

# INDO SWISS BUSINESS

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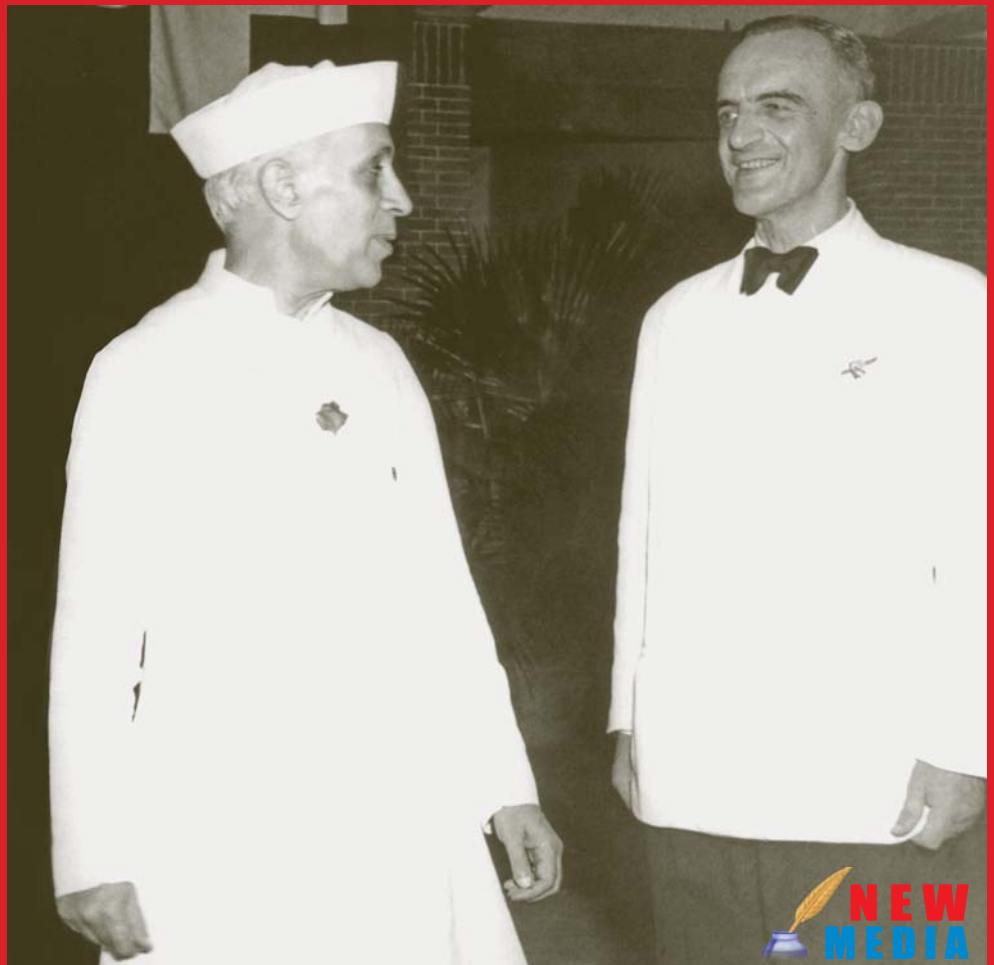
Special Issue 2008



India's Initiatives conducive to  
FDI inflows - President Pascal Couchepin

# 60 & Going Strong

Friendship Treaty  
Start of a New Era  
**1948**



# *In Memoriam*

*Late Shree R.K. Prasad,  
Founder-Chairman, New Media Communication*



*It has been two years since you passed into the realm of eternity. But your ideals and values have remained with us to be cherished and nurtured further. We are forever grateful to you for your spiritual guidance and we feel your vibrant presence in our midst all the time.*

*You have taught us that humility is the greatest virtue in this egoistic world. Guide us to realize our collective dreams so that we could proudly watch, with our heads held high, our organization shine like an eternal star in the global media firmament.*

*We take this opportunity to rededicate ourselves to the commitment of achieving the standards you had set for us, namely, the pursuit of perfection in every task that we perform.*

*Seemant*

*Bhaskar*

*Prasad*

*D. K. Varma*

*J.V. Khaleghar*

*Bhargava*

*Prasad*

*Prasad*

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*Prasanna P.*

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Founder Chairman  
**Late Shri R.K. Prasad**

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The news items and information published herein have been collected from various sources, which are considered to be reliable. Readers are however requested to verify the facts before making business decisions using the same.



**Dear Reader,**

Greetings. It is with immense satisfaction that New Media Communication is offering a Special Issue of Indo-Swiss Business, commemorating 60 years of lasting friendship between India and Switzerland. Befitting the occasion, we could also make a modest claim that we too have contributed our mite to the promotion of bilateral trade between the two countries through our publication, Indo-Swiss Business, launched in 2002. And, that is the reason why, we have included in this Special Issue, the best of Indo-Swiss Business coverage of the past six years, dotted with several landmark developments, including the visits of Heads of State and business delegations from both countries. The cover story, '60 & Going Strong' highlights in detail the broadening and widening economic relations between India and Switzerland. The issue carries an exhaustive study called 'Swiss Trade and Investment Relations 2008,' made by the Swiss Embassy, with a forward by Ambassador Dominique Dreyer. The Swiss Business Hub India has been a strong facilitator of bilateral trade between the two countries. Fabian Stiefvater, the new Managing Director of Swiss Business Hub talks in an interview about the plans of his organization to promote two-way investment. In the Focus section of the magazine, we carry reports of key Swiss economic sectors of banking, insurance, machinery, pharmaceuticals and healthcare and watch-making. Swiss Bankers Association Chairman Pierre Mirabaud says that the current global financial crisis is also an opportunity for the Swiss banking industry to revamp its functioning. Economists at Swiss Re believe that the likely downturn in insurance business in 2009 will precede its recovery in 2010. While there is a good demand for Swiss watches in India, the country's tax structure is hampering their share of growth in the domestic market, says Jean-Daniel Pasche, President of the Swiss Watch Federation. A report on the Swiss pharma industry says that exports of specialty products are helping its growth. While recession has set in many industries across the globe, the Swiss engineering, electrical and metal industry remains robust even as it is coping with a slowdown in production. The issue also carries a report prepared by the Swiss Embassy on the tremendous investment potential that India offers in the sectors of textiles, power and automobile components. A separate study by Export Import Bank of India too highlights the domestic auto component industry and projects its turnover to touch \$40 billion by 2014. The Swiss excel in hospitality education, which complements its flourishing tourism industry. We carry a write-up on the Swiss School of Tourism and Hospitality. India's central State of Madhya Pradesh has realized the potential of Information Technology as an engine of economic growth. We carry a study of how the State is developing infrastructure to emerge as a national IT hub. India is a nation of deep faith, which is manifested in 'kumbh' festivals held at various holy cities. We present in this issue the ancient pilgrim town of Ujjain, located in Madhya Pradesh and home to the temple of the powerful Hindu deity 'Mahakaal'. We also share with you the mystique of the Kamakhya temple situated near Guwhati, the capital city of India's North Eastern state of Assam. We also have a write-up on a Swiss museum housing the many fascinating facets of Linga. Then there are reports on the upcoming Tribal Art Film Festival and a film, passionately set and shot in India's holiest city Banaras. We have written and compiled this Special Issue with passion and it is in every respect, a collector's number. Read and relish it and more importantly, keep it for posterity.

We take this opportunity to wish you a very happy and prosperous New Year.

A handwritten signature in blue ink, appearing to read 'Satya Swaroop', with a long horizontal line extending to the right.

**Satya Swaroop**

Managing Editor

satya@newmediacomm.biz

## Encomiums from the Eminent

(We are pleased to reproduce in this Special Issue a few selected letters written by some eminent readers of Indo-Swiss Business)



*Dear Readers,*

I have recently arrived in India - a fascinating and vibrant country - to take up my new assignment, and first of all, would like to offer my warm greetings to all of you. I am indeed happy that my assignment is commencing at a time of the year when the "busy season" has started again here. Talking about "busy season", it is not only in the perspective of the Indian economy, but also for our upcoming bilateral interactions, both official and commercial. The Swiss-Indian Joint Economic Commission will have its next meeting in New Delhi early December, and on this occasion a Swiss SME delegation will accompany the official delegation to explore new business co-operations in India. During December itself, some 20-25 Swiss manufacturers of textile machinery and components will be participating in ITME 2004 in Mumbai. On the other hand, an Indian delegation of biotechnology companies will visit Switzerland during October to hold discussions with the Swiss biotech industry on the occasion of a workshop organised by SOFI.

It is heartening to note that our bilateral economic and trade relations have grown steadily with the gradual opening up of the Indian economy since 1991 and the trend is continuing this year also. The current buoyancy in our bilateral trade is noticeable, as two-way trade has gone up by 20 per cent during January-July 2004, after it grew by 7 percent in the year 2003. With regard to direct investments, Switzerland remains one of the major foreign investors in India, and I am optimistic that our investment relations will be further strengthened in the years to come, as both Swiss and Indian companies would not like to miss the opportunities emerging from globalisation.

Let me assure you that, during my stay in India, I will offer my full support to further promote the bilateral economic relations between India and Switzerland, and will do my best to facilitate greater engagement between Swiss and Indian business communities.

**Dominique Dreyer**

Ambassador of Switzerland



***Dear Readers,***

It gives me immense pleasure to inform you that the growing Swiss-Indian relations will be further cemented with the visit of H.E. Mr. Pascal Couchepin, President of Switzerland, from November 6-12, 2003. The major focus of the presidential visit is to discuss the potential of greater cooperation in the fields of science and technology between our two countries. You might be aware that Switzerland is one of the world's leading countries when it comes to research and development in scientific and industrial areas. On the other hand, India's reputation as an excellent R&D base is gradually building up. It goes without saying that the upcoming visit will give a new dimension to our cooperation in these areas, leading to future strengthening of our economic relations as well. During his stay in India, H.E. Mr. Couchepin will also be meeting the Indian and Swiss business communities here, with the aim to further strengthen the commercial, technical and financial partnerships between our two peoples. I would like to add here that, with this visit, the role of the Swiss Business Hub in India in bringing together the Swiss SMEs and the Indian companies will get a stimulus. The festive season has now set in and I wish to convey my warmest greetings to all of you.

**Walter B. Gyger**

Ambassador of Switzerland



***Dear Readers,***

It gives me great pleasure in presenting you this issue of Indo-Swiss Business dedicated to tourism.

As the Indian sub-continent gears up for the school examinations and the summer vacations to follow, the local print media is full of advertisements promoting exotic holiday destinations abroad. It is, therefore, with a certain amount of pride with which I note that there is hardly any publicity that does not mention Switzerland in picture or in word. The edition of Indo-Swiss Business is meant to complement these advertising campaigns with various tourism options, that the multi-faceted Switzerland has to offer from majestic Alps to serene lakes, flower-bedecked meadows to swaying palms; from thundering waterfalls to sparkling streams- this "miniature Europe" has it all!

But then I am not surprised that Switzerland is one of the most sought after destination of Indian tourists, seduced as they are by the pristine landscape that they often see on Indian celluloid. The Bollywood dream factory has been instrumental in bringing my country closer to Indian people, and lure the Indian traveller to see, with one's own eyes, the very same locations where their favourite stars fell in love and cavorted around in verdant pastures.

There is, however, another side of the coin too. Switzerland is a land of innovations, which has benefited not only industry and business but the tourism sector too. But whatever the innovations- be they the world's first rotating cable car on Mt. Titlis or the revolving panoramic restaurant on Schilthorn or the world's steepest cog-wheel railway to Mt. Pilatus- Swiss tourism has not lost or compromised on its high standards of quality. It is probably these high standards which make visitors to my country return time and again to sample more and more of the sheer diversity that Switzerland has to offer.

It is this diversity, which has been wonderfully captured in this Indo-Swiss Business. I do hope you enjoy reading this issue and finding out more about Switzerland.

**Dr. Walter Gyger**

Ambassador of Switzerland.

## **Dear Readers,**

Time and again you have read about the love story between the Indian film industry and Switzerland which stretches back nearly four decades. However, in the new millennium, this love affair has intensified even further with more reciprocity being showed by my countrymen.

How else would one explain a five-month long exhibition in Zurich titled "The Indian Cinema and Switzerland" along with a book (in Germany)? How else does one qualify the success of "Monsoon Wedding" Last year and "Laagan" right now on the Swiss charts? And all this in a country with a minuscule NRI population!

In fact, "Laagan" made such an impact at last year's Locarno International Film Festival- besides winning the "Public's Choice Award"- that this year the festival's organizing committee decided to host a special program, under the title "

Indian Summer". Over 30 titles, curated by Uma da Cunha, will take the viewers on a trip through the many languages, customs and cultures and the amazing thematic range of the cinema of the Indian subcontinent in the last 25 years. A book "Indian Summer- Films, Filmmakers and Stars between Ray and Bollywood" comprising of essays and interviews related to the Indian film scene will be presented as a companion piece to this retrospective.

Sandwiched within the "intellectual" meetings and the more spectacular events of the "Indian Summer", the evening of 5th August will be devoted to another Indian event. The Sources' Research Indian Performing Arts Project "Milon Mela", a theatre project conducted by Abani Biswas combining Baul musicians from Bengal, masters of Kalaripayattu martial arts from Kerala and Chhau Dancers from Purulia, including 18 artistes, will parade and perform in the streets and the old town exposing Locarno to the heterogeneous, variegated and intense atmosphere of India.

8th August 2002, will see film personalities like Girish Karnad, Javed Akhtar, Aamir Khan, (who, competition section), Shabana Azmi, Aruna Vasudev and Anita Desai sitting on the India Panel answering questions like where is Indian Cinema heading? Where is Bollywood going?

As I said in the beginning, the love affair between Switzerland and the Indian Film Industry has a long history and I am convinced the future looks sunny and bright just like an "Indian Summer" in Switzerland.

**Josef Renggli**

Consul General of Switzerland.





## *Dear Readers,*

After last year's enormous success with Ursula Andress we were offered, once more the opportunity to participate at the Filmfare Award Presentation for the year 2002. The Filmfare Awards are the most prestigious and recognized awards in the India Film Industry in Mumbai (Bollywood), just like the Oscars are for Hollywood. The awards celebration takes place on a huge open-air ground in the suburbs of Mumbai and is surrounded by a mega-show with over 20,000 spectators. Organised by Times Infotainment, a company of the Times of India Media Group, this show is transmitted by Sony TV all over India. Besides the 40 million cable TV connections in India alone, this show is also widely watched via cable TV by viewers interested in Hindi movies in Southeast and Central Asia, the Gulf Region and other countries with large population of Indian origin including the USA and UK.

With the financial support by Presence Switzerland, it was possible, for the first time last year, to present Swiss Filmfare Award to Mr. Yash Chopra, one of the most of important film producers and directors in India. He can be regarded as the pioneer in discovering Switzerland as a film location for Indian movie-makers. Honoring our commitment to Times of India to fly in a Bollywood celebrity for the presentation, we invited Ms. Ursula Andress who did a wonderful job representing our country.

With Ms. Geraldine Chaplin, we were once again able to bring another well-known personality from international cinema world. Like the year before, Switzerland was in the limelight for several minutes when Ms. Chaplin presented the Swiss Filmfare Award for the year 2002 to one of the greatest contemporary actors, Mr. Shah Rukh Khan, for his achievements in starring in a maximum number of films shot in Switzerland. Watched by millions of TV-viewers in India and around the globe, Ms. Chaplin did the presentation with great skill and elegance in the name of the Swiss Government.

Besides her appearance in full view of the entire film establishment of Mumbai present at the show, the large crowds as well as live transmission on Sony TV, Ms. Chaplin's visit to Mumbai enhanced also extensive coverage in the printed press.

More than 20 journalists and three TV-crews attended a press conference organised by the Consulate General on February 21, 2003. Furthermore, several one-on-one interviews were granted to magazines and local TV stations.

All in all, our involvement in this year's Filmfare Awards ceremony was again a great success, which offered a lot of mileage for Switzerland not only as a film location, but will beyond any doubt also further improve our already excellent image in India. A great deal of credit goes to Ms. Geraldine Chaplin, who accomplished her mission with elan and lots of charm. We owe her our utmost gratitude.

Our thanks to Ms. Geraldine Chaplin are also due to her ready and spontaneous agreement to be present at the Christie's auction for Art for Art- Switzerland meets India as well as at a dinner hosted by the Film Producers guide of India where she was the "star attraction". At the latter occasion, as well as at the media conference on 21st February, the new film producers guide "Switzerland for Movie Stars" (a co-production of Switzerland Tourism and the Consulate General in Mumbai) was officially presented.

Finally, I have also to extend our gratitude to Times Infotainment for giving us the opportunity to be part of the very prestigious Filmfare Awards. I would be very happy if The Swiss Filmfare Award could be an important event in the annual calendar in the future.

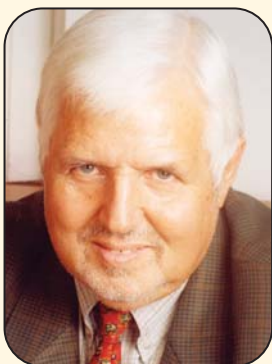
**Josef Renggli**

Consul General of Switzerland

## SBF Welcomes H.E. Pascal Couchepin

The Swiss Business Forum (Southern and Western India) extends a hearty welcome to the President of Switzerland on the occasion of his state visit to India in early November.

We are extremely happy to once again welcome H.E. Mr. Pascal Couchepin, who shares with the Indo-Swiss business community a very good common understanding since his last official visit to India in the year 2000.



His Excellency treasures bilateral activities between our countries, in the areas of business, social and cultural exchange and furtherance of research and development. He has always encouraged an extension of relations between India and Switzerland and untiringly encouraged more commercial contacts between the two countries. We are indeed indebted to the president for his continued support in fostering business relationships between Indian and Swiss companies thereby enabling them to prosper further.

Business always needs a solid base to be able to evolve and grow and we salute his commitment to science as well as research and development.

Involvement of Swiss architects in the history of Independent India is well-known. Post Independence, the collaboration between culture and administration gave birth to India's first planned city, Chandigarh-the capital of Panjab and Haryana, designed by the famous Swiss architect, Le Corbusier.

We today, applaud the result of successful union between "culture" and "business" with the inauguration of new IT business centre in Hyderabad exclusively designed by the Swiss architect, Mr. Mario Botta.

While the first one was a milestone in the relationship between one of the oldest and one of the biggest democracies, today's joint venture between culture and business equally represents a milestone in the relationship between one of the biggest emerging markets and its traditional Swiss business partner.

Our forum highly appreciates that the mission of H.E. the President is not only limited to the capital of India but that the South and West figure prominently in his itinerary.

We wish the President of Switzerland a successful State Visit.

**H.P. Doser**

President

Swiss Business Forum (Southern & Western India)

## INDOSWISS BUSINESS

While this issue is going into the print, the Swiss Business Hub is celebrating its first anniversary. A great moment for the entire team to look back with pride on what has been achieved so far and look forward to what is planned for the coming year.

Since the opening on 19th December 2001- the Hub has contacted many institutions, chambers of commerce, and companies- Swiss as well as Indian. After the meetings, I can confirm, the network is truly existing and the interest from all the sides is heartening and "Swiss Made" surely enjoys good will in the sub-continent and Indian decision-makers are keen to work together with Swiss enterprises.



During the year, the Hub was present twice in Zurich and Lausanne meeting Swiss companies who intend to enter the Indian market. Approximately 20 companies were present at these meetings (Firmenberatungstage). Similar meetings will take place next year too.

On 14th November this year, a seminar was organised in Zurich on the initiative of the Swiss Business Hub titled: "How to do Business Successfully in India". The response was very welcoming with more than 40 decision-makers and business people attending.

As for next year, Osec Business Network Switzerland in Zurich is preparing a seminar on "Successful Business Partnership Through Intercultural Competence" with the aim to better prepare Swiss businessmen for the understanding of Indian culture, value and business environment in order to facilitate a better understanding on these levels.

Looking back, I must admit, that the take-off was successful and it is my deepest wish to thank the staff of the Swiss Business Hub India- with whom I also include our colleagues at Osec Business Network Switzerland at the headquarters in Zurich.

