceuticals and healthcare, telecommunications, IT and software development, heavy engineering, biotechnology, timber and pulp.[171]

Indian exports to Latvia include tea, coffee, tools, pharmaceuticals, chemicals, garments, iron & steel etc. Indian imports include chemicals, fertlisers, iron & steel, machinery, etc.

[170] http://www.bbc.com/news/world-europe-17522134

[171] http://www.mea.gov.in/Portal/ForeignRelation/Latvia-January-2012.pdf

Lithuania

Lithuania gained membership in the World Trade Organization in May 2001 and joined the EU in May 2004. Lithuania's trade with the EU and CIS countries accounts for approximately 87.3% of total trade. Foreign investment and EU funding have aided in the country's transition from the former planned economy to a market economy. Today Lithuania is one of the fastest growing economies in the EU. The country joined the euro zone in January this year.[172]

India's diplomatic relations with Lithuania were established in February 1992. The Ambassador of India in Warsaw is concurrently accredited to Lithuania. Lithuania opened its Embassy in New Delhi in 2008.

On the bilateral trade front, major items of Indian exports to Lithuania include pharmaceuticals, cosmetics, textiles and consumer goods. Major items of imports include machinery and mechanical appliances, high tech optical instruments, base metals and articles of base metal, chemicals, sulphur, lime and cement.[173]

Lichtenstein

Low business taxes and easy incorporation rules have induced some 73,700 holding companies to establish nominal offices in Liechtenstein, providing 30% of state revenues. The country participates in a customs union with Switzerland and uses the Swiss franc as its national currency.[174]

Lichtenstein imports more than 85% of its energy requirements. It has been a member of the European Economic Area (an organisation serving as a bridge between European Free Trade Association (EFTA) and EU) since May 1995. The government is working to harmonise its economic policies with those of an integrated Europe.

The Principality of Liechtenstein also is known as an important financial centre, primarily because it specialises in financial services for foreign entities. The country's low tax rate, loose incorporation and corporate governance rules, and traditions of strict bank secrecy have contributed significantly to the ability of financial intermediaries in Liechtenstein to attract funds from outside the country's borders.

India and the Principality of Liechtenstein established diplomatic relations in 1993. The Ambassador of India to Switzerland, resident in Berne, is concurrently accredited as Ambassador of India to the Principality of Liechtenstein. A few Liechtenstein companies like Umicore Materials AG and HILTI Corporation have their presence in India.

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[172] https://www.cia.gov/library/publications/the-world-factbook/geos/lh.html

[173] http://mea.gov.in/Portal/ForeignRelation/India-Lithuania_Relations.pdf

[174] https://en.wikipedia.org/wiki/Economy_of_Liechtenstein

Macedonia

Macedonia's economy is closely linked to Europe as a customer for exports and source of investment, and therefore has suffered as a result of prolonged weakness in the euro zone.

Macedonia maintained macroeconomic stability through the global financial crisis by conducting prudent monetary policy, which keeps the domestic currency pegged against the euro, and by limiting fiscal deficits. The Macedonian government has been loosening fiscal policy, however, and the budget deficit was 4.2% of GDP in both 2013 and 2014.[175]

India established diplomatic and consular relations with Macedonia in February 1995. The Government of Macedonia opened an Embassy in New Delhi in October 2008. On the commercial relations front, in 2004 Arcelor-Mittal took over the Macedonian company Balkan Steel and also bought the state-owned shares, which amount to 90% of the ownership structure. Samvardhana Motherson Reflectec (SMR), a member of Samvardhana Motherson Group laid a cornerstone (September 2011) for construction of two plants in the Technological Industrial Development Zone (TIDZ) Skopje for production of die-casting parts, and exterior glass used in rear-view mirrors for the automotive industry.[176]

Likewise, Bang & Scott DOO (Macedonia), a 100% step down Subsidiary of Bang Overseas Limited (BOL), Mumbai was incorporated in September 2011. The company is into trading of fabrics and manufacturing of garments.

Major Indian exports to Macedonia include cotton fabrics, yarns, ready-made garments, oil seeds, pharmaceuticals, tobacco, machinery, chemicals, and coffee, whereas major Macedonian exports to India include inorganic chemicals, aluminium waste, zinc waste and scrap, synthetic fibres, ferronickel, etc.

Malta

Malta's economy is mainly driven by financial services, tourism, real estate and manufacturing, particularly of electronics. Other significant sectors are pharmaceuticals, information technology, and call centres.[177]

Malta joined the EU in 2004 and the Eurozone in 2008. The Maltese Government has pursued a policy of gradual economic liberalisation and privatisation, taking some steps to shift the emphasis in trade and financial policies from reliance on direct government intervention and control to policy regimes that allow a greater role for market mechanisms.