I firmly believe that the Hub is on the right track and with its enthusiasm it will be able to generate more business-benefiting both, the wonderful host country India as well as Switzerland.

Wishing you, dear readers, Merry Christmas and a very Happy, Successful and Prosperous 2003.

I am yours,

**Joseph Koch,**

Deputy Consul General Switzerland, Mumbai.



***Dear Reader,***

There are many good reasons for visiting Switzerland. When it comes to vacations and travelling, every person has different sensations, emotions and interests that come into play. That's probably why there are as many different selections of Swiss highlights as there are people. Switzerland offers such a wide variety of travel issues, that every visitor finds it's favourite.

Nature in Switzerland is truly a grand experience. Glaciers and palm trees, high summits and wide valleys, blue lakes and green meadows-you name it, you have it. Switzerland is also a treasure house for luxury, design and quality. Watches are a byword for quality. Long standing hotels promise luxury. Perfection is expressed in design products.

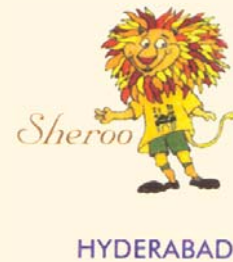
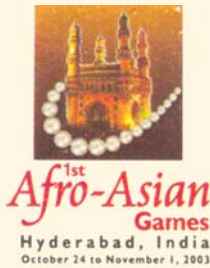
Furthermore, a unique and high quality rail network brings you up to the highest summits and across valleys with ever more beautiful panoramas unfolding. Thanks to its international air, road and rail traffic system, it is easily accessible within hours from major European cities and centres. Travelling is a vacation in itself and even the adventure can be planned.

Located in the heart of Europe, Switzerland shares common frontiers with five countries - Germany, France, Italy, Austria and the tiny Principality of Liechtenstein. The country's unique heritage has elements of all the different periods of European culture and history.

Not only do we have the most beautiful mountains, we also have plenty of them. Visiting Switzerland, you will experience the home of the mountains, where the modern form of tourism was invented.

**Regi Wittwer**

Marketing Manager India  
Switzerland Tourism.



I am happy to learn that the Indo-Swiss Business magazine is coming out with a Special Number, synchronising with the visit of Swiss President accompanied by a high level delegation Network Switzerland to Hyderabad in October 2003.

Andhra Pradesh has emerged as one of the foremost and attractive FDI destinations as well as investors' paradise by now. The State is all set to forge ahead as an industrial hub of our country with all its infrastructure of natural resources, basic amenities like- water, power, transport facilities etc., and also the all important human resources with enthusiastic entrepreneurship. Specific goals have been set in Vision 2020 Document for all types of industrial growth in the State.

I hope that the visit of the dignitary and the delegation would give a boost to Indo-Swiss Business in a big way.

I earnestly hope that the Special Number would contribute largely to attract and inspire more and more entrepreneurship in the fields of industry, trade and commerce with huge investments to mould the State into 'Swarnandhrapradesh'.

I wish the endeavour all success.

  
(N.CHANDRABABU NAIDU)





On 14 August 1948, India, then a year-old fledgling democracy, signed a Friendship Treaty with Switzerland, a small country tucked away in the snowy Alps of Europe. The Treaty, signed in New Delhi by India's first Prime Minister Jawaharlal Nehru and Switzerland's Envoy Extraordinary and Minister Plenipotentiary Armin Daeniker, has stood the test of time.

"You will be glad to know that the Government of India have agreed to enter into a treaty of friendship with the ancient republic of Switzerland. This is the first treaty of this kind," Prime Minister Nehru wrote to the Chief Ministers in a fortnightly letter. So, the treaty is the first of its kind, born out of the vision and efforts of no less a global statesman than Pandit Nehru. However, it has not been consigned to history like many such documents. In fact, the Treaty has flourished like a banyan tree providing shade and rest to wayfarers.

Founded on the noble principles of liberty and democracy, the Treaty has been nourished and nurtured by commerce. It has enabled Switzerland to share its industrial advancement with India, which, in turn, has offered the former a huge and growing market for its products, from machinery to medicines and milk. The most important aspect this Treaty has been its dynamic character. It has responded to the need of the hour. When India liberated its economy from Socialist shackles in the early 1990s, the Treaty found its much-needed nourishment. In the last two decades, bilateral trade between India, now a fast-growing economy and Switzerland, a stable and developed nation, has expanded by leaps and bounds. It has almost doubled in the last five years to touch three billion Swiss francs. Today, more than 150 Swiss companies, some of them large multinationals, are operating in India. Scores of small and medium sized Swiss firms are now looking at the flourishing Indian market, bolstered by the purchasing power of a 300-million strong middle-class. There has been a two-way flow of investment. Switzerland is a favoured destination for Indian tourists with deep pockets. Bollywood's lovelorn heroes and heroines find the lovely Swiss locales idyllic for singing and dancing. Today India and Switzerland are closer than ever before, their bonds growing stronger with years. In the Indian social and religious context, the attainment of 60 years is regarded as a sacred landmark in a man's life and is celebrated with philosophical detachment as it opens doors to a higher spiritual realm. At 60, the Friendship Treaty has flung open the doors to vast, and yet untapped vistas of opportunity for both India and Switzerland.

**-Dev**





## Six Decades of Deepening, Widening Ties

The Embassy of Switzerland in New Delhi, has brought out an updated, comprehensive Directory on Swiss Trade and Investment Relations with India. Following is the full text of a foreword to the Directory by Swiss Ambassador Dominique Dreyer.

At the outset, I would like to inform you that in 2008 we are celebrating the 60th anniversary of Swiss-Indian Treaty of Friendship signed in 1948, the first such treaty signed by India after it became independent in 1947. These six decades have witnessed a strong deepening and widening of our multi-faceted relations, be it economic, political, and cultural.

I am pleased to mention that my Embassy has brought out this new edition of the Directory on Swiss Trade and Investment Relations with India, which also contains a list of Swiss-Indian companies (joint ventures and subsidiaries) in India. It provides an analytical survey of about 20 companies, the major sectors and regions wherein the Swiss and Indian business communities have formed mutually beneficial collaborations.

Our bilateral trade has crossed for the first time the mark of Swiss Francs 3.0 billion in 2007. As a matter of fact, our trade has doubled in just three years as compared to 1.5 billion in 2004. Switzerland remains amongst the top 10 foreign investors in India. No doubt, India's sustained

high economic growth and its improving market access are key factors in attracting rising Swiss investment.

Enhancing the Swiss-Indian bilateral trade and investment flows is a priority on both sides. The forthcoming negotiations between India and EFTA States (Switzerland is a member of this group) for a broad-based trade and investment agreement will certainly pave the way for further enhancing our trade and economic ties. The Swiss government has already placed various economic promotion instruments under one umbrella organization - Osec Business Network Switzerland - for better coordination. The Swiss-Indian Chamber of Commerce has been able to strengthen its presence in India, and now plays an even greater role in bringing our two business communities closer.

I would like to take this opportunity to thank the Swiss-Indian Chamber of Commerce for financially supporting this publication, and all the companies listed here for their cooperation in providing us with information about their respective organizations and business activities.



## Swiss Trade & Investment Relations with India 2008

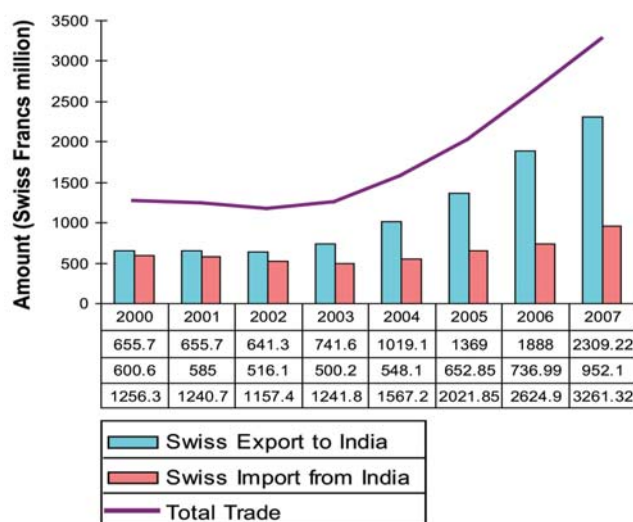
### India's Sustained Economic Growth Key to Rising Swiss Investment

# Natural Partners Moving Towards Free Trade Pact

Switzerland and India are natural partners constantly working together to strengthen their relationship in various fields. The relations between the two countries are now being hoisted to a higher level of importance. Notably, India has been identified as a country of high importance in the framework of Switzerland's Foreign Economic Strategy, which is reflected in an intensification of the dialogue between the two governments to explore new ways and means to further strengthen the trade and investment ties. The exchange of high-level visits has increased over recent years and the Indo-Swiss Joint Economic Commission meeting that used to be held almost every four years is now being held every year. The EFTA countries (Iceland, Liechtenstein, Norway and Switzerland) and India had earlier set up a Joint Study Group to move towards a broad-based trade and investment agreement. Based on the positive recommendations of the Joint Study Report, EFTA countries and India have agreed in January 2008 to start negotiations. Such a Free Trade Agreement will substantially improve the framework conditions for businesses on both sides.

The two economies have been showing excellent development in the recent past. The Indian economy has grown at an average annual rate of 8.74 per cent during the previous five years, which is very impressive, and the country has the potential to move on to even higher growth rates. On the other hand, the Swiss economy expanded by 3.1 per cent in 2007, one of the best performances in the recent years. The buoyancy of the two economies has resulted, inter alia, in the continued expansion of their bilateral trade flows.

#### Swiss-Indian Trade (2000-2007)



Source: Swiss Foreign Trade Statistics

The two-way trade expanded from Swiss Francs 1.56 billion in 2004 to 3.26 billion in 2007, doubling the volume in just three years. Swiss exports to India went up to Swiss Francs 2,310 million in 2007, an increase of 22.4 per cent over the previous year. For the first time in more than 10 years, growth in Swiss imports from India have overtaken growth of Swiss exports to India. Swiss imports increased by 29.3 per cent in 2007 as compared to the previous year, and reached the volume of Swiss Francs 952 million.

## Major Items of Export by Switzerland to India in 2007

	Swiss Francs in million (%share)
1. Machinery	891.98 (38.6)
2. Precious stones, precious metals, jewellery	440.98 (19.1)
3. Pharmaceutical products	310.31 (13.4)
4. Precision instruments	154.11 (6.7)
5. Organic chemicals	143.68 (6.2)
6. Fertilisers, Dyes, Pigments	70.29 (3.0)
7. Watches	68.48 (3.0)
8. Metals and metal products	61.72 (2.7)
9. Plastics and Rubber products	35.83 (1.6)
10. Soap, Washing preparations	25.42 (1.1)
<b>Total Export</b>	<b>2309.22 (100)</b>

## Major Items of Import by Switzerland from India in 2007

	Swiss Francs in million (%share)
1. Organic chemicals	223.99 (23.5)
2. Textiles	185.76 (19.5)
3. Precious stones, precious metals, jewellery	176.05 (18.5)
4. Agricultural products	72.53 (7.6)
5. Machinery	69.74 (7.3)
6. Metals and metal products	47.00 (4.9)
7. Fertilisers, Dyes, Pigments	37.58 (3.9)
8. Footwear, Headwear, Umbrellas etc.	26.69 (2.8)
9. Leather products etc.	22.54 (2.4)
10. Precision instruments	14.35 (1.5)
<b>Total Import</b>	<b>952.10 (100)</b>

Source: Swiss Foreign Trade Statistics, January-December 2007

With regard to direct investments, Switzerland has been actively involved in India for the past many decades. More than 140-150 Swiss companies have formed joint ventures or subsidiaries in India. The Swiss technology driven companies, including small and medium businesses, do play a major role in the trade and investment flows to India.

Switzerland remains amongst the top foreign investors in India. As per the cumulative FDI inflows data available for April 2000-December 2007, Switzerland is the 10th largest foreign investor, investing some US\$ 634 million. As a large part of foreign direct investments in India, including investment from Switzerland, is routed through Mauritius, the actual Swiss direct investment in India is much higher. (A Swiss company had invested some billion US dollars in India in the recent past, and a big part of this was remitted through Mauritius.)

## Best of INDO-SWISS BUSINESS 2002-2008

The trade and economic ties between our two countries have great scope for further expansion and this can be achieved as we rededicate ourselves towards reaching goals.



**Pascal Couchepin,**  
President of  
Switzerland.

Indo-Swiss Ties will  
Ensure Global  
Stability, Security  
and Peace

**Samuel Schmid,**  
President of  
Switzerland.



## Actual Foreign Direct Investment Inflows April 2000 December 2007

Rank	Country	Inflows of FDI (US\$ million)	% Share <sup>1</sup>
1	Mauritius	20104	44.46
2	U.S.A.	4070	9.12
3	U.K.	3461	7.79
4	Singapore	2695	5.76
5	Netherlands	2535	5.66
6	Japan	1948	4.34
7	Germany	1323	2.95
8	France	705	1.59
9	Cyprus	685	1.45
10	<b>Switzerland</b>	<b>634</b>	<b>1.41</b>
	EU	9982.29	22.0
	<b>Total<sup>2</sup></b>	<b>50628</b>	<b>100.00</b>

Source: Department of Industrial Policy and Promotion, Indian Ministry of Commerce and Industry

## A Preferred Global Destination for Indian IT Majors, Tourists

Remarkably, Switzerland has been amongst the preferred destinations for foreign investors due to many advantages that it offers to them. Be it an important geo-strategic location in the centre of Europe, long term stability, legal security, dedicated professional labour force, liberal market conditions, reliable and highly developed financial centre, high-tech infrastructure, or modest tax system, Switzerland offers all of these. Rank wise, Switzerland, despite its modest size, is one of the 20 most attractive destinations for direct investments. More than 1,000 foreign companies now control their global or European business activities from within Switzerland. It has attracted big names from Indian IT companies as well, such as Tata Consultancy Services, Infosys, Wipro, Satyam and Polaris. As more and more Indian companies are now venturing abroad, Switzerland is interested in being a partner of these companies, especially those which would like to invest in the services and high-tech manufacturing sectors.

Also, there are many other areas where both countries have established strong ties. For example, India remains an important emerging market for Swiss tourism. Some 132,000 Indian tourists visited Switzerland during 2007 as compared to 93,500 in 2005, an excellent increase of 4 per cent in two years. Switzerland is gradually emerging as an important market for Indian companies in IT services. Exports of IT related services to Switzerland amounted to US\$ 225

million in 2006-07 as compared to US\$ 185 million in 2005-06.

The two countries have indeed a lot to offer to each other and to gain in developing cooperation in high-tech and knowledge-based industries. In fact, both sides are already trying to bring more vibrancy to the relationship by adopting focused approaches, and initiatives have already been taken in sectors such as automotive components, biotechnology, textile machinery and railways. The future looks very bright. With the emergence of a more vibrant India and increasing interactions between the business communities of the two countries, the Swiss-Indian trade and economic relationship will continue to grow stronger.

## Engg, Services, Pharma, Chemicals & Textiles Dominate JVs: Survey

The Embassy conducted the present survey of Swiss-Indian business collaborations with equity participation by Swiss parent/partner companies in India around end of 2007 and beginning of 2008. The analytical results of the survey are as follows:

Based on information available from various sources in India, both government and private, concerning Swiss-Indian joint ventures or wholly owned subsidiaries of Swiss companies, the Embassy approached the concerned companies and got positive response from 121 companies, which are listed herein. The number of Swiss-Indian collaborations has come to almost same level as was shown in the previous survey. Though some Swiss companies have set up new collaborations in the last two years, in some cases, especially where the Swiss partners had a very minority stake in the joint ventures, they have divested their shareholdings in the Indian joint ventures. Furthermore, a few collaborations between Swiss and Indian companies have to be restructured due to acquisitions/mergers taking place domestically as well as globally.

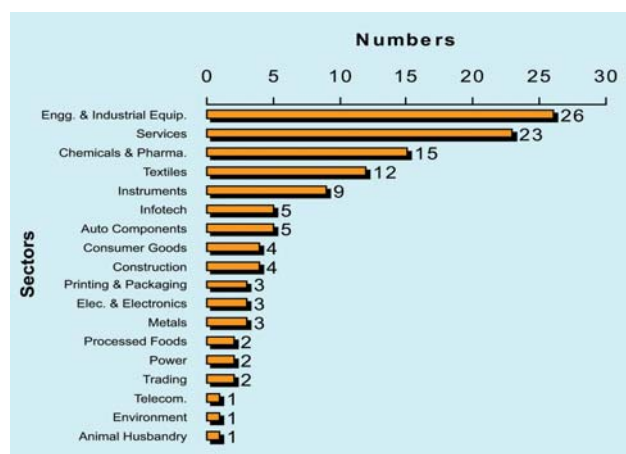
The sector-wise distribution of Swiss-Indian collaborations shows that the majority of these companies are engaged in the traditionally strong Swiss business sectors - engineering and industrial equipment, services, chemicals and pharmaceuticals, and precision instruments/ equipment. The high number of collaborations in the textile sector is mainly



due to fact that this sector has a prominent role in the Indian economy. The modernisation process in the Indian textile industry has been still continuing and this has attracted many Swiss textile machinery manufacturers to tap this market. These five sectors together account for nearly 70 percent of the collaborations as per the survey.

## Sector-wise distribution of Swiss-Indian collaborations

*Note: Services include finance, tourism, logistics; Textiles include machinery, intermediates and final products; Infotech includes BPO; Construction includes cement, infrastructure; Consumer Goods include watches.*



Though the number of collaborations in sectors such as power, processed food, construction (incl. cement) is very low, these are the areas where big Swiss MNCs such as ABB, Nestle, and Holcim are present and they are amongst the leaders in their respective product markets in India. Furthermore, pharmaceutical is one of the important sectors where leading Swiss MNCs are also present in India.

The development of India's information technology (software and related services) sector in the recent years has been attracting the attention of Swiss companies. In particular, India's competitive strength in Business Process Outsourcing (BPO) segment is increasingly recognised, and it is very much reflected in new Swiss-Indian collaborations established in the recent past. The present survey also shows that there is more interest from Swiss companies in sectors such as automotive components.

The geographical distribution of Swiss-Indian collaborations shows that the Western region mainly Mumbai and Pune continues to be at number one

## Best of INDO-SWISS BUSINESS 2002-2008

Reforms are vital for economic growth



**Doris Leuthard,**  
Swiss Economics  
Minister

Fund-Banks must be designed to maximize the catalytic impact on concessional financing from donors and private

**Hans-Rudolf Merz,**  
Minster of Finance.



position. Next, the Northern region mainly Delhi-Gurgaon-Noida corridor attracted a good number of the collaborations. The third place is occupied by the Southern region where many Swiss-Indian collaborations are based. As a matter of fact, Karnataka (mainly Bangalore) and Tamil Nadu have since long been attracting more investment as compared to other States in the south. No doubt, most of the Southern State Governments do play a proactive role to attract greater share in foreign direct investments flowing into the country. The Eastern region is still lacking, but in the recent past the State Governments from this region have shown keen interest to offer better business environment in their respective States.

## Region - and State-wise location of Swiss-Indian Collaborations

A fact, which has emerged out of this survey, is that most of the listed companies have gone for big

Region/State	Number of collaborations	
<b>Western Region</b>	<b>64</b>	
Maharashtra (mainly Mumbai & Pune)		62
Gujarat		2
<b>Northern Region</b>	<b>31</b>	
Delhi		14
Haryana (mainly Gurgaon)		11
Chandigarh (Union Territory)		2
Uttar Pradesh (mainly Noida)		3
Rajasthan		1
<b>Southern Region</b>	<b>24</b>	
Karnataka		14
Tamil Nadu		6
Andhra Pradesh		2
Kerala		2
<b>Eastern Region</b>	<b>2</b>	
West Bengal		2
<b>Total</b>	<b>121</b>	

expansion in the recent 2-3 years, as shown by good increase in the number of their employees. The joint ventures and subsidiaries of Swiss companies present in India are employing roughly 41,000 people, as per the latest data available.

## SICC - A Trusted Source of Information & Expertise

The Swiss-Indian Chamber of Commerce (SICC) was founded in Zurich, Switzerland as an association under Swiss law on 25th March, 1985, to foster economic and business relations between Switzerland and India. According to its Charter, SICC achieves this goal by enhancing the mutual flow of information on trade-

related issues, improving the bilateral commercial, industrial and technical co-operation between India and Switzerland, and supporting the establishment of joint-ventures. As an independent organisation, the Chamber co-operates with all public and private institutions pursuing similar goals.

SICC provides members in Switzerland and India access to first-hand information and expertise thanks to the reservoir of know-how offered by its board and partners in both countries. It functions as a networking platform for members in India and Switzerland through the events it organizes. SICC also assists its members to identify strategic partners, negotiate the challenges of entering the Swiss and Indian markets, and implement projects once there.

Finally, the SICC lobbies actively on behalf of its members. It brings their interests to the attention of decision-makers, and works to ensure that these interests are met.

Today, the Chamber is widely recognized as a key bilateral body and plays an important role in the Swiss-Indian relationship. It is tapped by governmental and private institutions, as well as by individual business persons, as a source of information. The SICC's events are accepted as a leading venue to establish key contacts, and the Chamber's views are sought on many bilateral matters. Further, the Chamber assists trade delegations to and from India, and is regularly represented in official Swiss economic delegations visiting India.

The Chamber's over 320 Swiss and Indian members are active in almost all areas of business, including engineering & manufacturing, information technology, chemicals & pharmaceuticals, foodstuffs, banking & insurance, consulting, transportation, and trading. These include SICC members, such as ABB, Bobst, Buhler, Ciba, Holcim, Kuoni, Novartis, Rieter, Roche and Schindler to name a few.

The SICC maintains a network of public figures and opinion leaders from the Indian and the Swiss business communities as well as important institutions and Swiss government organizations such as SECO (State Secretariat for Economic Affairs), Osec Business Network Switzerland and economiesuisse, the umbrella organization representing the Swiss economy. SICC is regularly consulted by the Indian Embassy in Berne and the Swiss Embassy in New Delhi on bilateral issues.



A flagship event among the many that the SICC is currently involved in is a project to commemorate 60 years of the signing of the friendship treaty between Switzerland and India. A series of activities are planned in India and Switzerland through 2008 to celebrate this momentous occasion. Two working groups, one in Switzerland and one in India, are devoted to coordinating the variety of events into a coherent program.

In order to give the bilateral flow of business between Switzerland and India a further substantial boost the SICC is in the process of establishing offices in Delhi, Mumbai and Bangalore, and setting up a subsidiary in Delhi. SICC India has already begun to organize business promotion events, such as luncheons, roadshows and economic fact-finding missions. Furthermore, it is currently engaged in strengthening its network across India and institutionalizing ties with important partners in the public and private sectors.

### Osec - Networking to Build a Base of Dedicated Partners

Since the beginning of 2008, Osec has handled mandates for import and investment promotion as well as location promotion, in addition to its export promotion tasks. The aim of these mandates, which are awarded by the State Secretariat for Economic Affairs - SECO is to provide companies in Switzerland and Liechtenstein as well as companies abroad with information relating to their international business projects and to offer them advice and support. For this purpose, Osec networks companies, experts and private and public organizations worldwide, and also builds up a broad base of dedicated partners and coordinates them.

One of Osec's key tasks is to support its customers as efficiently and effectively as possible in developing their international activities (export promotion). In addition to supporting international companies in setting up a branch in Switzerland (location promotion), Osec facilitates market entry into Switzerland and the European single market (import promotion) with trade promotion programs in selected developing and transition countries.

Osec also co-ordinates the activities of the core platform "Business Network Switzerland" with partners both within and outside Switzerland. While

## Best of INDO-SWISS BUSINESS 2002-2008

SMEs have a strong  
role in Indo-Swiss  
bilateral trade



Joseph Deiss, Swiss  
Economics Minister

New paths being cut  
by Swiss education,  
research and  
innovation policy also  
lead to India



Charles Kleiber,  
Swiss State  
Secretary for  
Science and Research.

within Switzerland it co-operates with Cantonal Chambers of Commerce and other industry organisations, abroad it collaborates primarily with Swiss Embassies, Consulates and Chambers of Commerce as well as the Swiss Business Hubs (SBHs), which were set up in key markets of Germany, Italy, France, Great Britain, Austria, Poland, Spain, Russia, USA, Brazil, Japan, China, India, UAE, ASEAN and South Africa. The main goal of the SBHs is to develop and strengthen business relations between Liechtenstein or Switzerland based firms and companies in their respective home markets.

### **SBH India - Promoting & Finding Market for Swiss SMEs**

The Swiss Business Hub India (SBH India) was established on 19th December 2001 in Mumbai, with a chapter in New Delhi. Headquartered within the Consulate General of Switzerland in Mumbai, it is presently headed by Ashwin Merchant, Deputy Director, assisted by Ms. Yael Crishna. The New Delhi chapter is located within the Embassy of Switzerland and manned by Mohinder Nayyar, Economic Advisor, and Ms. Deepti Sharma, Senior Trade Advisor. However, the overall joint responsibility of SBH India is vested with the Swiss Ambassador to India in New Delhi, presently Dr. Dominique Dreyer, and the Regional Director of the Swiss Business Hub (India, Middle East, Africa) in Dubai, Christian Watts.

SBH India offers the following services primarily to Swiss and Liechtenstein companies:

- Information about the local market, market research and analysis;
- Reports about business opportunities in relevant industry sectors;
- Active support for identification of qualified business partners;
- Contacts with local trade associations and public authorities;
- Reports on trade fairs and other promotional activities; and
- Organisation of trade fair participation and events in India.

The SBH India also assists Indian companies interested in establishing business in and with Switzerland by providing basic information about Swiss companies and products, the Swiss market for Indian products,

how to become a distributor or representative of a Swiss company as also about opening an Indian subsidiary in Switzerland.

The SBH India team members hold consultancy meetings at Osec four times a year. These one-to-one meetings with Liechtenstein and Swiss SMEs cover a wide range of products and mostly lead to a focused mandate or qualified business partner search in India. SBH India, in close collaboration with Osec and other industry organisations, also organises India-specific meetings in Switzerland for disbursing information about doing business with and in India.

In recent years, the SBH India has been actively organising fact-finding missions to India for Swiss SMEs as well as industry sector specific work-shops for relevant Swiss organisations.

### **Swiss Development Co-operation Programmes in India**

#### **SECO - Focusing on Innovative Private Sector Initiatives**

The Economic Co-operation and Development Division of the State Secretariat for Economic Affairs (SECO) has been active in India for the last 30 years and focuses its projects on the promotion of sustainable economic growth based on a market economy and on the integration of partner countries into the world economy.

SECO's approach is mainly focused on innovative initiatives along with its strong orientation to private sector development. It is envisaged that the backbone for future private sector development in India is the SME's. Their potential contribution to employment, technology innovation, diversified exports or industrial decentralisation is enormous. With increased liberalisation and deregulation of the Indian economy, the SME sector in India does present a big potential for private initiative.

Some of the ongoing initiatives in India are in the field of Organic Agriculture and Aquaculture, Cleaner Production, Factory Improvement, Electronic waste Recycling and Venture Capital.

#### **SDC - Engaging India on Partnership Programme for Exchanging Know-How**

The Swiss Agency for Development and Cooperation

(SDC) is Switzerland's international cooperation agency within the Swiss Ministry of Foreign Affairs. Development Cooperation is an integral part of Swiss foreign policy.

SDC has been active in India since 1963 with development cooperation programs and humanitarian aid interventions designed to improve the living conditions of poor and marginalised segments of the population and to contribute to sustainable development. To achieve this goal, SDC has focused on strengthening the capabilities and rights of disadvantaged groups, on improving their income and work situation and on supporting public institutions as well as civil society organisations.

Considering the fast growing importance of India as a key actor on the regional and international scene, the availability in India of financial and human resources to address the challenge of poverty and sustainable development, as well as the importance to build on more than 45 years of development cooperation in India, SDC in 2006 decided to engage into a new type of collaboration with India called "Partnership Program". This Partnership Program involves a shift from traditional/classical development cooperation, towards a collaboration based on common interests, on joint ventures and shared investments, with the ultimate aim of reducing poverty. A key feature of this Program is the exchange of know how and technologies between Switzerland and India and the promotion of south-south cooperation.

Under the Partnership Program, the key areas of cooperation are Energy and Climate with a focus on adaptation to climate change and energy efficiency, as well as Governance. Promotion of knowledge exchange among partners in India, at the regional and international levels is also a key feature in the Partnership. ■

## Best of INDO-SWISS BUSINESS 2002-2008

### Indo- Swiss Relations Have a Great Potential



**David Syz ,**  
Swiss State Secretary  
for Economic Affairs.

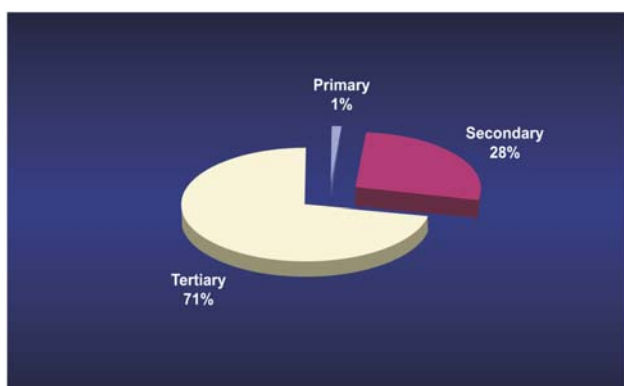
### We place a lot of importance on India as a business partner

**Dr. Walter Gyger,**  
Ambassador



# At a Glance - Switzerland & India

## Switzerland's GDP by Sector (2006)



## Switzerland's Foreign Trade (2002-2007)

Years	Total Export (US\$ million)	Total Import (US\$ million)
2002	141,121.77	134,181.63
2003	139,378.91	133,285.86
2004	150,831.76	142,181.84
2005	160,937.41	155,559.43
2006	182,882.37	174,916.03
2007	203,413.08	190,584.78

Exchange rate 1 CHF: 0.9874 US\$

## Major Trading Partners and their respective % shares in Switzerland's export (2000-2007)

1.	Germany	20.4%
2.	USA	11.0%
3.	France	8.7%
4.	Italy	8.7%
5.	UK	5.2%
6.	China+HK	4.6%
7.	Japan	3.7%
8.	Spain	3.5%
9.	Austria	3.2%
10.	Netherlands	3.1%

15.	India	0.7%
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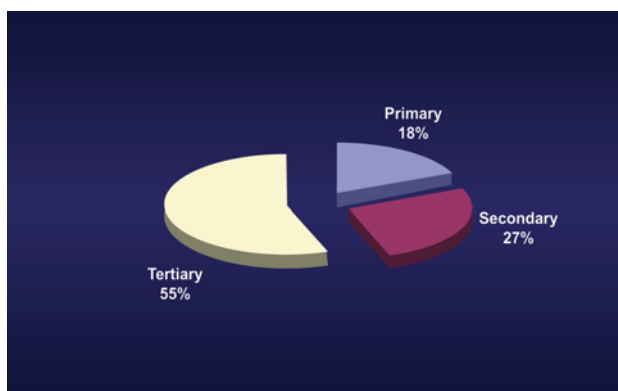
## Major Trading Partners and their respective % shares in Switzerland's import (2000-2007)

1.	Germany	31.3%
2.	Italy	10.3%
3.	France	10.3%
4.	USA	5.9%
5.	Netherlands	4.9%
6.	UK	4.6%
7.	Austria	4.1%
8.	Ireland	3.2%
9.	Belgium	3.0%
10.	China +HK	2.7%

25.	India	0.4%
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Sources: Swiss Federal Office of Statistics  
Swiss Customs Administration

## India's GDP by Sector (2006-07)





## India's Foreign Trade (2001-02 - 2006-07)

Fiscal Years	Total Export (US\$ million)	Total Import (US\$ million)
2001-02	43,826.73	51,413.29
2002-03	52,719.43	61,412.13
2003-04	63,842.55	78,149.11
2004-05	83,535.94	111,517.44
2005-06	103,090.54	149,165.73
2006-07	126,262.68	185,604.10

## Major Trading Partners and their respective % shares in India's export (2006-07)

1.	USA	14.93%
2.	UAE	9.52%
3.	China PRP	6.56%
4.	Singapore	4.80%
5.	UK	4.44%
6.	Hong Kong	3.70%
7.	Germany	3.14%
8.	Italy	2.83%
9.	Belgium	2.74%
	EU (27 Countries)	21.21%

45.	Switzerland	0.37%
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## Major Trading Partners and their respective % shares in India's import (2006-07)

1.	China PRP	9.40%
2.	Saudi Arabia	7.20%
3.	USA	6.31%
4.	Switzerland	4.91%
5.	UAE	4.66%
6.	Iran	4.10%
7.	Germany	4.06%
8.	Nigeria	3.78%
9.	Australia	3.77%
	EU (27 Countries)	16.06%

4.	Switzerland	4.91%
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Sources: Indian Ministry of Commerce and Industry (Department of Commerce) Indian Ministry of Finance



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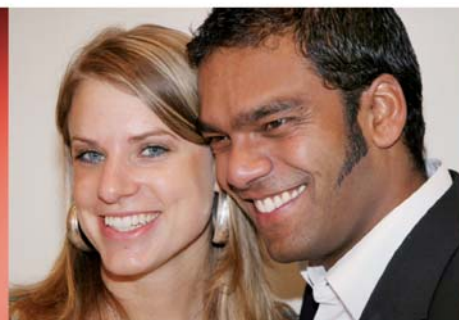
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Right at the outset, Indo-Swiss Business salutes **Fabian T. Stiefvater**, for his courage of conviction in taking up his new assignment in Mumbai as Director, Swiss Business Hub India,

## Two-way Investment Key to Further Strengthen Indo-Swiss Trade Ties

- Fabian T. Stiefvater

despite security concerns and the advice to delay his arrival in the wake of the November 26 terrorist attacks on the city. "We decided to come in order to send a strong message that we stand in solidarity with the victims and people of India," he says in an interview with **Satya Swaroop**, Managing Editor, New Media. Stiefvater also talks in detail about the challenges and opportunities that the emerging Indian domestic market offers to Swiss companies. As India and Switzerland celebrate the 60th anniversary of their friendship treaty, Stiefvater calls for two-way investment to further strengthen it. He says that while in terms of export promotion Swiss SMEs are increasingly focusing on the emerging Indian market, it is crucial for Switzerland to overcome its picturesque holiday image and to more actively promote its competitive business advantages as the prime location for European headquarters. Excerpts.



### What was your motivation for moving from Switzerland to Mumbai?

It's the challenge of India's emerging economy and the exciting opportunities that the Indian market offers for export driven Swiss companies. While growth opportunities are limited in the traditional, well developed markets, the emerging Indian market will be one of the most important battlegrounds in the years to come. It's the dynamic of Indian economy which is fascinating me and the exciting challenges Swiss investors are facing in terms of market entry, risk management and cultural differences. Last but not least the motivation to come here relates to my passion for India and my genuine interest in Indian culture - which is a precondition for feeling comfortable in daily Indian routine and workaday life. I travelled numerous times throughout India and India has in the meantime become my home.

### Arriving in Mumbai in the aftermath of the terrorist attacks: Did you ever regret your decision to move from safe Switzerland to Mumbai?

There is no longer such a thing as a safe place. Be it London, New York, Mumbai or Zurich anything can

## Best of INDO+SWISS BUSINESS 2002-2008

India's future belongs  
to her youth



Josef Renggli,  
Consul General

No prudent  
businessman can  
ignore the promises  
of the Indian market



Josef W. Eisele,  
Consul General



happen anytime. Despite security concerns and recommendations to postpone our arrival we decided to come in order to send a strong message that we stand in solidarity with the victims and people of India. Mumbai is generally safe and I feel privileged to have the opportunity to live in such a vibrant and exciting place.

## What are your priorities to strengthen the business ties between the two countries?

In times of credit crunch and recession of US and European economy, it is crucial for the export depending Swiss industry to partly compensate the decrease in demand in the traditional markets by focusing on new emerging markets such as the Indian. Once it was all about cost saving and leveraging, now, it is about growth and the potential offered by the strong domestic Indian market. While the majority of big multinational Swiss firms are already playing an active role and successfully doing business with India, the focus of the SBH India is against the background of export promotion to strengthen the business ties between small and mid-sized Swiss and Indian enterprises (SMEs). Hence, in terms of export promotion our main focus is to facilitate and improve the access to the Indian market for Swiss SMEs and to support their ability to successfully compete at

international level.

## What is Switzerland's concept in terms export and foreign trade promotion?

Under the roof of OSEC (the official Swiss export, import, investment and location promotion agency) the SBH India together with its network of expert partners and consultants supports SMEs in their efforts to successfully penetrate the Indian market. OSEC can draw on an extensive network of expert partners ("Pool of Experts") in the field of foreign trade in Switzerland and abroad. The online database [www.PoolofExperts.ch](http://www.PoolofExperts.ch) offers with more than 400 experts worldwide a quick and easy support for Swiss SMEs in all aspects of internationalisation. The interested SME can select an expert based upon country-, market- and functional competencies. As for export promotion our main priority is to render together with our Pool of Expert Members efficient and effective high quality consulting services. Within Switzerland OSEC cooperates with Cantonal Chamber of Commerce and other industry organisations and offers its services to export focused SMEs. Swiss companies seeking export advice for India can either contact us directly or indirectly via their local OSEC consultant. OSEC and the SBH are using a transparent "Export Step-by-Step" consulting concept (initial



Fabian Stiefvater has been appointed as Counsellor and Managing Director of the Swiss Business Hub in India and is in this capacity responsible for export and location promotion. He is a Swiss Certified Tax Expert and has a Master of Law from the University of St. Gallen (HSG). He formerly worked as tax consultant for a Swiss law firm and an international consultancy firm. His extensive practical experience includes tax advice for SME's, multinationals and private equity firms in the field of corporate restructuring, mergers & acquisitions, international tax structuring, reorganisation and relocation as well as supply chain management.

information, basic consulting and detailed consulting). Typical areas of expertise include services such as:

- Market research and analysis as well as market clarification (market check)
- Identification of business opportunities by industry sectors (business opportunity check)
- Identification of qualified business partners (business partner check and mediation)
- Evaluation of opportunities to promote SMEs (promotion check)
- Organisation and coordination of visits in the target market (experience check)
- Initiating and coordination of trade fair participation (Swiss Pavilion)
- Information gathering regarding public tenders

One of the SBH's main goals for 2009 is to cultivate and extend our existing network of Pool of Experts.

### **What are the pitfalls Swiss SMEs are today facing in India?**

In order to manage risks in emerging markets effectively, it is crucial to understand the local market and its sectors. Local expertise is critical in order to find the right business partner and to develop strong local relationships. To understand local laws, regulations, cultural aspects and usages is a precondition for doing successful business with India.

While the big Swiss multinationals are mainly operating their Indian business through 100 percent

## *Best of* INDO+SWISS **BUSINESS** 2002-2008

Carnivals in  
Switzerland are at  
their wild and  
luxurious best



**Joesph Koch,**  
Dy. Consul General  
Switzerland, Mumbai

Indo-Swiss economic  
relations have been  
excellent in spite of  
varying size of the  
two countries



**R. Muthu**  
Hon. Consul of  
Switzerland,  
Chennai

subsidiaries, many of the Swiss SMEs rely on joint ventures or mere contractual collaboration with Indian partners (e.g. distributorship agreement). Joint ventures can be risky if the partners have different objectives or if there is an imbalance in levels of expertise, investment or assets brought into the joint venture by the partners. It takes time and effort to build the right relationship and there are numerous examples of successful joint ventures between Swiss and Indian firms. However, before setting up a joint venture it is crucial to make sure that the services or knowledge of interest can not be bought through an arm's length contract (i.e. without sharing ownership). Against the background of how costly and difficult an exit can be joint ventures should be the last resort. In terms of content of a joint venture agreement it is decisive to have a simple and clear exit provision as well as incentive provisions penalizing non-cooperation. Against the background of adverse future impacts non-competition clauses need to be carefully drafted. What nowadays becomes more popular, are flexible joint ventures with a limited life span only covering limited commitments in certain areas of collaboration.