[175] https://www.cia.gov/library/publications/the-world-factbook/geos/mk.html

[176] http://www.mea.gov.in/Portal/ForeignRelation/Macedonia__24_January__2013_.pdf

[177] http://www.malta.com/en/about-malta/economy

Malta has managed to maintain a relatively low unemployment rate, mainly because of the constant growth and by policies encouraging continuous training for the labour force. Globally, Malta ranks sixth in inward FDI and among the top 20 among countries most likely to sustain economic growth over the medium and long term.[178]

India was one of the first countries to recognise independence of Malta in 1964 and established diplomatic relations with the country in 1965. Bilateral trade between India and Malta has witnessed significant growth. During April-November 2012 India's exports to Malta reached $265.26 million whereas imports from Malta were low at $22.96 million. Main items of Indian exports to Malta are marine products, drugs, pharmaceutical & fine chemicals, inorganic/organic/agro chemicals, manufactures of metals, transport equipment, and other commodities, and main items of Indian imports from Malta are pulp and waste paper, metal scraps, organic chemicals, medicinal & pharmaceutical products, electronic goods.[179]

Moldova

Moldova's economic performance over the last few years has been relatively strong, aided by improved fiscal, monetary and exchange rate policy. Moldova experienced the highest cumulative GDP growth, relative to the pre-crisis year of 2007, in the region. However, growth has been volatile because of climatic and global economic conditions. Real GDP grew by 7.1% in 2010 and 6.4% in 2011. In 2012, GDP contracted by 0.7% as the economy was hit by a drought-induced contraction in agriculture (-22.3%) and the Eurozone crisis.

In 2013, growth rebounded, driven by a record harvest, with GDP increasing by 9.4%. Due to the weak economic activity of major economic partners and Russian trade restrictions, growth decelerated to a still strong 4.7% in January-September 2014, year-on-year.[180]

India recognised Moldova in December 1991 and diplomatic relations were established in March 1992. Bilateral trade between India and Moldova though small has shown incremental increases in the past few years. India's principal exports to Moldova include pharmaceuticals, food products, beverages and tobacco, vegetal products, textiles and machines. Principal import items are mineral products, chemical and related industrial products, auxiliary equipment and their parts.[181]

Indian experience in IT and traditional medicine has attracted attention in Moldova which is keen to draw Indian investments. Indian and Moldovan industry bodies have exchanged visits in recent years.

[178] http://www.malta.com/en/about-malta/economy

[179] http://mea.gov.in/Portal/ForeignRelation/Malta_Relations-_june-2013.pdf

[180] http://www.worldbank.org/en/country/moldova/overview

[181] http://mea.gov.in/Portal/ForeignRelation/India-Moldova_Relations.pdf

Montenegro

Montenegro's economy is slowly transitioning to a market system, but the state sector remains large and additional institutional changes are needed. The economy relies heavily on foreign tourism and the export of refined metals. In January 2007, Montenegro joined the World Bank and IMF. Montenegro became the 156th member of World Trade Organization in December 2011. The European Council (EC) granted candidate country status to Montenegro at the December 2010 session.

Montenegro began negotiations to join the EC in June, 2012, having met the conditions set down by the European Council. Unemployment and disparities in regional development, especially in the north, remain key political and economic problems. The global financial crisis had a significant negative impact on the economy, due to a credit crunch, a decline in the real estate sector, and a fall in aluminium exports.

India's relations with Montenegro have traditionally been close and friendly since the days of the Socialist Federal Republic of Yugoslavia (SFRY) of which it was a constituent republic. Indian companies have evinced interest in Montenegro's tourism and hospitality, agriculture, dairy, fisheries and food processing sectors. Montenegro is also upgrading its basic infrastructure in areas such as roads, electricity transmission, renewable energy, ports etc. Some of these may also be of interest to Indian investors.[182]

Indian exports to the country include coffee, tea and other food items, tobacco, textile yarn, fabrics and readymade garments, electric /electronic parts, machinery, medicaments, and pharmaceuticals.

Serbia

Serbia has a transitional economy largely dominated by market forces, but the state sector remains significant in certain areas. The economy relies on manufacturing and exports, driven largely by foreign investment. After renewing its membership in the IMF in December 2000, Serbia continued to reintegrate into the international community by rejoining the World Bank (IBRD) and the European Bank for Reconstruction and Development (EBRD). Serbia has made progress in trade liberalisation and enterprise restructuring and privatisation, but many large enterprises -- including the power utilities, telecom company, natural gas company, and others -- remain in state hands.