## **What needs to be done in order to improve the investment climate in India?**

An important step towards a more investor friendly environment was the conclusion of a Memorandum of Understanding on Intellectual Property Rights in August 2007 and the launch of negotiations for a broad-based agreement on trade and investment between India and the EFTA countries. Even though investment climate in India has improved significantly over the last years, Swiss firms doing business in India are facing according to a survey conducted by SECO (Swiss State Secretariat for Economic Affairs) the following main obstacles:

- Tariff barriers (customs duties, taxes etc): High import duties for certain products
- Non-tariff import barriers: Import procedures, administrative burden, bureaucracy etc
- Intellectual property rights: Protection of trade marks and patents
- Rigid labour laws
- Difficulties in public tender / procurement
- Taxation: Transfer pricing rules

## **What are your priorities in terms of location promotion following the 60 years' of Indo-Swiss friendship treaty celebration?**

As a result of India being one of the fastest growing emerging markets, Indian companies have in the past years significantly increased their presence in Switzerland. At a time when more and more Indian firms are internationalizing their activities, Switzerland is of course very keen of being a partner of Indian companies seeking to invest in Europe. Our focus in terms of location promotion is to more actively promote our business advantages and to create awareness that Switzerland is a prime headquarter location in Europe. According to a report of the consultancy firm McKinsey, Switzerland does not get the right message across in Asia. While in general the perception of Switzerland is a definitely positive one, most Asian decision makers do not perceive Switzerland as a prime business location but more as a tourist destination. Many Indians still have a Bollywood image of Switzerland but do not have the awareness of the competitive advantages Switzerland offers for European headquarters.

This is in contrast to the fact, that more and more multinationals are choosing Switzerland as the place to establish their International Headquarters or Principal Companies. Besides social and political stability, first-rate infrastructure, high quality of life, high productivity and highly skilled labour force, competitive business environment and flexible labour law Switzerland offers traditionally low taxes - one of the key reasons for having attracted more than 180 multinational firms in the past decade. In 2009 we will tour across India with interesting events such as investor seminars, CEO roundtables, ambassador's breakfast, trade shows, networking events and roadshows in order to be in a position to tap the full potential. According to the McKinsey Report, at least 1,400 Asian companies are looking to establish operations and headquarters outside of Asia. It is our goal to attract more than 120 regional headquarters in the next ten to fifteen years. ■

# Current Financial Crisis is also an Opportunity

- Pierre Mirabaud



**Swiss Bankers Association Chairman Pierre G. Mirabaud has said that the current financial crisis, which has ruined the reputations of many global banking institutions, is also an opportunity for others to learn lessons from. Addressing bankers on the occasion of Swiss Bankers Day on 18 September, 2008 on the theme - Crises are also Opportunities - Mirabaud said the good reputation of the Swiss financial centre remained intact and the financial commitments of foreign investors were a strong vote in favour of the quality of Swiss banking. Excerpts.**

The financial crisis has now reached a new climax: a once-proud investment bank has had to close its doors; an insurance behemoth has rushed into the protective embrace of the US Federal Reserve; and the share prices of global financial institutions have reached a new low. In making my following remarks I don't want to be dictated to by the events of the moment; rather, I want to step back and take a cool look at the financial crisis as whole and peer beyond the hot news of today.

Many lines have already been written about what caused the crisis: inadequate risk management, false incentive systems and greed are some of the key words. Mistakes were made for which we are all paying heavily that is the bald truth. What disturbs me most is the way sane intellect was overtaken by a herd mentality, which is something the Swiss population cannot understand to this day.

It's easy to be wise after the event, and people are wondering why we did not see the crisis coming. For five years borrowing was practically free, investors blindly bought any high-yield instrument going, and banks financed buyouts on ever riskier terms, yet investors queued up anyway to take over the debt. Incentives were there to develop more and more complicated constructions, while all around there was collective denial of the actual risks. In summary, the system was awash with risks, but they were borne not by those best able to bear them, but by those who least understood them. The stability of the financial system was increasingly taken for granted. Banks lent more

and more, even though they all knew this was unsustainable. And what happened next? What happened next was that the demand for certain types of bonds disappeared and the party came to an abrupt end, leaving a hangover that endures to this day.

Switzerland unfortunately did not escape this turbulence. Financial institutions that had enjoyed a long-standing reputation for solidity and reliability were forced to acknowledge that their risk management had failed. As a consequence, they made value corrections amounting to billions and had to strengthen their capital base. But despite the ongoing crisis, there are four things that give me confidence.

Firstly, the international reputation of the Swiss financial centre as a whole remains intact, despite prominent headlines to the contrary. In the international arena, Switzerland is not specifically associated with the crisis since many foreign banks are also affected by these problems. I wonder when we will finally stop continually doing ourselves down. Crises throw up opportunities, not just risks. Because for growth to take place, innovation is needed. And innovation always goes hand-in-hand with risk. Without wanting to downplay the current crisis, it follows that the whole system will learn lessons from it and will be stronger as a result. Secondly, unlike other countries, Switzerland was not forced to spend public money on saving any banks because new and existing shareholders came up with the extra equity needed.

Thirdly, it is a very good sign of the quality of Swiss



banking that, given the circumstances, foreign investors were happy to inject the amounts they did. And last but not least, I'm proud of the many Swiss banks that were not directly affected by this crisis. The Swiss financial centre is healthy. The situation may still be difficult for the odd bank here and there, so it is even more important for the other banks to show their solidarity. This is absolutely no time for Schadenfreude.

So what are the lessons to be learnt from this crisis? First of all, it is vitally important for the Swiss financial centre to have a well-capitalized, crisis-resistant banking system at its disposal. This is especially true given the crucial role played by the two major banks in our banking system. However, Switzerland must not go it alone in terms of laws and regulations. What is really needed is a sense of proportion and international benchmarking. Global crises cannot be solved or prevented on a national level. Supervisory authorities around the globe were virtually blind to the crisis in the offing. To suddenly take measures after the event seems questionable to me. We would be well advised to start by examining how FINMA will fare in its new configuration. The second lesson is to examine and perhaps even raise the level of capital adequacy with a view to improving capital and liquidity management. This must, however, be done using a strictly risk-based approach and paying close attention to the international competitiveness of our banks. We should also keep a closer eye on the maturities match between assets and liabilities on balance sheets and evaluate them in a better way. The much-discussed leverage ratio is not a panacea to solve all problems. The Americans have been employing a leverage ratio for ages and still the financial crisis could not be warded off. The third lesson is to reconsider the incentives which banks incorporate in their remuneration systems, and which their supervisory boards should, if necessary, adapt. And as a private banker and entrepreneur myself, the fourth and final lesson is a moral, ethical one about the social responsibility each of us bears. This responsibility is all about standards, customs and traditions, and it should shape and guide all the things we do, and especially the things we do not do. But it is exactly this social control, which is crucial to harmonious coexistence in society that has suffered under the excesses of the past few

## Best of INDO-SWISS BUSINESS 2002-2008

Bollywood is contributing towards creating a positive image



**Massimo Baggi,**  
Economic Consul,  
Swiss Embassy

Democracy is the Strength of India and Switzerland

**Berhard Bienz,**  
Consul, Swiss  
Consulate,  
Mumbai, with  
wife Debora.





years. Greed, egotism and thoughtlessness have been pushing aside moderation, the common good and consideration. Economic liberalization for example, our current system of a free global market brings enormous advantages. But it makes demands on the elite in this case the economy's leaders to show a healthy sense of responsibility and moderation. We need to learn the correct lessons from all this. It was not the system that failed, but a few participants in the system.

As the European football championships showed, Switzerland has seven million football coaches. And as the financial crisis showed, there are almost as many banking strategists. People who probably still make their payments at the post office started calling for banks to sever their connections with investment banking. I personally believe that global banks, especially those aiming to be successful in asset management in Asia, definitely need to offer investment banking to these clients. Investment banking should certainly be scaled back that is, it should be there to provide services for third parties, not to operate mainly in the hedge fund business. But

even more importantly, this decision is not one for politicians, regulators, those who write letters to editors, newspaper columnists, or me the only people to take the decision are the supervisory boards that were elected by the owners, i.e. the shareholders. Before I move on to the next topic, I would just like to make a few personal comments on the unpleasant side effects of this financial crisis. I was deeply disappointed to see how as soon as the first problems in the global financial system emerged the usual suspects popped up to rail against the international financial sector and its practitioners, dealing out a Marxist-style polemic that often verged on personal insult. If the economy is doing well, it is thanks to others. But if it's doing badly, only the banks are to blame. These people defame an entire industry and ridicule a professional body in the media an industry, by the way, that contributes almost 10 percent of this country's prosperity and 16 percent of its tax revenues. Now taxes, of course, are charged on profits. But whenever these tax receipts are in danger of falling, the redistribution experts on the left are suddenly advocates of banks making large profits. It's a topsy-turvy world! It would nice if the left would



structure the economic framework to help companies improve their earnings in different circumstances, too. But seriously: the deliberate malice exhibited by certain commentators demonstrates neither a great understanding of economics nor a respect for the truth. Instead, it is purely a product of the populist vote and attention-grabbing headlines. It may win votes and readers in the short term, but in the long term it damages our country, which owes a large part of its success to the success of the financial sector. It is especially in times of crisis that a sense of proportion is called for, and not panic-mongering. As professional bankers, we have no reason to be ashamed of ourselves; in fact, we can be proud of our contribution to the prosperity of Switzerland.

## Privacy is still important

The year 2008 was not just an annus horribilis for the global financial industry. Indeed not. In February this year it became very evident to one of the world's tiniest countries that its large neighbour wanted to assert its interests using constitutionally extremely dubious methods. Almost overnight after years of peace from the media banking secrecy returned to the international agenda of high-tax countries. Naturally enough, scarcely a day had passed before the spotlight also fell on Switzerland and its legal system. The media rolled out the red carpet for retired former finance ministers, and once again one of Switzerland's ruling parties could think of nothing better than to join forces with the EU against Switzerland's interests. But I'm not here to give euro-enthusiasts another reminder about how big EU countries treat small countries. No, I'm only concerned with the crucial question of how much privacy citizens can expect from their state. The people who, without batting an eyelid, haul off suspects at the crack of dawn in front of rolling TV cameras, who pre-judge them in the media and congratulate themselves on what they've achieved, are the same people who appear unconcerned at the fact that when it comes to fighting organised crime, investigating magistrates seem to have less power at their disposal than they have when they pursue cases of tax fraud or tax evasion. This is another example of a topsy-turvy world. Perhaps I put this a little sharply, but there seem to be European states where the hierarchy of offences is such that a suspected tax evader enjoys fewer rights

## Best of INDO-SWISS BUSINESS

Economic liberalisation in India has brought tremendous business opportunities



**Dr. Jacques Derron,**  
Swiss Counsellor  
(Economic & Commercial)  
New Delhi

India long-term gain rests on globalizing services

**Daniel Kung, CEO,**  
Osec Business  
Network, Switzerland



than a potential terrorist or drugs dealer. And this situation alone should give food for thought to all those especially in our country who criticize our Swiss legal system as regards the criminalization of minor tax offences. I would like to continue living in a country where to loosely paraphrase Winston Churchill people can be sure that when the doorbell rings at six in the morning, it's the milkman and not tax investigators accompanied by TV cameras.

In order to determine the extent to which it is in the public interest to restrict privacy, we need to examine the different roles attributed to state and citizen. In Switzerland, the answer to this question derives from philosophers such as Rousseau and Jefferson, who thought that power was given legitimacy by the people and not the state itself. The state serves the citizen and not vice versa. It follows that preserving privacy is a fundamental principle. This political philosophy can also be extended to the current discussion about pursuing tax offenders. Our law makes a deliberate distinction between tax evasion and tax fraud and by the way it did this long before the EU came into being and this distinction is compatible with this political understanding. It expresses the relationship of trust between citizen and state and prevents the unnecessary criminalization of citizens when there are other ways to implement the law.

No one would dream of abolishing the speed limit for German car drivers on Swiss motorways, just because there is no speed limit in Germany. But this is exactly the highly risky demand from the perspective of jurisprudence that is being made, again and again, of Switzerland's tax laws. "Just criminalize foreigners", we hear over and over again.

"Banking secrecy should continue to apply to the Swiss." Switzerland is a state founded on the rule of law and such a state does not deviate from the principle of treating native citizens and foreigners alike. Switzerland has absolutely no justifiable interest in subjecting foreign customers to discrimination in our financial marketplace.

It is just as ludicrous to criminalize tax evasion for the sole purpose of making it qualify for international judicial assistance. Switzerland is a sovereign state based on the rule of law and it makes laws that are

necessary and appropriate for our country, and not as an opportunistic response to demands from outside its borders. Switzerland's critics then go on to demand that the principle of dual criminality be dropped with regard to granting judicial and administrative cooperation. This would have far-reaching consequences for Switzerland's reputation and for confidence in our country as a financial centre. To a considerable extent, the fact that our financial marketplace has become the world's third largest asset management centre is because customers around the globe can trust in the reliability and stability of the Swiss legal system, which is not ruled by day-to-day political opportunism.

This year, commentators of all allegiances, diehard critics of our financial centre and even so-called experts are once again, in light of the clear increase in pressure from abroad, starting to play the Last Post for banking secrecy. I have the benefit unfortunately! of age and can still remember the 1977 Chiasso affair, the 1984 Banking Initiative and when the EU met in Santa Maria da Feira in 2000 and agreed to the exchange of information. Then, just as now, banking secrecy was given no chance of surviving. Ladies and gentlemen, they were wrong and we are still practicing it today. However, this crisis, which has largely been whipped up in the written and spoken media, brings Switzerland not only risks but also opportunities. To be specific, we have the opportunity to stand up in this almost Orwellian "Big Brother" world for the importance of privacy and by doing so, not pander to the data collectors in offices and parliaments but give the people what really matters to them.

Protecting privacy is quite simply a basic human need. It is not we Swiss who have to justify why we hold this principle in such high regard, but the other countries who should give their reasons for not doing so. Another example of a topsy-turvy world. Let us not be deterred. Protection of financial privacy is important and right, is firmly rooted within Switzerland, and is an opportunity and not a risk for Switzerland and the Swiss financial centre. And let us remind all our foreign critics once more: the electorate decides the future of banking secrecy in our country, not functionaries in Brussels, senators in Washington or OECD bureaucrats in Paris. ■



## Swiss Watch - A Blend of Dream, Emotion & Innovation

# But In India, Heavy Taxes Hamper Market Growth

By **Jean-Daniel Pasche**, President, FH



The FH is the top level association of the Swiss watch industry. It was founded in its present form in 1982 following the merger of pre-existing associations, the oldest of which dates back to 1876.

The FH has its headquarters at Bienne, in the heart of the Swiss watchmaking region, between Geneva and Basel. It has permanent offices in Hong Kong, Tokyo and Asuncion in Paraguay and employs about 40 persons.

Our association has over 520 members, made up of watch brands, sectoral and regional associations and component manufacturers.

It pursues activities in the legal, commercial, economic and technical fields to defend Swiss watchmaking interests by promoting free trade, facilitating access to world markets, improving background conditions, supporting companies in their export endeavours, engaging in public relations for the benefit of the branch, taking responsibility for standardisation in the

watchmaking field and fighting counterfeit products.

Historically, the Swiss watch industry has been built around a specialised horizontal structure in which suppliers and subcontractors deliver component parts (movements, cases, dials etc.) to the watch manufacturers which then go on to make or sell the watch itself.

On the other hand, the Swiss watch industry has also developed on a vertical model with a structure in which the watch is entirely made within the same company known as a "manufacture". Today, very few manufactures of this kind exist, but they all enjoy a very strong identity created by their brands and their own particular products.

The process of verticalisation has gathered pace in recent years. The acquisition of some prestigious brands has enabled major watch groups to grow or become established in order to bring together all the necessary competences within a single unit. All the products and brands both upstream (development, production) and downstream (distribution, sales) benefit from the synergies created in this way.

The average workforce of the watchmaking and micro-technical companies has showed an increase for the last 30 years. By now about 48,000 people are working in the Swiss watch industry.

Without going back too far in time, our industry has, interestingly enough, experienced permanent growth for the past 30 years. Sales have risen, resulting in higher exports. There have of course been slower periods, but the long-term trend remains positive.

More recently, the balance sheet for the past 10 years has been positive. After the difficult year experienced by us in 2003, the trend was reversed at the beginning





of 2004 with new records year after year.

Last year, the value of Swiss watch exports stood at nearly 16 billion Swiss francs, representing 16.2 percent growth on 2006. The number of timepieces exported also came as good news with a 4.2 percent rise. In other words, about 26 million Swiss watches were exported in 2007. As far as 2008 is concerned, we expect a further growth versus 2007. We guess that we could go far beyond the value of 16 billion Swiss francs.

The Swiss watch industry uses two parallel technologies: on the one hand, the analogue quartz electronic watch and on the other more traditional watches with a mechanical movement. Almost 83 percent of Swiss watch production in volume terms currently consists of electronic pieces with mechanical watches accounting for just 17 percent. But in value terms, the proportions are different, i.e. 30 percent for electronic watches and 70 percent for their mechanical counterparts.

Among the different materials, gold and steel have done well. You will not be surprised to learn that 85 percent of our sales in value are made up of high end products, unlike the offer available from our competitors. On the other hand, in terms of the number of timepieces, high end items represent just 17 percent of all exported Swiss watches. As a result, the average price of our watches is far higher than that of our competitors. Our positioning is also clearly apparent when the types of exterior parts are compared. Precious metal watches account for 2.0 percent in volume, but 36 percent in value. Steel remains the leading material and is present in all the market ranges.

More than nine out of 10 watches made in Switzerland are exported and go to every continent. However, the



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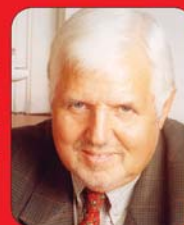
### India , a Haven for SMEs



**Sushil Premchand,**  
President,  
Swiss-Indian Chamber  
of Commerce

My role as the president  
of SBF is to provide a  
platform where issues can  
be highlighted and voice  
them with the intention  
to resolve issues

**Hans- Peter Doser,**  
General Manager,  
South Asia for Swiss  
International Airlines



geographical distribution is uneven. Asia comes in first place (47 percent) ahead of Europe (32 percent), America (19 percent), Oceania (1.0 percent) and Africa (1.0 percent). At the more specific level of the markets, Hong Kong leads the field, ahead of the United States, Japan, France, Italy and China.

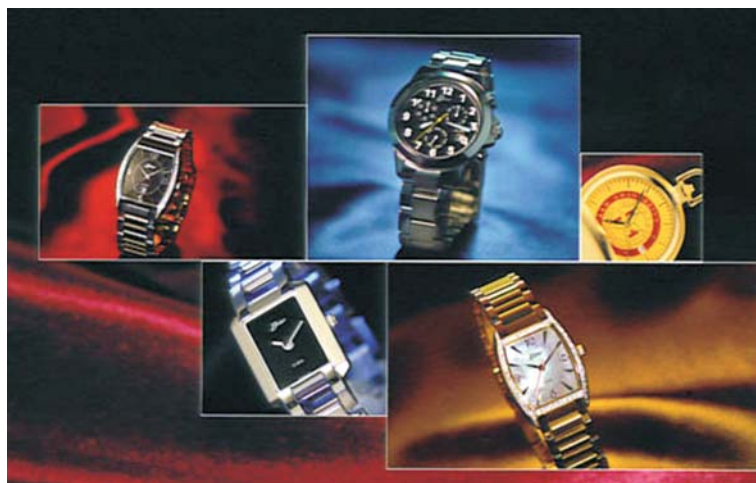
The Swiss watch industry can rely on strong brands which partly explain its success. Brands constitute a kind of warranty labels on which consumers may rely. I would say that our industry is a branded industry to a large extent.

Further, the development of new designs, of new models also contributes to the success. Our industry is a mix of technology and art. The technological evolution is illustrated by the application of patents. Switzerland has applied for patents in the watch industry as much as the total of the other watch countries for the last 10 years.

Besides the brands, the indication Swiss made is another distinguishing feature and a guarantee label. This issue is subject to a lot of discussions within the industry and it is sure a challenge for it. We are convinced that this label is of tremendous benefit to the Swiss watch industry. This indication has been regulated by a decree of the Swiss government dated 1971. The use of this indication is subject of three conditions to be fulfilled with.

It therefore requires that the assembly work on the movement (the motor of the watch) and on the watch itself (fitting the movement with the dial, hands and the various parts of the case) should be carried out in Switzerland, along with the final testing of the watch. It also requires that at least 50 percent of the components of the movement should be manufactured in Switzerland.

In order to



safeguard the value and the credibility of the label on the long term, our federation has issued a draft in order to reinforce the Swiss made. We propose among other criteria to require a minimum share of Swiss value on the watch itself. But it will be up to the Swiss government to reach a final decision on the matter.

The Swiss watch industry has been present in India for many years. India is one of the emerging markets with huge development potential. Swiss watch exports to India were worth 68.4 million Swiss francs in 2007, up 13.2 percent on 2006. This growth is continuing in 2008 and has reached as much as 44.2 percent after the first nine months in 2008. The establishment of our branch in India is also contributing to the development of local activity. Distribution and sales must be organised throughout the country, making use of qualified personnel. The staff concerned must be able to advise customers and present high technology mechanical or electronic products. Swiss watches are used for many years. That is why service and repair facilities must be assured if the need arises, once again calling upon skilled personnel.

The Swiss watch industry is keen to develop its business in India for the benefit of Indian consumers.

However, as yet India is only the 26th market for our branch. One obstacle to its development is the very high level of tax which is still levied on Swiss watches in India. Even after deducting VAT and local taxes, the amount payable by the brand is 46 percent of the CIF price (Duties, CENVAT, Education Cess, Special Additional Duty). Our Federation is working closely with the All India Federation of Horological Industries in an endeavour to resolve this problem and bring







taxation down to a reasonable level. The Indian State would also benefit from such a reduction to the extent that it would be a way of combating parallel trade and smuggling. After all, high taxes favour that type of activity.

A further significant point is that Switzerland itself imports Indian horological products. These imports are also rising - by 39 percent in 2007 and 16 percent in the first nine months of 2008.

Our respective Indian and Swiss watch industries have common interests to defend, especially in the field of standardisation. ISO standards must be developed to harmonise technical rules at global level and so facilitate production and trade in watch and clock products. Convergent interests may also exist in other areas of interest to the branch, such as free trade or the prevention of counterfeiting. Representatives of the Federation of the Swiss Watch Industry and the All India Federation of Horological Industries meet regularly, especially at the Watch and Jewellery Show Baselworld, for exchanges of views on general subjects affecting their industry.

So we are confident in the future of our industry in India. It is through the diversity of its product and the promotion of authenticity that Swiss watchmaking will continue on the path of success in India. Our brands are committed to meet the expectations of all consumers, because each one considers himself unique. They offer more than simply a means of telling the time. They offer a dream, emotion, innovation. ■

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The heterogeneous nature of SBF allows you a good feel of the country's business environment



**Carlo Donati, CMD**  
Nestle India

TCS is proud to be associated with Switzerland



**F.C. Kohli,**  
Tata Group

# Swiss Pharma Firms Thrive on Exports of Specialty Products

Switzerland is among the world's leading producers of chemicals and pharmaceuticals. The chemical industry focuses on dye-stuffs, perfume essences and food flavourings. The centre of the industry is Basel. The largest pharmaceutical companies are Roche and Novartis (formed by the 1996 merger of Ciba-Geigy and Sandoz). The chemical and pharmaceutical industries export 85% of their output.

The Swiss chemical and pharmaceutical industry operates nearly exclusively in the field of specialties. Today 90 % of the Swiss chemical industry's overall product portfolio are specialties; a remarkable portion compared to international average. Producing more than 30,000 products, it is exceptionally differentiated. The global annual demand for some of these specialties often is below a few metric tons and even lower.



The following major product groups can be distinguished in terms of areas of application:

- Pharmaceuticals and diagnostics
- Fine chemicals
- Vitamins
- Flavours and fragrances
- Crop protection agents
- Specialty chemicals for industrial-technical purposes
- Pigments, paints and lacquers.

This strategy of concentration on specialties is the Swiss chemical and pharmaceutical industry's key to success. With their high-grade specialised products Swiss companies have established a world-wide presence, and often a market leadership.

Research and development for new products and processes are the lifeblood of the Swiss chemical and pharmaceutical industry. Using scientific findings and methodologies, our companies continuously develop new products and processes which satisfy existing and future requirements of customers. The necessary, significant investment into research can only be made if the companies can rely on future returns. Research expenditures are funded by the profits made from the sale of today's products. The most important ingredients for this innovation process are the scientific and technological know-how and the skills of the workforce. Their work is decisive for the success of a research or development project. Additionally, the company has to provide the necessary research infrastructure and to create an open, creative atmosphere with a management style in keeping with the times. However given all these factors, scientific success can be neither planned nor guaranteed. While the risk of failure can be reduced by adequate research management, investments in research nevertheless carry a high risk compared to capital expenditures in physical assets. With a share of over 4% of the world export of chemical and pharmaceutical products, Switzerland is number 9 among the biggest export nations.



## Rising Global Share

The Swiss chemical and pharmaceutical industry shows a rapid and significant development into high-value specialties. In particular the pharmaceuticals have gained importance: their share of the total export of the industry has increased since 1980 from 40 % to 74%. From 1980 to 2007 exports of pharmaceuticals, vitamins and diagnostics have risen from 100 % to over 1350 %. In the other specialties areas the growth has been more moderate with increases from 175 % to 425 %.

## Core competency & Stress on Life Science products

The breakdown of the turnover along product groups, clearly demonstrates the orientation of the industry towards specialties. More than three quarters of the products are life-science products, defined as products impacting on the metabolic processes of living organisms. This group includes in particular pharmaceuticals, vitamins and fine chemicals, as well as crop protection agents and animal health preparations.

- Pharmaceuticals: prescription and over-the-counter drugs (patented or generic) as well as their ingredients to be used in formulations.
- Diagnostics: health care products which support the physician to get additional information for curing a disease.
- Vitamins, flavours and fragrances: products not ready for consumption, but rather ingredients in the form of 'bulk products' to be used in the manufacturing of pharmaceuticals, foodstuffs, animal feed as well as cosmetics and perfumes.
- Crop protection agents: herbicides, fungicides and insecticides including their active ingredients. Primarily used in agriculture.
- Specialty and fine chemicals: numerous highly specialised products providing specific effects, often manufactured in relatively small quantities and in response to specific needs of individual customers. Professional advice to customers is usually of considerable importance with these products.

## Direct investments in more than 80 countries

Since the beginning of the last century the Swiss

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Swissmem is the torch  
bearer of the Swiss  
Economy



**Stephanie Meier,**  
Mediensprecherin, Swissmem

Swiss Machine Tools is  
the Pinnacle of  
Precision



**Shailesh Sheth,**  
Advisor to Swiss  
companies on  
Strategies for India



chemical and pharmaceutical industry has consolidated the international presence of its innovative products by direct investment in more than 80 countries. The value of the industry's foreign direct investments amounted to more than 62 billion CHF in 2002, a share of 45.8 % of all direct investments by the Swiss industry.

The Swiss chemical and pharmaceutical companies have sales organisations in nearly all countries of the world. Manufacturing is concentrated in only a few sites for cost optimisation. Research centres are located mainly in Europe, the US and Japan.

### Rising Headcount Abroad

The number of employees abroad of the "top-ten" companies increased in the past 11 years by approximately 40 %, whereas it grew only moderately in Switzerland. The total world-wide headcount increased by over 85'000 employees, corresponding to an annual growth rate of about 4 %. The highest growth rates are in the American and European countries, whereas the growth in Asia decreased slightly.

### Innovative activities of SMEs

Given the expenditures necessary for research and development of a new drug or plant protection ingredient, the innovative activity of small and medium-sized enterprises in the chemical and pharmaceutical industry has to be concentrated on areas within well defined borderlines. The concentration of several companies involved in leading-edge research in Switzerland (called a cluster in innovation theory) creates favourable conditions for

the success of SMEs too. The increasing orientation of the large companies towards highly innovative fields is accompanied by a corresponding outsourcing of research and manufacturing activities. The niches that open up allow a fair number of smaller and medium-sized enterprises to operate

### Commitment to R&D

The strategy of specialties requires big and continuous efforts in research and development. This strategy can be maintained only if the companies continuously succeed in introducing and marketing innovative products on the international markets.

Without the profits of these new products, the necessary research and development expenses associated with innovation could not be financed by privately owned companies. New technologies play an important role in ensuring the future economic success of the companies. While biotechnological methods are gaining importance as research and manufacturing tools in the life-science area (health care and agriculture), the development of research intensive, customer specific solutions is a cornerstone in specialty chemicals not only products and formulations, but rather a comprehensive application system.

The leading position of the Swiss companies, compared to other countries, can be explained primarily by the high share of pharmaceutical research. This position demonstrates the decisiveness of the Swiss companies to remain in leading positions of scientific and technological innovation.

### R&D Associated Business Risks

The costs of research and development of new chemical or biological entities (NCBE) are rising continuously. On one side scientific progress and the application of new technologies make research an increasingly complex process with inherent considerable risks of failure; on the other hand stricter international safety requirements call for increasingly longer evaluation and test periods for new products. Today, 10 - 12 years elapse before a new drug reaches the medicine chest. Out of 10,000 substances going into pre-clinical tests, only 5 get so far as to be tested on humans. Only one of these 5 clinically tested substances is eventually marketed.

Rising research costs are not exclusively found in the pharmaceutical area; they rise in nearly all areas of the chemical industry. As an example, the development of a new active ingredient for crop protection costs on average 300 mio CHF (2002), which is 30% higher than in 1995. One third of these costs is used for testing the eco friendliness of the new product.

## Major Domestic Employer

The chemical and pharmaceutical industry is one of the most important employer of research staff in Switzerland; it employs 26 % of total research personnel in the Swiss industry. In 2004, it employed 8'708 highly qualified persons in research, i.e. approximately as many as all Swiss universities and technical colleges taken together.

## Dependence on Foreign Trade

The strategy of specialised products and the limited size of the domestic market are the reason for the heavy dependency on foreign trade. Only approximately 5 % of the sales are in the home market; 95 % of the industry's production are exported. The highest portion of exports, about 60 %, goes to the EU countries. Together with exports to the other European countries, around two thirds of exports go to Europe. All raw materials for the chemical and pharmaceutical production have to be imported. More than 80 % of the industry's demand are imported from EU countries.

## Most Dynamic Export Industry

The industry's share of the total Swiss exports has increased continuously since 1980. In 2006 the share amounts to one third. In the period from 1980 to 2007 the exports of the chemical and pharmaceutical industry grew 26.0 % annually, while the total growth rate of all sectors of the Swiss industry was 14.8 % per year. The chemical-pharmaceutical industry in Switzerland The chemical and pharmaceutical industry in Switzerland achieved an export surplus per capita which is one of the highest in the world. In 2006 it amounted to over 2'300 EUR, which is 6.5 times higher than the comparable figure in Germany.

## A Fast Growing Sector

The chemical and pharmaceutical industry is a particularly dynamic part of the Swiss economy. Production grew between 1995 and 2007 at an average annual rate of 15.3 %; the whole Swiss industry

# Best of INDO-SWISS BUSINESS 2002-2008

## Sourcing Management Office- A process Approach for Sourcing Excellence



**Prabhu Sinha'** Global  
Head - Quality  
Solutions, Satyam  
Computer Services  
Ltd.

## We started as an Internet Security Products Company that helps a user to control his Internet account using SMS and extended the concept to vehicle and home security

**Dr. P. Sekhar, CMD,**  
Micro Technologies  
Ltd.







achieved only a figure of 3.7%.

In addition to the well-known large companies, the sector consists of around 1,000 smaller and medium-sized enterprises, geographically spread over the whole of Switzerland, though with a concentration in the north-western region. 95% of all companies in Switzerland employ less than 250 persons; only around a dozen companies have a workforce of more than 1,000. The smaller and medium-sized enterprises, which generally produce predominantly in Switzerland and export their products throughout the world, have succeeded in occupying market niches. Their great flexibility often makes the SME's perfect outsourcing partners for the big companies in our sector.

## Healthcare & Environment Protection

The SGCI member companies are conscious of the fact that their activities affect the environment. In their company policies, safety, health and protection of the environment are afforded high priority. In addition to the legal regulations they make efforts on their own account to maintain the high degree of safety, health protection and protection of the environment already achieved, and to continue to develop their endeavours in these fields. SGCI member companies conform to the Guidelines for the protection of the Environment of the European Chemical Industry Council (CEFIC) approved in 1988, while at the same time they take into consideration other principles such as the Business Charter for Sustainable Development of the International Chamber of Commerce (ICC-Charter).

## Lower Incidence of Accidents

The protection of employees in the workplace has enjoyed a long tradition in the chemical and pharmaceutical industry. Organizational and technical

measures are continuously being taken to reduce the number and severity of workplace accidents. Thanks to focused training on a periodic basis of all employees workplace accidents could be significantly reduced over the last decade. The accident coefficient LTIR (Lost Time Incident Rate) as measured in number of accidents per 1 million working hours has been cut to half from 13.0 in 1993 to 5.9 in 2006.

## Leader in Reducing CO<sub>2</sub> Emissions

Between 1993 and 2006 the CO<sub>2</sub> emissions in the chemical and pharmaceutical industry dropped by 13.5% from 940'000 to 813'000 tons. The production volume increase in the same period was over 200 %. The CO<sub>2</sub> emissions from the Swiss chemical and pharmaceutical industry amount to less than 3% of total Swiss CO<sub>2</sub> emissions. Two thirds of the energy used by the chemical and pharmaceutical industry is generated from fuel oil, gas and waste.

According to the Swiss CO<sub>2</sub> Law the total CO<sub>2</sub> emissions in 2010 have to be reduced to 10% below the 1990 levels until 2010. The Swiss chemical and pharmaceutical industry has already achieved this goal: the CO<sub>2</sub> emissions in the period 1990-1999 fell to 17% below the 1990 level.

The chemical and pharmaceutical industry will attempt a further reduction: assuming a production increase of around 170%, the target level of 14% below the 1990 level will be achieved.

## Sparse Use of Natural Resource Water

Over the period between 1993-2006 the consumption of cooling water could be lowered by 16.1 %, which amounts to some 260 million m<sup>3</sup>. Cooling water is not polluted by any chemical process. The consumption of industrial water was reduced from 46 to 17 million m<sup>3</sup> in the same period. This reduction of polluted industrial water resulted in a reduced loading of the wastewater treatment plants and avoiding extensions or new constructions of such plants. the industrial water consumption has been reduced to less than 10 % of the cooling water used.

(Source: The Swiss Society of Chemical Industries).



# MEM Remains Robust Despite Slight Slowdown in Growth

The engineering, electrical and metal industry (MEM) occupies a key position in the Swiss national economy. It is the largest industrial employer, with 348,774 employees (as at the end of June 2008) and contributes just below 40 percent of the goods exported from Switzerland, with exports worth 70 billion CHF. The Swiss MEM industries continue to enjoy in robust health and have good prospects. However, after the boom in 2007, when production capacity was stretched to its limits, the companies are expecting demand to ease year-on-year. In terms of submarkets and individual companies, greater variation in market development is to be anticipated. The outlook for exports is expected to remain generally positive, especially in Eastern Europe, China and Germany.



Today, the engineering, electrical and metal industry represents itself as an unquestionably high-tech sector with many facets. It influences all spheres of life and the economy, from homes and mobility to health and safety, including nutrition. Many companies in the Swiss engineering, electrical and metal industries occupy an internationally leading role in their sub-sectors. Successes in the foreign markets make a decisive contribution to the Swiss context for work and thought in this way.

The engineering, electrical and metal industry represents the largest industrial sector in Switzerland. The industry contributed 19.3 percent to the gross domestic product in 2007; the proportion of the added value of the engineering, electrical and metal industry corresponded to 9.4 percent.

About 80 percent of the products of the engineering, electrical and metal industry are exported. The engineering, electrical and metal industry contributes

39.6 percent to Swiss exports in total.

## Impact of global economic crisis

In the third quarter of 2008, the Swiss mechanical and electrical engineering ((MEM) industries continued the marked growth phase of past years, but at a reduced pace. However, in the coming months, the outlook points towards stagnation or even a decline in growth. Whereas in terms of sales (+6.5 percent) and exports (+5.8 percent), last year's high figures were exceeded, the economic slowdown of recent months was reflected in substantially reduced order intakes. In view of the tense economic situation, it is even more important that good operating conditions are maintained in Switzerland. For this reason, the continuation and expansion of the Swiss-EU bilateral agreement on the free movement of persons is a top priority for the MEM industries.

Despite the increasingly difficult market environment,

Swissmem's 290 reporting members achieved a year-on-year sales increase of 9.1 percent in the first three quarters of 2008. Export sales (+ 9.0 percent) and domestic sales (+ 9.6%) contributed equally to growth. The companies benefited from high order backlogs that should, however, gradually reduce in coming months. The increasing sluggishness of the economy was already evident in the third quarter in the form of low growth rates in both export sales (+ 7.8 percent) and domestic sales (+ 1.9 percent).

In the first nine months of 2008, MEM companies exported goods worth CHF 60.9 bn (+5.8 percent), with slightly lower growth in the third quarter (+5.1 percent). Continued high export growth (+10.8 percent) was achieved this year, primarily to Asia. Deliveries to the US (+4.9 percent) and the EU (+4.3 percent) which is by far the largest market, accounting for 65.7 percent of exports also proved satisfactory. The new EU countries Romania and Bulgaria exhibited above-average growth of 10.6 percent and 9.1 percent respectively.

## Marked drop in demand

In the first nine months of 2008, order intake was 12.7 percent lower than in the year-back period. Export orders dropped by 14.8 percent and domestic orders by 4.4 percent. This development was accentuated by the crisis on the financial markets and in the banking sector, and the related global economic slowdown, with the result that order intake in the third quarter was down 20.2 percent year-on-year (export: -22.9 percent, domestic: -9.2 percent).

Developments within the MEM industries have been very mixed. Certain subsectors continued to exhibit pleasing export growth this year, such as automotive (+14.3 percent), precision instruments (+8.0 percent) and electronics and electrical engineering (7.4 percent), while mechanical engineering (+3.6 percent) and metal working (+3.4 percent) exhibited more modest growth.

The differences were most apparent in the mechanical engineering subsector. While divisions such as pumps (+10.2 percent) and machine tools (+7.4 percent) enjoyed sustained export growth, production areas such as printing machinery (7.2 percent) and textile machinery (-16.7 percent) were confronted with a

## Best of INDO-SWISS BUSINESS 2002-2008

Switzerland must again learn to see changes as opportunities and not as threats.



**Pierre Mirabaud,**  
Chairman, Swiss  
Bankers Association

Tap the vast potential of Indo-Swiss trade



**T. C Venkat  
Subramanian,**  
Managing Director,  
EXIM Bank, India

strong international drop in demand early on.

At the end of the third quarter of 2008, capacity utilization at the various MEM companies stood at 89.9 percent; a drop of 2.8 percent compared to the previous year.

The recessionary trend that has in recent months become increasingly evident in various economies is serving to dampen prospects and impact business further. The rapid and strong appreciation of the Swiss franc against the euro is posing an additional challenge for companies in the MEM industries.

Current economic developments mean that companies are increasingly obliged to make systematic use of cost-cutting potential and align production with the difficult market environment. Even though production figures are much higher than in the economic crisis years following 2001, companies may still in certain cases be forced to introduce short-time work. This will allow them to react promptly and with a long-term view when faced with what may at times be abrupt market developments.

In times of economic difficulty, maintaining and building upon a good operating environment is all the more important for the companies of the MEM industries. For this reason, the continued free movement of persons and its extension to Bulgaria and Romania is of key economic importance. Swiss-EU bilateral agreements have made a large contribution towards creating numerous new jobs in the past three years, including in the MEM industries.



Due to the close economic ties between the MEM industries and European countries, it is crucial for good, contractually governed relationships to continue to thrive between Switzerland and the EU in the future. This is the only way to retain open, unhampered and non-discriminatory access to the EU single market.