Serbia has made progress towards EU membership, signing a Stabilization and Association Agreement with Brussels in May 2008, and with full implementation of the

[182] http://www.mea.gov.in/Portal/ForeignRelation/Montenegro_January_2014.pdf

Interim Trade Agreement with the EU in February 2010, gained candidate status in March 2012. In January 2014, Serbia's EU accession talks officially opened.

Factors favourable to Serbia's economic growth include its strategic location, a relatively inexpensive and skilled labour force, and free trade agreements with the EU, Russia, Turkey, and countries that are members of the CEFTA. In late 2014, Serbia and the IMF announced a tentative plan for a precautionary loan worth approximately $1 billion.

India-Serbia relations are warm and friendly drawing their strength from the shared values of the Non-Alignment Movement.

Pertinent to note that Serbia had been a major centre of film production in Yugoslav days; the competences are still there but the facilities are idle. This would be interest to India's film and entertainment industry.

On the bilateral investment front, Indian real estate major Embassy Group from Bengaluru has developed an IT Park in the town of Indjija near Belgrade. Likewise, Serbian company Agropanonka MTZ Finke in collaboration with Mahindra & Mahindra India opened an assembly line for Mahindra tractors in Novi Sad in April 2013.[183]

Indian tractor manufacturer Sonalika signed a strategic partnership with the Serbian company FPM Agromehanika from Boljevac in March 2013. Agromehanika will assemble Sonalika tractors under the brand Solis. Other Indian companies like Amalgamations Limited (TAFE), Ranbaxy, Himalaya Herbals and Panacea Biotech have local representatives in Serbia. Usha Industries too has signed a joint venture in November 2005 with a Serbian state-owned company-JPPEU for lifting Boron ore for export to India.[184]

Slovakia

Slovakia has made significant economic reforms since its separation from the Czech Republic in 1993. With a population of 5.4 million, the Slovak Republic has a small, open economy, with exports, at about 92% of GDP, serving as the main driver of GDP growth.

Slovakia joined the EU in 2004 and the Eurozone in 2009. The country's banking sector is sound. Slovakia has led the region garnering FDI, because of its relatively low-cost, highly-skilled labour force, reasonable tax rates, and favourable geographic location in the heart of Central Europe.[185]

[183] http://mea.gov.in/Portal/ForeignRelation/Serbia_April_2014.pdf

[184] http://mea.gov.in/Portal/ForeignRelation/Serbia_April_2014.pdf

[185] https://www.cia.gov/library/publications/the-world-factbook/geos/lo.html

Slovakia supports permanent membership for India in UNSC. It supported waiver of NSG guidelines to enable international cooperation with India in civilian nuclear energy.

Major items of India's exports to Slovak Republic include leather, footwear components, garments, bed/table linen, drugs & pharmaceuticals, vehicles/their parts. Major items of import from Slovakia include vehicles & their parts, machinery and their parts thereof, organic chemicals, pharmaceutical products (antibodies) etc.[186]

Slovakia has attracted foreign investment from a large number of foreign companies, especially from the US (US Steel), Germany (Volkswagen) France (Peugeot), Republic of Korea (Kia Motors and Samsung Electronics) and Japan. More than 80% of its industry has already been privatised. The stage is set for Indian firms to leverage emerging investment opportunities in Slovakia.

[186] http://mea.gov.in/Portal/ForeignRelation/Slovak-Republic-February-2012.pdf

About FICCI

Established in 1927, FICCI is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence, its industrialization, and its emergence as one of the most rapidly growing global economies. FICCI has contributed to this historical process by encouraging debate, articulating the private sector's views and influencing policy.

A non-government, not-for-profit organisation, FICCI is the voice of India's business and industry.

FICCI draws its membership from the corporate sector, both private and public, including SMEs and MNCs; FICCI enjoys an indirect membership of over 2,50,000 companies from various regional chambers of commerce.

FICCI provides a platform for sector specific consensus building and networking and as the first port of call for Indian industry and the international business community.

Our Vision

To be the thought leader for industry, its voice for policy change and its guardian for effective implementation.

Our Mission

To carry forward our initiatives in support of rapid, inclusive and sustainable growth that encompass health, education, livelihood, governance and skill development.

To enhance efficiency and global competitiveness of Indian industry and to expand business opportunities both in domestic and foreign markets through a range of specialised services and global linkages.