Furthermore, if the Swiss economy is to remain successful on international markets in the future, rises in production costs in Switzerland must be consistently avoided. Higher production costs are nevertheless to be anticipated if the massive increases in electricity prices announced for next year are indeed implemented. The AHV initiative advocating a more flexible retirement age, which will be put to the vote on 30 November 2008, would in the long term also incur high additional costs for Swiss companies.

In the first half of 2008, the Swiss mechanical engineering, electrical and metal industry recorded continuing growth with sales up 10.5% and a 6.1% increase in export volume. Nevertheless, incoming orders fell by 9.2% in comparison to record year 2007. Aside from the difficult economic situation, increased commodity and energy prices also took their toll on companies. To reduce dependency on oil and gas and ensure both economical and climate-friendly electricity production, Swissmem is calling upon the Federal Council to give a clear political signal for the construction of new nuclear power stations.

Sales of the 290 reporting members of Swissmem increased by 10.5% in the first half of 2008, whereby domestic sales went up more sharply than sales abroad (13.6% and 9.7% respectively). In the same period, exports rose to CHF 40.7 bn (+6.1%). With a 15.1% increase, primarily the Asian markets continued to display good momentum, while deliveries to western European markets (+5.2%) and the USA (+5.1%) did not rise as steeply.

All subsectors benefited from the previous year's good order intake, primarily electronics and electrical engineering (+8.6%) and precision



instruments (+7.2%). Vehicle construction (+6.1%), mechanical engineering (+5.8%) and metalworking (+3.7%) developed slightly more moderately.

The growth phase of past years was connected with a significant increase in employment in the MEM industry. While the industry counted 304,828 full-time equivalents in the first quarter of 2004, this number had increased to 344,365 by the first quarter of 2008.

## Cautious optimism about development

While incoming orders last year were at a record high, a decline was recorded in the first half of 2008. Domestic order intake fell by 2.1%, while orders from abroad decreased by 11.0%.

The slowing momentum in demand will most likely lead to stagnating growth. Despite this, companies are cautiously optimistic about the next 12 months. The Swissmem member companies surveyed continue to expect sustainable growth stimuli to originate from Eastern European or Asian markets. For the European markets, expectations are primarily centred on sideways developments, while a slight decline in order intakes is forecast for the USA.

## Swissmem - political demands

In recent months, increased commodity and energy prices have led to a steep rise in procurement costs and have upped pressure on margins yet further. These price increases can be attributed firstly to the strong rise in demand of individual emerging markets, and secondly to the concentration on the supplier end. For this reason, Swissmem is urging the Federal Council to carefully observe the market conduct of these commodity conglomerates and of countries that export commodities, and to intervene appropriately should violations of free market principles be identified. Where necessary, proceedings must be initiated in conjunction with the EU and interventions made at the WTO.

To counter the developments on the commodity and energy markets, the dependency on oil and gas must be reduced in the long term by replacing these fossil fuels with electricity. For this purpose, not only promotion of energy efficiency and renewable energies is required but also new electricity production capacities. To ensure production of electricity is as

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## SMEs – engines of India's future growth



**Alastair Guggenbuhl-Even**, Founder and Managing Partner of BTS Investment Advisor

## Potential untapped in India, China Insurance helps emerging markets to globalize



**James J. Schiro**, CEO, Zurich Financial Services





economical and climate-friendly as possible, Swissmem is calling upon the Federal Council to give a clear political signal for the construction of new nuclear power stations.

Swissmem considers the general wage increase demands submitted by the trade unions inappropriate. Any wage adjustments must be in line with the relevant company situation and take economic developments into account. If manufacturers succeed in completely passing on price increases to consumers, the threat of a wage-price spiral looms, which could lead to stagflation.

Finally, Swissmem is calling for SUVA (Swiss National Accident Insurance Fund) to be able to offer both mandatory and supplementary insurance, as being excluded from supplementary accident insurance is leading to additional expenses and thus higher costs for companies. To prevent SUVA from being weakened and therefore higher premiums for the insured trade and industry sectors, Swissmem has now founded the SUVA Industries' Platform (Plattform der SUVA-Branchen).

### Initial Growth high, but slowing down

The Swiss mechanical and electrical engineering industries (MEM industries) got off to a good start in 2008, with sales up 10.6 percent. New orders fell slightly (4.4 percent) on the previous year's high levels. In the medium term, growth is expected to slow, but

remain fairly brisk.

The 290 reporting companies posted further growth of 11.1 percent in foreign sales in the first quarter of 2008 compared with the prior-year period, while domestic sales rose by 8.4 percent. The extremely healthy level of orders in hand from 2007 helped to drive total sales up by 10.6 percent. Capacity utilization remained high at 91 percent.

New orders fell slightly by 4.4%, with foreign orders declining less than domestic orders (-2.3% and -11.9% respectively). A two-year comparison shows that order intake is still high; the

index for the first quarter of 2008 exceeded the 2006 figure by 11.7%.

### Slight increase in exports to the EU

Exports in the first three months of the current year increased by 2.5% in relation to the prior-year period. Growth in the Asian market was better than average at 6.6%, while the European market grew at a modest 2.2% and North America declined by 1.1%. A 5.6% rise was achieved in the key market of Germany, and growth in China – the seventh-biggest national market reached an impressive 27.5%.

### Strong demand in electrical engineering & electronics

Looking at sales by key groups, electrical engineering and electronics performed particularly well with a 7.3% increase. Mechanical engineering (5.3%), metals and metal products (2.1%) and precision instruments (0.9%) reported lower sales figures. Growth rates varied considerably between the subsectors that make up the mechanical engineering sector. Although printing machinery (-14.5%) failed to equal the previous year's figure, pumps and compressors (8.6%), plastics machinery (15.3%) and machine tools (12.0%) reported pleasing growth rates compared with same quarter in 2007.

### Weakening growth expected

(Source: Swissmem)



## Report Identifies **Auto Components, Textiles & Power** as Attractive Investment Avenues

# India offers **Big Business** Potential for **Swiss Firms**

India offers big business potential to Swiss companies in many industry and service sectors due to its present buoyant economic conditions, according to an annual economic report on India, prepared by the Swiss Embassy in New Delhi. For example, the automotive and components sector is rapidly expanding for both local and foreign markets. The Indian textile industry continues its modernization process and is making high capital investment for new technologies and capacity expansion. Swiss textile machinery manufacturers are already experiencing good business in India.

The current phase of reforms taking place in the power sector in most of the Indian States continues to bring more business for equipment and component suppliers for power generation, transmission and distribution. The chemical and pharmaceutical sector has an important place in the Indian economy, and subsequent to the enactment of full product patent regime, it is expected that the business activities in this field will increase. Some other sectors offering good business prospects are telecommunication, healthcare, precision instruments, food processing, consumer goods, and infrastructure.

### **Bilateral investment flows**

Switzerland remains amongst the top foreign investors in India. As per the

cumulative FDI inflows data available for April 2000-December 2007, Switzerland is the 10th largest foreign investor, investing some US\$ 634 million. As a large part of foreign direct investments in India, including investment from Switzerland, is routed through Mauritius, the actual Swiss direct investment in India is much higher. A Swiss company had invested some 1 billion US dollars in India in the recent past, and a big part of this was remitted through this channel. Swiss direct investments in India have taken a big leap in the first nine months of this year (April-December 2007), amounting to US\$ 211 million as compared to \$ 229 million invested in the last three years together.

There are more than 140-150 joint ventures / wholly-owned subsidiaries of Swiss companies operating in India. More and more Swiss companies have been able to set up 100 percent owned subsidiaries in India. In terms of industry-wise distribution of Swiss collaborations in India, the traditional sectors of Swiss excellence, e.g. engineering and industrial equipment, services (tourism, financial, logistics etc.), chemicals and pharmaceuticals, precision instruments, continue to maintain top positions.

As the Indian economy continues to grow robustly and is gradually opening up new business opportunities, more







Swiss companies are showing interest to enter in various sectors, including engineering, chemical products, consumer goods, food processing, financial services, healthcare, and consultancy services. From India's perspective, semiconductor is also an important sector that offers big business potential.

Implementation of the existing bilateral economic promotion agreements between Switzerland and India is smooth.

Following the positive recommendations in the study report presented by the EFTA and India Joint Study Group, at the end of 2007, both sides agreed in January 2008 to start negotiations for a comprehensive trade and investment agreement.

A prospective Asian regional preferential trade arrangement and, specifically, an India-Japan FTA will create in the medium to long term more competition for Swiss exporters in India.

Switzerland and India have signed a Memorandum of Understanding on Intellectual Property (August 2007) to strengthen bilateral cooperation and exchange of information in this field. Two meetings of the Joint Committee on IP already took place in New Delhi in December 2007 and in Geneva in March 2008.

A number of projects under the new Swiss-Indian Agreement for Cooperation in Science and Technology are being worked out by the scientific and technological experts from both sides.

The bilateral Air Services Agreement of 2002 is in force. The Indian side has assured status quo in the matter so that the continued access to the Indian airports by SWISS will be maintained following the integration of SWISS into the Lufthansa Group. ■

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Today, we live in a world of opportunities; the markets in every field are growing. The combination of India and Switzerland is an ideal one.



**Francis Serment,**  
CEO, DEWS  
(Development Economic  
Western Switzerland)

## Cost, Quality and Manpower are Strengths of Indian Pharma

**Ranjit Shahani,**  
Vice Chairman  
and MD,  
Novartis India



# Switzerland - An Indian Tourist, Educational & Investment Destination

Thanks to Indian film industry (Bollywood), Switzerland is amongst the top destinations for outbound Indian tourists. Since long, the hotel management and finishing schools have been attracting Indian students. Over the past few years, Indian students have found the institutions of higher learning, e.g. EPFL and ETH in engineering, and IMD and St. Gallen University for management education as one of the best places to



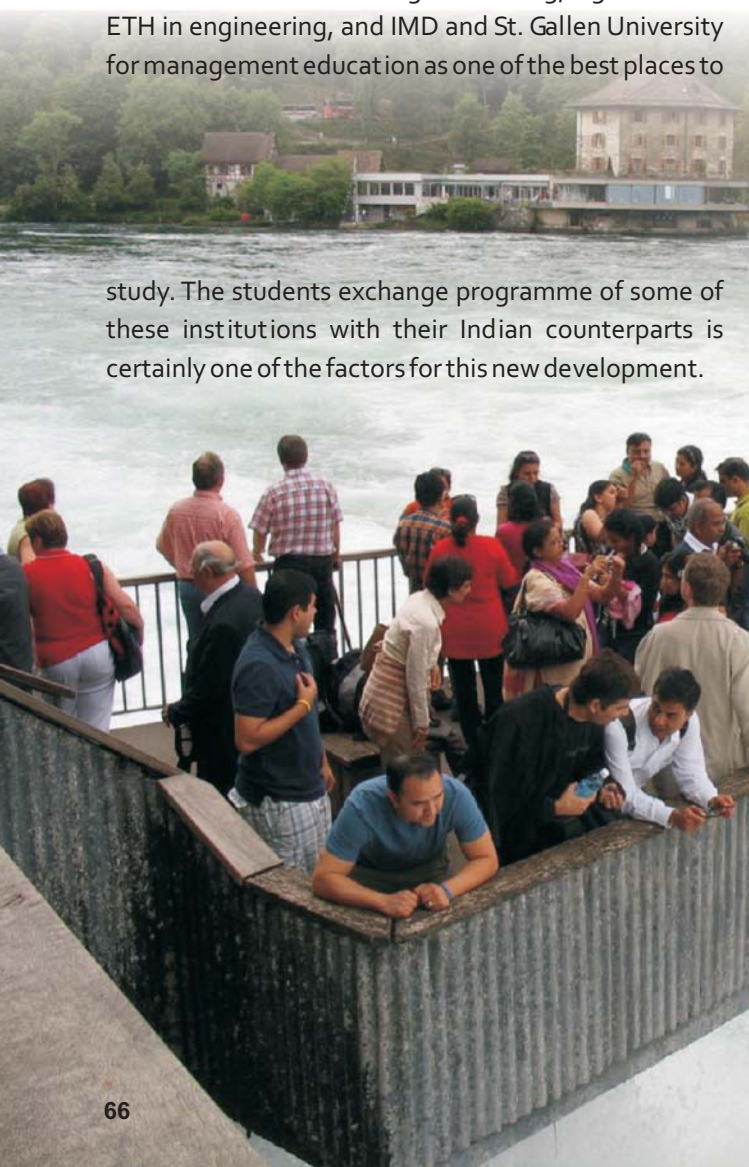
study. The students exchange programme of some of these institutions with their Indian counterparts is certainly one of the factors for this new development.

As more Indian companies are now venturing out, especially in sectors where these companies command global competitiveness, e.g. information technology, engineering, chemicals and pharmaceuticals, biotechnology, auto components, tourism etc., there is also increased interest among Indian companies to invest in Switzerland. Most of India's direct investments abroad in recent years have gone into acquisitions, and it might take some time when Indian companies would invest more in "greenfield" projects.

For potential Indian investors, Switzerland certainly offers many advantages, e.g. strategic location within

Europe, competitive taxation system, highly skilled and motivated labour force, especially in knowledge-based sectors etc. It is important that the promotional activities to attract Indian investment into Switzerland are carried out more effectively.

Indian companies engaged in external trade have





been using the Swiss banking system for business transactions. For rich Indian people, the Swiss banks are reliable and trustworthy financial institutions. However, for average Indians, the image of Swiss banks is still that of a "safe heaven". In the recent years, the Swiss banks have shown great interest to do business in India and would like to be much more present here especially in retail banking. In December 2007, a high-level delegation of the Swiss Bankers Association visited India to interact with the government, financial regulatory bodies, and Swiss and Indian bankers to facilitate increased cooperation in the banking/financial sector between the two countries. The SBA will now visit India once a year to deepen this exchange. This initiative will certainly help to increase the attractiveness of Switzerland as an important financial location.

India remains an important emerging market for Swiss tourism. During 2007, some 132,000 Indian tourists (115,000 in 2006) visited Switzerland, registering an increase of 15 per cent. Another area of bilateral trade in services, software and IT-enabled services is becoming stronger as more Swiss companies are now outsourcing to India. During the fiscal year 2006-07, the export of software and IT-enabled services from India to Switzerland is estimated to have reached US dollars 225 million, as compared to US dollars 185 million last year.

Switzerland Tourism, through its offices in New Delhi and Mumbai, is very active in India to attract greater number of Indian outbound tourists and works in close cooperation with the Embassy and the Consulate General to increase the interest for Switzerland as a location for tourism.

The Swiss-Indian Chamber of Commerce has successfully integrated with itself the three Swiss Business Fora in New Delhi, Mumbai and Bangalore in 2007, and hence now appears as a consolidated and truly bilateral business chamber in both the countries. It works closely with the Embassy and the Consulate General to help strengthen and promote bilateral trade and investment relations.

The Swiss-Indian Business Forum in Geneva is also working to bring closer Swiss and Indian business communities. ■

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Schiller Healthcare  
India is bringing  
international products  
at affordable prices



**Pravin Gandhi,**  
Director, Schiller  
Healthcare

See Indo-Swiss  
relations through the  
eyes of Oertli

**Dr. Peter Oertli**  
Managing Partner of  
OEC Oertli  
Consulting.



# Indian Auto Components Sector Aiming for \$40-bn Turnover by 2014

- Exim Bank Study

The Indian auto-components industry has emerged as one of the fastest growing and globally competitive manufacturing sectors, says a study by the Export Import Bank of India. Quoting the figures given by the Auto Components Manufacturers' Association (ACMA), the Exim Bank study says the Indian auto components industry has generated sales of about US\$ 15 billion in 2006-07, including US\$ 2.9 billion worth of exports. It is estimated that India has the potential to become one of the top five auto component economies of the world by 2025.

Exports by the Indian auto component industry have been vibrant with a CAGR of 40 percent during the five-year period 2002-07. In absolute terms, exports have increased from US\$ 760 million in 2002-03 to US\$ 2930 million in 2006-07. According to industry estimates, export during the period 2006-2015 is expected to grow at a CAGR of more than 24 percent. While exports have been booming, there has been a sharp rise in imports of auto components as well, especially in the last three years. From an import of US\$ 740 million in 2002-03, they have gone up to US\$ 3350 million in 2006-07. This is a healthy trend, indicative of rising domestic demand.

Investments in the auto components industry have more than doubled from US\$ 2.6 billion in 2002-03 to US\$ 5.4 billion in 2006-07.

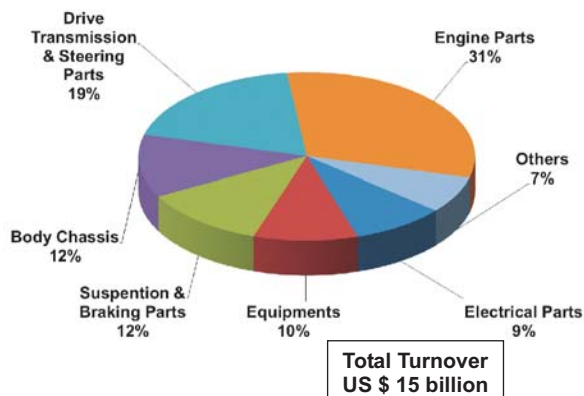
## The India Advantage

India's component industry today has the capability to manufacture the entire range of auto-components, such as engine parts, transmission parts, suspension and braking parts, electrical parts, and body and chassis parts. Engine parts are the largest sub-segment of the industry in terms of production, with a share of 31 percent in total exports, followed by drive transmission and steering parts, and suspension braking parts.

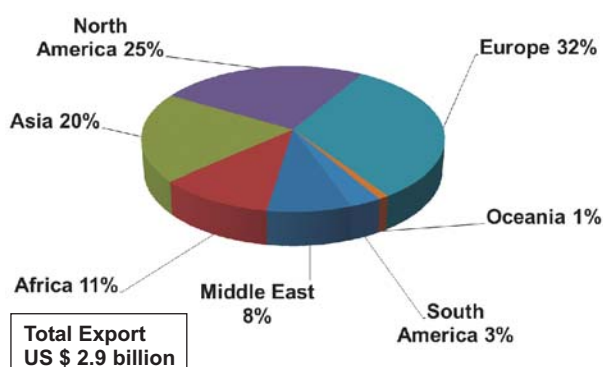
Steered by India's sophisticated engineering skills, established production lines, a thriving domestic automobile industry and competitive costs, global auto majors are rapidly ramping up the value of "components that are sourced from India. The share of exports in total production has risen from 10 percent in 1997 to 19.5 percent in 2007. More than a third of Indian auto component exports are directed towards Europe, with North America featuring a close second.



## Comprehensive Production Range



## Region Wise Export of Auto Components 2006-07



Source: Auto-components Manufacturers Association

The composition of exports in terms of the proportion of original equipment manufacturer (OEM) and aftermarket sales has undergone a sweeping change since the past decade. The ratio of OEM to aftermarket sales has changed from 35:65 in the 1990s to 75:25 in 2006. Considering the potential of India, several OEMs in India including General Motors, Ford Motors,

Cummins International, Volkswagen, BMW, MAN (trucks) and JCB (earthmoving equipment), amongst others, have set up shops in India.

India's competitive advantage comes from its full service supply capability as well, which makes India a favourable destination. Besides, the quality consciousness of the industry matches the global standards. This is corroborated by the fact that nine Indian companies in the automotive industry have received the coveted Deming Prize, which is the largest number outside Japan. The auto component suppliers are also embracing modern shop floor practices like 5-S, 7-W, Kaizen, Total Quality Management, Total Productivity Management, 6-Sigma and Lean Manufacturing, as they graduate to match with world-class industry. A large number of firms in this industry are also recipients of quality certificates like ISO-9000, TS-16949, QS-9000, ISO-14001 and OHSAS-18001.

## The Road Ahead

Better times are ahead for the Indian auto component industry with the turnover expected to reach about US\$ 40 billion by 2014. The commercial vehicles market in India, which has been growing at 18 percent for the last five years, is the ninth largest market in the world. The passenger vehicles are the fifth largest and are growing at 27 percent for the last five years. The Union Budget 2008-09 has made several proposals to boost the domestic demand for automobiles and thereby strengthen the auto-components industry.

## Select proposals in the Union Budget 2008-09

- Reduction in excise duty from 16% to 12% for transportation vehicles, chassis, small cars, 2/3 wheelers;
- Reduction in excise duty for hybrid cars from 24% to 14%;
- Removal of excise duty (from 8% to nil) for electric cars, and specified parts of electric cars (from 16% to nil) on end use basis;
- Reduction in excise duty on tyres from 16% to 14%;
- Customs duty reduced from 10% to 5% on specified raw materials for tyre industry;
- 125% weighted deduction for outsourced R&D.





# A Swiss School of Excellence in Tourism & Hospitality

Hospitality is one of the world's fastest growing industries. Managers in all areas are more and more faced with the challenge of a steadily change in values and a constant higher demand of service quality and special knowledge, as well as new communication technologies and a global competition. Well trained professionals with wide knowledge in different fields and personal experience are more and more required.

Hospitality management is nothing that can be taught in theory only. Practical experience is necessary to get to know the business from the operational side up to the management part and to then be successful in a very competitive market. The focus of the courses at Swiss School of Tourism and Hospitality are on the combination of theory and practice and hotel operations and hospitality management.

As you step into the lobby of the Swiss School campus in Passugg you will wonder, whether you are in a school or in a hotel. But soon you will meet students in business suites at



the reception area talking in different languages; in the dining hall you will find tables set up elaborately and in the kitchen students will be busy preparing the food. Practical classes in service and kitchen are part of the education to become a successful manager. You will ask yourself why you should know all about service and kitchen. Hospitality is much more than serving and cooking. In the event, convention or project management, catering and many more sectors, the knowledge in hotel operations combined with management will set the foundation for a start into a successful career in the competitive job market in the hospitality industry.

Everyone wants to become a manager - but how to become a manager? It is the personal experience, the network and what you learn, that help the managers to understand the processes of their business.

Take the advantage of studying in an







international environment. On the other side also get to know Switzerland to experience a different culture and a different way of living. Since the opening of the international department in 1986, students from 90 different countries have studied at the Swiss School of Tourism and Hospitality and are now ambassadors of the Swiss hospitality all over the world.

At the Swiss School you will find the awareness of quality and customer services to guarantee a top class hospitality education. With approximately 300 students studying hospitality management in both the English and German division, you will find a professional but also familiar atmosphere in a safe environment.

Swiss School and Passugg offer a perfect location and a perfect program, right in the middle of the Alps, near to famous holiday resorts such as St. Moritz, Davos or Flims/Laax, where tourism and hospitality has a long tradition.

#### Contact:

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## Best of INDO+SWISS BUSINESS 2002-2008

India will play a leadership role in the world of fashion



**Kurt Girod,**  
Country Segment Head,  
Textile Effects Segments,  
Ciba Specialty Chemicals  
(India) Limited

Visiting Switzerland,  
you will experience the  
home of mountains,  
where the modern form  
of tourism was  
invented.

**Regi Wittwer,** Market  
Manager India,  
Switzerland Tourism.



# University of Berne & India's IIPM to Further Strengthen Co-operation

The University of Berne with its Institute of Marketing & Management started an exchange programme in November 2007 with the Indian Institute of Planning & Management, one of the leading business schools in India with eight campuses all over the country. Over 1,000 Indian students have already visited the University of Berne to study international marketing, intercultural communications, brand management, foreign and finance policy of Switzerland, politics and economy in Switzerland as well as environment protection and sustainability in Switzerland. Students visited during their two weeks stay several



premium product manufacturers (Swiss chocolate, Swiss coffee) in the region of Berne, the Swiss Post logistic center, and Jungfrau railways TOPOFEUROPE.

"We teach both in Berne and in India. Our aim is to create a long-lasting exchange programme for Indian and Bernese students", said Professor Dr. Harley Krohmer, Executive Director of the Institute of Marketing in Berne.

"Next year we plan to organize 16 study-tours to Berne. This programme will enable over 1,600 Indian MBA students to come to Berne and to get to know the Berne Capital Area", said Marco Casanova, Managing Partner of the Branding-Institute and responsible for the Bernese-Indian exchange programme at the University of Berne. "We strongly believe that this exchange programme builds a solid foundation for future Indo-Swiss business relationships," adds Prof. Dr. Harley Krohmer.

For more information see:  
[www.marketing.imu.unibe.ch](http://www.marketing.imu.unibe.ch) and  
[www.branding-institute.ch](http://www.branding-institute.ch)  
 Contact person: Marco Casanova, Managing Partner, Branding-Institute,  
[casanova@branding-institute.ch](mailto:casanova@branding-institute.ch)

## KAMLA DIALS and Devices Ltd. Founded a subsidiary in Berne

Kamla Dials and Devices Ltd., an Indian company listed on the Mumbai Stock Exchange, has incorporated a subsidiary in the Canton of Berne. The company's registered office



and 7 production plants manufacturing watch and micro parts are in Chandigarh, India. The subsidiary, which currently has 18 employees, manufactures watch dials under the name Pylania SA in Grandval in the Bernese Jura, at the heart of the Swiss watchmaking industry.



For more information:  
[www.kamladials.com](http://www.kamladials.com) or Berne Economic Development Agency,  
 Mr Denis Grisel, Director,  
[denis.grisel@berneinvest.com](mailto:denis.grisel@berneinvest.com)



# M.P Carves out a Global Cultural Niche in Tribal Art & Culture

India's central State of Madhya Pradesh is creating a niche for itself as a global centre for promoting tribal art and culture. Vanya, a State Government department looking after tribal welfare has succeeded in hosting an International Film Festival of Tribal Art and Culture (IFFTAC) 2008 last February and is now all set to hold the second edition of the event in the bustling commercial city of Indore from 6 to 9 February, 2009.

The inaugural three-day IFFTAC 2008 was an overwhelming success, with films from across 40 countries participating in the festival, besides showcasing tribal culture through an impressive exhibition and seminars. According to O.P. Rawat, Principal Secretary in the State Government's Tribal Welfare Department, the idea of IFFTAC has received instant global response because tribal culture is spread across the world, with the host India, especially Madhya Pradesh, having its own distinct identity in this arena. The IFFTAC organizers believe Madhya Pradesh rightfully qualifies for hosting a festival on a global scale as tribals constitute a fifth of the State's total 60 million population and mostly live in their natural habitat of forests, spread across a third of its total area.

This Indian cultural identity is derived from the essence of various forms of folk life, lyrics, songs and dances. Tribal society, without any ambiguity, has been the custodian of culture, tradition and natural resources. It has thus become imperative for the civilized world to conserve its tribal culture, while achieving an integral connection with it.

Against this background the IFFTAC 2008 was conceptualized to highlight the essence of tribal culture and way of life and help remove the misconceptions about these vibrant people. In this era of Global Village, the necessity of putting forward these thoughts became a necessity. Madhya Pradesh Chief Minister Shivraj Singh Chouhan, young and dynamic in outlook, personally took up the matter with his Cabinet colleague and Forest and Tribal Welfare Minister Kunwar Vijay Shah for directing Vanya to conceptualize the IFFTAC 2008. Vanya in association with Mumbai's Indian Infotainment Media Corporation, a professional organization committed to social causes, organized the festival, the first of its kind in the world in Indore from 1 to 3 February, 2008. The IFFTAC 2008 took off to a glittering start with popular Bollywood star and politician Shatrughan Sinha, along with actor Randhir Kapoor and several other film and television personalities attending the inaugural function. Among the distinguished foreign guests were Peru's acting Ambassador Carlos A. Yrigoyen, and Shewangizaw Endale, a representative from Ethiopia.



Speaking on the occasion, Sinha said, "The effort to bring the tribal people into the mainstream and develop their tribal art, culture and civilization is not only appreciative but also exemplary. All should learn from this."

On his part, Kapoor congratulated the Madhya Pradesh Government and the organizers of this unique event. He said, "This is a special occasion, which not only the country, but the whole world will witness."

The festival received as many as 250 film entries from 40 countries. Of these, 69 films were selected for competition and for screening. Apart from these, non-competitive documentary and short films and feature films on tribal issues were also screened during the festival.

The countries participating in the festival included Australia, France, Germany, Hungary, India, Iran, Ireland, Israel, Italy, Japan, New Zealand, Pakistan, Peru, Russia, Scotland, Singapore, South Africa, Sri-Lanka, Switzerland, Sweden, United Kingdom and the US. Ethiopia, Ecuador, Peru and Botswana were country-partners of the festival.

The award for the best International Film went to to Haken Berthas of Sweden for her film "Thin Ice" an inspiring interpretation of women's empowerment in a remote area of Ladakh.

Director and Producer Vijay Pratap won the award for the Best National Film for her film 'Tribal Fertility Rites (Itikela Panduga). She won the award for its well researched documentation of ritualistic practices of tribes in the Eastern Ghats of Andhra Pradesh.

Joseb (Soso) of Georgia was awarded for the Best film by a Tribal Film Maker for his truthful & convincing portrayal of tribal culture & ethos in his film "Svani".

Director Ravi Williams won the award for the best film by a Film Maker from Madhya Pradesh for his film "Oh Lohgundi Raja Ho" depicting the honest and sincere treatment of the problems of Agadiya tribes.

Director MYashwanth Reddy and Producer Ch. Shriniwas Reddy won the award for Best Film by a student film maker for the film "Please Don't Disturb Us" for its sensitive, realistic documentation of the lives of the Khond tribes of Andhra Pradesh.

Director Lesile Mackenzine & Tara Douglas won the Jury award for the best Animation Film "The Tallest Story Competition" for its elegant craftsmanship and handling of tribal stories from different parts of India. ■

## Best of INDO-SWISS BUSINESS 2002-2008

### Nature- The USP of Switzerland



**Rayo Choski,**  
Regional Manager  
India, Titl is Rotair.

### No airline is more Swiss than SWISS



**Anup Ghatak,**  
Manager, Passenger  
Sales, (West, South  
& East) India



## World-Class Amenities in Nature's Ambience at Kolkata's Vedic Village



"Great oasis in the city ...I would like to come back", says Todd Wood, a tourist from the US, during his stay at the Vedic Village Spa Resort In Kolkata, which has been recently ranked among top 10 spa resorts in the country now by the Discover India magazine.

"Well, this recognition hasn't come easy; we had to conform to the highest international standards, by not compromising with the natural ambience of a village," Says M.J. Robertson, Executive Director of Vedic Resorts & Hotels Pvt. Ltd.

The popularity of the Kolkata-based Vedic Village as a leading luxury spa resort is catching up worldwide. This is expected to assume a bigger dimension as the reputed Luxe Hotels group of the US has chosen Vedic Village Spa Resort of Kolkata for their first tie-up in India. The Luxe group is considered to be one of the top boutique hotel chains in the world. This represents a unique association between two major players in the hospitality sector.

The Luxe-Vedic partnership indeed marks a new high for the Indian tourism industry. Investors keen on putting their money in tourism feel there is so much that India can offer but somehow the Indian tourism industry's potential is not fully exploited. However, this particular tie-up will not only give greater boost to Indian tourism but at the same time will promote Bengal as an important tourist destination.

The seeds of the tie-up were sown in March 2008, with the Vedic Village participation in the International Tourism Exhibition in Berlin - one of the most prestigious international fairs showcasing tourism across the world, which eventually created the platform for a 'marketing tie-up' between Luxe and Vedic Village.

This collaboration means Vedic Village will have access to the full range of offerings that make the Luxe Group a global top-of-the-line company with specific services to meet the diverse needs of resorts and hotels worldwide. For Vedic Village, the service package from Luxe will be comprehensive. Luxe will help Vedic

Resorts connect with major multinational corporate travel planners, group organizers, consortia and mega agencies; also it will deliver the awareness about the Vedic Village's uniqueness to a global clientele.

West Bengal is in economic transition and Kolkata is emerging as a hub of major business activities. A resort like Vedic Village is highly preferred by multinationals, big companies, and other national and international agencies, NGOs and other organizations.

In particular, a lot of IT companies are operating in Kolkata, and Vedic Village is becoming increasingly popular with them. Besides, mega international conferences are also being organized at Vedic Village Spa Resort every year, with the participation of hundreds of delegates from across the world. The International Medical Conference, PWD International Conference, Water-aid International Conference and several others has been organized at Vedic Village in recent years.

### Abode of Health Treatment

The resort covering an area of 150 acre is one of the finest in luxury and wellness, integrating super elegant amenities with an exceptional ethnic ambience. Many people have chosen Vedic Village as an abode of health treatment. It offers perfect tranquility in an environment of greenery and wetlands. It also rivals the world's best therapeutic-care spas, yoga, naturopathy, traditional Ayurveda, Homoeopathy and Chinese medicine. India's top doctors and specialists are rendering their services with utmost care. Treatment is provided for a host of ailments like insomnia, skin problems, chronic stomach problems, etc.

That's a big reason why it is attracting more

unconventional tourists also. Interestingly, a group of young people from the US comes every year to Vedic Village. The team is led by Jim Haggren, who mainly takes the group to a journey of a spiritual discovery. They first stay at Vedic Village and from there they travel to Bhutan, Nepal, Sikkim. On return they once again stay at Vedic Village and then finally leave for the US.

Researchers, scientists from various parts of the world are coming to rejuvenate and refresh themselves at Vedic Resorts.

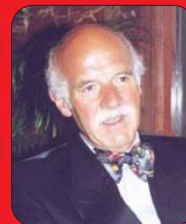
Says Robertson: "Earlier a foreigner would only identify Kolkata with Mother Teresa, poverty, or a place of rickshaw pullers, But the image of Kolkata and consequently the attitude of our international clientele is changing steadily. Yes, there is still poverty in the city and Mother Teresa's tremendous sacrifice and social contribution has given Kolkata a worldwide recognition. But beyond that somehow the city could not create an impression among the minds of people living abroad. In recent days, people have started recognizing the rich culture of the state, the music, dance, art and crafts, the spiritual aspect of the place, handloom etc."

"Apart from this, which many of us do not know that Kolkata has unique ecological zones, like East Kolkata Wetlands, a site of international importance, which stretches up to Sunderbans a world heritage site. It's just a two and a half hour journey from Kolkata," he adds. ■



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A Career in the hospitality or catering industry is a fantastic way of earning a living and give-in pleasure to other people



**Anton Mosimann,**  
King among Chiefs

Switzerland has assimilated food traditions from its neighbours, while retaining its own distinct style

**Kalpna Koch,**  
Food Specialist







Setu Creations  
presents

# BANARAS

a mystic love story


Where  
Life Acquires a  
New Meaning  
& Death Loses  
Its Sting

**B**anaras. The spiritual centre of the Universe; the abode of Lord Vishwanath. The Buddha and the Adi Shankara trod on this sacred earth. It was here that seekers of truth have since time immemorial strived to free their souls from the cobwebs of desires and attain unity with the Divine. It is the last port of call for one and all - the prince and the pauper, the rich and the poor, the saint and the sinner. Flowing through the ancient city is the great Ganges, swishing and swirling, carrying in her bosom, the sins and secrets, the mortal remains and moral turpitude of the human multitude. The temple spires rise high into the skies, above the long rows of the river-washed stone stairs, the bathing ghats. The tinkling of a million silver bells, mix in harmony with the symphony of the echoing conch shells across the city to evoke the Lord of the Universe, from His deep meditation. In the spiraling smoke of the burning ghats, man finds salvation. And it is here that life acquires a new meaning and death loses its sting.

And here, the film, *Banaras-A Mystic Love Story*, is made.



## SYNOPSIS



The story, as the title indicates, is set in the timeless city of Banaras. And it revolves round love, the most endearing of all human emotions. That love knows no barriers and has no boundaries is the crux of the drama that unfolds. Which is why, when Shwetambari (Urmilla Matondkar), the beautiful Brahmin girl from a cultured aristocratic family, a student at the local university, meets Soham (Ashmit Patel), a young, handsome, low-caste music teacher and mystic, love is born. The opposites - she a highborn and he a lowborn - unite in love, that all consuming and purifying fire. Love has no consideration for class, caste or creed. But it ignites the passions of hatred in the city, steeped in orthodoxy. Banaras boils with ancient rage. Conservatives condemn the sacred love between Shwetambari and Soham as an act of sin and sacrilege. Dark forces that dictate terms to tradition take over. Destiny determines its own course for the shattered young lives. Shwetambari leaves Banaras despite support from her enlightened parents (Dimple Kapadia and Raj Babbar). Soham finds meaning in meditation under his Guru, the enlightened mystic, Babaji (Naseeruddin Shah).

The wise say that time heals and forgives. But, 17 years later, Shwetambari, now a renowned world teacher of philosophy and religion, is caught up in a dilemma. Whether or not to return to Banaras, where her doting father lies dying. Would her return revive the demons and dark forces of the past lying dormant? What would in the end rule the human hearts and souls - revenge and retribution or love and compassion? That's the question. The film tries to provide the answer, the same way as does the inscrutable Babaji, meditating on the banks of the Ganges.

Like enduring love that lasts forever, the Mother Ganges continues her endless journey, with joys and sorrows merging as inseparable ripples of the same sacred waters.

# BANARAS

a mystic love story





# The Passion & The Film

L.C. Singh, one of the pioneers of the Indian IT industry, has been very successful as a technocrat. He has stints with giant corporations such as the State Bank of India, Tata Consultancy Services (TCS) and Zensar Technologies. At present, LC heads Nihilent Technologies, a global solutions integration and change management company, with its headquarters in Pune. LC has been both a student and scholar of existentialism and mysticism for more than three decades.

Many years ago, LC had delivered an address to the cream of IT international senior managers at Harvard. He put forth his thoughts, culled out from his deep understanding of Indian culture, with copious references to Banaras. The audience, though largely materialistic in their outlook and immensely successful in their careers, felt touched. Banaras has always been growing on LC - as a creative concept, a human drama, a philosophy, a symphony and salvation. LC has finally made the movie, *Banaras - A Mystic Love Story*. It took him two years to write the story. He also collaborated in writing the film's screenplay with Javed Siddiqi, one of the best dialogue writers and a master craftsman in the Hindi film industry. Pankaj Parashar, the man who gave such a blockbuster as *Chalbaaz*, directed the film. Music was composed by Himesh Reshammiya and lyrics were by Sameer. The Film's cast includes Urmilla Matondkar, Ashmit Patel, Naseeruddin Shah, Dimple Kapadia, Raj Babbar & Akash Khurana.

Talking about the film, Parashar said, "it would prove to be a marked departure from my familiar style and pattern as it is a different genre of film, which is based on a spiritual subject."

**LC tells in his own words, about the film, *Banaras - A Mystic Love Story*, how it has happened.**

The first thing, Banaras visually appeals to you. Look at the Ganges, her sacred waters. It is nothing but concentration of pure energy.

Then you go to Saranath, Tusi Das' home, the Kabir Muth. Experiences beyond description. There are so many different colours. In just seven kilometers of space, look at the contradictions in the philosophy of the great men. Some follow "Nirankar", some "Sakar." Yet all were great paths. Buddha was right, Mahavir was right, Patanjali was right, Guru Nanak was right. Who is wrong?

That reminds me of the Gita, "Sadgun" is right and so is 'Nirgun'. Only the paths are different. What strikes is that so many intellectual giants in different eras of time should come to Banaras. What did they see in Banaras that they have to come there and gain something from? The question invoked intense curiosity. And thus began my own journey. I began going deeper and deeper. You know, beyond a point, the knowledge disappears. What you know disappears. Then a feeling starts building up. Then you feel almost a sense of devotion. There is only that spiritual longing, an unshakable faith in one's values and a deep passion to communicate them through a creative medium. And it culminated in the film, *Banaras - A Mystic Love Story*.

## The Idea of Banaras

While I stayed in Banaras, I was curious and wanted to learn more. Later, all that suddenly ceased. When I left Banaras, I did not want to know anything. I felt that ideas were intertwined in my mind. In fact, a decade back, I gave a talk at Harvard in which there was a reference to Banaras. Many have written and still write to me saying that they read the speech when they are depressed about life. Then the idea in mind started taking shape. I thought I needed to communicate it. Those people who have gotten money, feel more disillusioned than people who are chasing it. When we don't have anything, the first priority is material; to gain some money. But having done that one needs to move on to create a balance between

mind and matter. This harmony is the culture that we need to be evolving. The concept needs to be completely internalized, Not as knowledge, but as a feeling, a kind of compassion. Not a reaction. But absolute compassion. And to me that is Banaras.

## About the story

A story is all about creating drama with messages embedded. The big difference between a documentary and drama, in layman's terms, is the human drama. In a documentary somebody talks and offers information and knowledge. In the drama, even if one has to preach, one character will have to preach to some other. You can't talk to the audience. Talking to the audience amounts to a sacrilege. That's why I approached Javed Siddiqi, who is a master craftsman; one of the best dialogue writers. I don't want to deviate from the classic cinema, the human drama. The ultimate drama is the human drama. The ultimate drama is Death. The ultimate drama is Life. The ultimate drama is Transformation. The struggle that we carry with us, if that ends, it is drama. If it begins, it is drama. In this film, every character in itself, all of them, have their own understanding of life. They clash because everybody's perception of life is different. So you will find the characters in the movie, even the small characters, stand absolutely firm on ground. You won't be able to identify the villain - no one is a villain. Because, we have gone so deep into her/his character, and from her/his point of view, what she/he does appears right. Hence you are perplexed as to what is right and what is wrong. And I can assure you that nobody can guess what happens in the movie. Because, at every stage you are empathizing with the characters so much, that you do not know what is going to happen.

## The Music

Then there is that visual appeal of Banaras and the background music to match it. In Banaras, music is embedded in life. Not external. Without music a film on Banaras cannot be made. The whole film itself is like a symphony.

## The Message

These days, revenge, retribution and competition have become the culture. Very Darwinian. The survival of the strongest. I think the film defies that. We show that by practicing the philosophy of revenge, you only create a hell. Because the forces which are defeated, only go dormant. They don't die. They will come back and create a perfect hell around you. This philosophy of retribution and revenge, will only lead to creation of hell. The heaven can be created only by love and compassion. That is the message of the film.

In the end, you will feel good and go back home with peace in heart and soul and some ideas in mind to transform your own life.

+

# Best of INDO-SWISS BUSINESS 2002-2008

## Indian Culture stands for Warm and Distinctive Hospitality



**Peter J. Leitgeb,**  
President, The Leela  
Palaces & Resorts

## We rely a great deal on the strength of the Kuoni brand, with rich experience and global presence of the Group



**Zubin Karkaria,**  
CEO & MD, India and  
South Asia





**Ever heard of a city where time ceases to exist? Ever felt like experiencing timelessness? Ever had an urge to be one with the ultimate consciousness?**

If yes, then do visit Ujjain. It is not just a city - Ujjain is an epitome of the Supreme Consciousness. One of the most ancient and sacred cities on the planet earth, it has a tremendous energy field. The moment you step into it with a little meditative mind, you find that you are in an ocean of vibrations of the energy that permeates every particle of the City Eternal.

Situated on the western boundary of India's central State of Madhya Pradesh, Ujjain is well-connected and is 650 km from Mumbai.

Once ruled by legendary emperor Vikramaditya and hallowed by sacred memories of rigorous penance practiced by Bhritruhari, Ujjain is dotted with temples and archaeological sites.

Ujjain has been the seat of learning where all disciplines of knowledge flourished since time immemorial. Lord Krishna along with his elder brother, Balram and best friend, Sudama received early education at the Ashram of seer Sandeepani. Eulogized by great poets like Ved Vyas and Kalidasa the city has another special significance of being on the Tropic of Cancer. Therefore, the meridian line of Ujjain became prime meridian of India. Emperor Vikramaditya started the Vikram Samvatsar from this city. According to Nobel laureate Amartya Sen, "there is something very striking about the consistency of Ujjain's dominance in Indian time accounting". The city was an important centre of astronomy in the Gupta period. Renowned astronomer Varahamihir had worked here. In the 18th century Sawai Maharaja of Jaipur constructed the famous observatory at Ujjain to encourage astronomical studies.

The city of Lord Mahakaleshwar hosted the world's largest religious congregation - the Simhastha Kumbhmela from April 5 to May 4, 2004. The mega event attracted around

## AN ECSTATIC EXPERIENCE BEYOND REALM OF TIME

three million devotees, pilgrims and tourists from every nook and corner of India as well as abroad. Over one million sadhus, saints, mendicants, seers and other spiritual seekers thronged this holiest of holy cities during the month long bathing festival. The next Kumbhmela would be held in 2016.

The 2004 Simhastha at Ujjain was considered to have special significance as a rare configuration of planets took place in 12 years. The Kumbha at Ujjain was called Simhastha as the Sun was in the Aries and the Jupiter in the Leo. This Simhastha at Ujjain was more special as for the first time there were three Shahi Snans (Royal Baths) during the month long fair. Besides, there were two Parva Snans.

A holy dip in the Kshipra, one of the most sacred rivers in India, during the Simhastha is considered to be a dip into eternity that absolves the devotee of all past sins. According to the Skanda Purana "The holy bath of Kumbh equals in Punya to thousands Kartik Snans, hundred - Magh Snans and crores of Narmada Snans during the Vaishakh month. The fruits of Kumbha Snan are equal to the fruits of thousands on Ashvamedh Yajna, hundreds of Vajpaiyee Yajna and lakhs on journeys around the earth.

Elaborate arrangements were made for comfortable stay of the pilgrims during the Mela. The Mela area spread over 2152 hectares. It was divided into four zones and 10 sectors where Akharas and devotees stayed. Besides, new ghats were constructed and old ones renovated on the banks of the Kshipra.

Sapta - Sagar, the seven historical tanks in Ujjain were renovated to restore their pristine glory. A provision was made for renovation of historical temples in the city.

Besides, the security arrangements were foolproof. Seven well developed satellite towns were built on the approach roads to Ujjain for the convenience of common people and to regulate traffic movement. ■



# KAMAKHYA

## The Seat of Tantra & Yogic Power



Down the centuries, Kamrup Kamakhya has been the seat of the powerful tantrik cult in India. Situated atop the Nilachal Hill in Guwahati, it is one of the 108 Shakti Peethas of the country. Rising to a modest height of 562 feet above the mighty river Brahmaputra, the hill on which the temple stands commands a magnificent view of the entire city. Several smaller shrines and temples dedicated to Kala Bhairava, Shiva and other Hindu deities are also located in its vicinity.

### History

Kamakhya came into existence after the female genitalia of Sati, the Great Mother Goddess, fell when Vishnu started dismembering her body to force her inconsolable husband, Shiva, into performing his divine duties again.

Legend has it that King Daksha had organized a sacrificial rite, to which he invited all the deities except Shiva. In fact, Daksha had done it deliberately to insult Shiva. Sati, being the daughter of Daksha, came uninvited. During the ceremony, Daksha began to speak ill of Shiva. Unable to bear the insults heaped on her husband, Sati immolated herself. The meditation of Shiva, who is omnipresent, was disturbed. Furious, he descended on Daksha and his kinsmen and destroyed them. With the dead body of his beloved Sati on his shoulders, he started the dance of destruction (Tandava). In his attempt to calm down Shiva and save the world from ruin, Vishnu sent forth his chakra to cut Sati's dead body. The reproductive organ of Sati, the yoni, fell at the spot where the temple of Kamakhya stands today.

When the yoni of Sati fell on the hill, where the temple stands, the hill turned blue and came to be known as Nilachal (blue mountain). The name of the place Kamrup Kamakhya was given by Narakasur, the demon king. He made Kamakhya his patron deity. The original temple was built by Kamdev, the God of Love, with the help of the celestial architect Vishwakarma.

Tradition has it that once every year, the spring waters at Kamakhya turn red and the temple remains closed. Kamakhya, the Mother Goddess, is supposed to enter her period of menstruation. Cloth offerings brought from near and afar by devotees are soaked in the waters and distributed as prasada (offering).

### Tourists Attractions

The shrine consists of a flight of steps down to the bowels of the earth, to a dark mysterious chamber. Here, draped in a silk sari and covered with flowers is kept the mata yoni.

### Places around Kamakhya

From Kamakhya, one can go to Kachapukhuri. This is a natural pond full of turtles. However, what puzzles the zoologist and common man alike is the habitation of these amphibians at such a high altitude.

The Bhutanese Tara Temple and the shrine of the snake Goddess, Manasa, are two other temples situated in the vicinity of Kamakhya.

The Bhubaneswari Temple is situated at the highest point of the hill. It offers a spectacular view of the city and the Brahmaputra River.

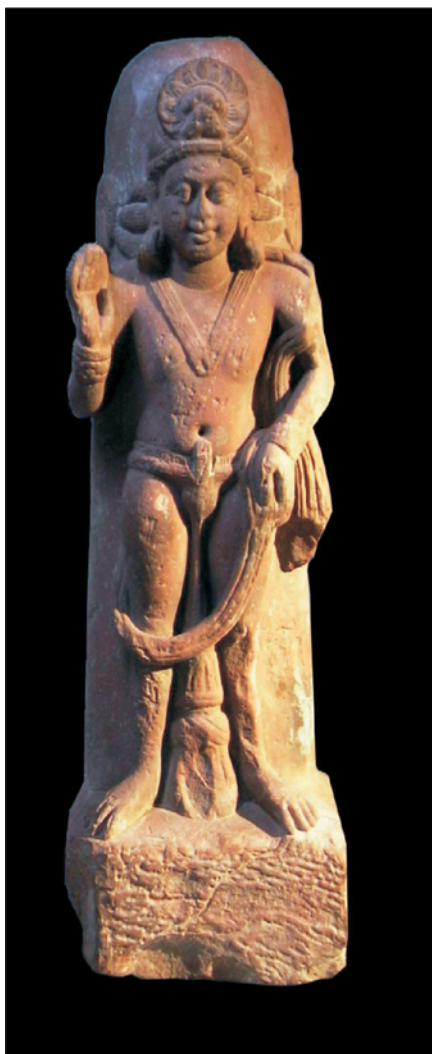
### How to Reach

By road - Kamakhya is connected to the city center by a good motorable road. Guwahati is connected to other parts of the country, including Calcutta and Delhi, by road, airways and railways.

By air - The nearest airport is Gopinath Bordoloi Airport at Borzhar, 14 km from the city center. Regular flights are available from Calcutta while five days a week flight service is available from Delhi.

Guwahati, being the major city of Assam and the North East, is well equipped with hotels of different categories and other suitable accommodation. ■

# The Many Facets of Linga



**Standing Siva in front of a Linga**  
Kusana Period, ca. 50 AD  
India Mathura Area  
H: 85 cm.  
Prov. Swiss collection.

Linga is a cult character and Idol of Lord Siva; it is symbol of the creation and creative strength of this God. Siva is pervasive in his form as Linga.

Probably followed from early fertility cults, the first Linga, as the archetype of Siva, established shortly before and after beginning our time calculation two thousand years ago. The Linga had clearly phallic characteristics with either abstract or naturalistic form. Later the Linga existed as a column rounded on the top and embodied on a base (pitha) in the ground. As a cult picture the Linga stands in the internal sanctuary of the temple. Parallel to it, there are similar phallic Linga representations made of stone, earth, metal, wood, crystal etc. for the domestic ritual. In addition to the unadorned form, there is the face Linga (mukhal inga) with one or several heads of Siva. But the God can also be represented as a whole, upright figure and erected phallus (urdhval inga)

Since the entrance to the temple sanctuary is made usually from the East, the face Linga with only one head (Ekamukhal inga) is turned most frequently to the East. It usually shows the God as meditating Yogin with high ascetic hairstyle and lateral long hair.

If the temple has two doors, it can be admired in the sanctuary the rare form with



**Ekamukhal inga**  
Kusana-Gupta transition,  
about 3rd century, Red  
sandstone with white  
points  
India, Mathura  
H: 64 W: 25 cm  
Ex. JB. household



**Ekamukhal inga, Ancient Gandhara, 2nd / 4th century, Grey schist**  
Pakistan or Afghanistan, H: 115, Ex. German collection



two Heads (Dvimukhalinga). Known is Linga also with four heads (Caturmukha Linga), looking to the four cardinal points and temple entrances. Opposite the main entrance (The east, but also, the West) the Linga shows usually the Yogin with ascetic hairstyle. Southward, the direction of evil and death, there is always Siva with a fearsome expression (Aghora). For the composition of the two remaining heads, there are no binding rules. In the North it may be Siva as Brahmacarin or as Sannyasin or a female head (Umavaktra). In the West is Siva shown with a kind of turban or, more rarely, as Ardhanarisvara. In later time these Linga heads with four faces were more and more aligned in the expression of each other, but the Aghora head in the South should be detectable at the

opened mouth, on the catch teeth, or in any way the fright terrifying sight. Theoretically a fifth Siva head would have existed, as the highest world soul (Saßana) on top of the Linga arranged to the sky. This highest theological aspect of the God lies however for humans outside of its realization range and the figurative representation is extremely rare. Also known, mostly in South India, is the shape of a large Linga, from which the God Siva steps out in



**Yonil inga 19th century, Marmor, India**  
H: 60 L: 76, Ex. Swiss household



**Linga Riverstone**  
India, L: 18cm  
Ex. Swiss collection

his whole size (Lingodbhavamurti), while beneath is Visnu as Varaha and above Brahma showed as his riding animal, the goose Hansa.

As first Lingas, which created it self in a riverbed, is an oval egg-shape form with a rounded top and bottom, formed in thousands of years in Stone (Svayambhu-Linga).

The counterpart to the male cult of the Linga is the Yoni, symbol of the female divine force, a representation of the Vulva, the female part of the incarnate deity. With the Linga together, the Yoni symbolizes the Creation omnipotence of Siva and its Wife (Lakti). The Yoni-Linga is particularly worshiped by supporters of the Lakta Cults. ■

## Panasia Gallery in Zurich & Davos

# A Niche for Oriental Art from South Asia to Japan

Switzerland has always been a turntable for art and culture. Since the early 20th century, museums and art galleries have developed into big names and have become famous worldwide.

Panasia Gallery is one such reputed name that has carved a niche for itself in the field of art. Specialised in sculptures of early periods over an area from South Asia to Southeast Asia, up to China and Japan, Panasia Gallery is giving this service for oriental art.

Throughout the year there is a regular inventory of high quality pieces on show and whenever possible

Switzerland regularly in order to be up to date and to enjoy the high quality masterpieces on show at the museums and for sale at reputable dealers in Zurich, Geneva and Basel. The Swiss dealers are assembled in the Swiss dealer association, which is connected to the worldwide CINOA.

The Gallery is located in the centre of Zurich next to the modern art museum in the centre, an area that is home to many art galleries. Since 2006, Panasia Gallery has been operating a branch in the famous mountain resort of Davos.

Both galleries offer antiquities, acquired mainly from old European collections with good provenance. All pieces for sale are "art loss" proofed and properly documented.

Panasia Gallery also extends services such as evaluations for insurance and heritages, consulting for collectors and museums, acquisition and sale of high quality antiquities.

For further information, contact: [www.panasia.ch](http://www.panasia.ch)



there are special exhibitions on collectors' themes. In the last 20 years, Panasia Gallery has published various catalogues for such exhibitions.

Collectors and scholars from all over the world visit



# ZKB Banking on Personal Touch to Meet Clients' Needs

Zürcher Kantonalbank, a Zurich-based, all-purpose cantonal bank, operates in a unique way. ZKB employees use personal contact to obtain an exact understanding of their clients' needs. They know that it is only through direct contact and personal commitment that they will be able to utilise their skills to maximum effect. At the heart of the mission statement is ZKB's marketing slogan: "The bank that's closer to you".

ZKB, an independent, incorporated public-law institution, is wholly owned by the canton of Zurich. Established in 1870, ZKB has over the years emerged as Switzerland's largest cantonal bank and the country's third-largest bank with a network of global

contacts.

## ZKB's values are summed up in four sentences:

- The Image - Zürcher Kantonalbank is a big bank, but not one of the "big banks".
- The Performance - Zürcher Kantonalbank accompanies people and companies through life.
- The Responsibility - Zürcher Kantonalbank promotes the interests of the greater Zurich area.
- The Cooperation - Zürcher Kantonalbank focuses on the needs of its clients, whether external or internal.

As an integrated financial services provider, ZKB provides all investment services in-house (investment and pension advice, research, asset management, trading and custody services). The Bank possesses extensive expertise in international business too, where it works closely with first-rate partner-banks abroad.

In Singapore, Beijing and Mumbai, ZKB has its own representative offices & adviser in Brazil. As a centre of competence in international business, it also assists other cantonal banks. ZKB provides banks with comprehensive services, primarily in the field of securities, payment and foreign exchange transactions, as well as trade and corporate finance. In doing so, we place great demands on ourselves when it comes to quality, which is subject to auditing by external agencies.

## ZKB in India supporting Swiss Trade & Industry

The bank has been functioning in India for last 8 years initially with an advisory set-up and since 2006 through a representative office. It has been active with most of the Indian commercial banks and financial institutions in the areas of CHF

## At a glance - Key Facts & figures

Total assets	:	CHF 103 bill ion
Consolidated net income	:	CHF 843 mill ion
Client assets	:	CHF 119 bill ion
No of Employees	:	4,446
S&P Rating	:	AAA
Moody's	:	Aaa

**Size:** With total assets of over CHF 100 bill ion, ZKB is the third largest bank of the country and the leading financial services provider in the greater Zurich area.

**Service:** ZKB offers a comprehensive range of financial services to clients, whether in the private, public or corporate sector.

**Affiliation:** Zürcher Kantonalbank (ZKB) is wholly owned by the canton of Zurich .

**Network:** With 104 outlets, ZKB maintains the densest network of branches in the canton of Zurich .

**Cantonal guarantee:** Under the law, the canton bears responsibility for all Zürcher Kantonalbank's liabilities should the bank's resources prove inadequate. This cantonal guarantee acts as a stabilising force for the financial market as a whole, particularly in times of economic uncertainty.

Chairman: **Dr. Urs Oberholze**  
Head International Banking: **Jürg Reichen**



clearing, trade finance, medium to long term export finance, FOREX, money markets and syndicated loans. Since it is a state-owned bank ZKB focus is to support Swiss trade and industry.

## For your payment transactions ZKB offers:

- National clearing SIC (CHF/EUR)
- International clearing

## Trade Finance

- LC and Doc. Collections
- Export Finance
- Bank Guarantees
- Correspondent Banking

## ZKB supports you at the local level

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# A Cartoonist with a Swiss mindset(h)

VINS, an acronym for Vijay Narain Seth, is a well-known Indian cartoonist with a Swiss mind set. In fact, nearly five decades back, VINS as a kid played with the children of Mr. Brandistini, who was CEO of Indo- Swiss company, Volkert Brothers. VINS' first visit to Switzerland was in March 1967 as Staff Cartoonist of Himmat weekly. In 1971, VINS discovered in Caux, a 125-year-old satirical weekly 'Nebelspalter', published from Rorschach. In 1987, VINS was invited to the Sierre cartoon festival as a guest of honour along with cartoonists Mario Miranda, Sudheer Dar, Manjula and others. He met the editor of Nebelspalter Warner Mierer Lechot in Sierre, who invited him to Rorschach on Lake Bodensee as guest of the magazine. VINS cartoons were acquired by the cartoon museum in Basle by late Jusp (Jurg Spahr), a leading cartoonist of Switzerland. VINS contributed cartoons to weekly Treffpunkt from 1978 to 1982 and to Nebelspalter from 1987 to 1992. In November 1990, he had the honour to represent India at the 10th anniversary of the Museum. He met Ken Zukermann, a disciple of Ustad Ali Akbar Khan and the only Swiss Sarod player. VINS was instrumental in organizing a private recital for Zukermann in Mumbai. In

1994, under TCS, VINS did over 65 drawing for SEGA, a depository service of Zurich. In 1996 he was awarded the first prize of the Swiss Coalition of Social Development at a ceremony in Bern. It can be endorsed that VINS, having visited Switzerland over a dozen times in last 40 years, has developed a 'Swiss Mindset'. He can be contacted at [<vinscartoonist@gmail.com>](mailto:vinscartoonist@gmail.com)



Cartoonists VINS and Manjula with Late Jurg Spahr in Basle

