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Dear Readers,

Greetings.



The current issue happily coincides with the celebrations of the Swiss National Day, falling on August 1. To mark this occasion, we find it appropriate to focus on Switzerland's rock solid infrastructure on which the country's economy has been built. In tune with the theme, we chose two key

sectors that have propelled Switzerland's economic progress over the years, namely, power and telecommunications, for an in-depth study. While Swiss watches spell the last word in time, the power and telecom sectors in the land-locked country make its economy tick. In this context, Turbomach CEO Gerard Breniere, shares his company's global vision with us in a candid interview on the critical packaging of power equipment. We also present a report on Swiss metals and machinery sector and most importantly, on the sound Swiss financial system, which gives the country its cutting edge in global competition in every field. Erich Buerkler, Senior Consultant to Tata Teleservices shares his view as to how the blooming global telecom industry has become a blessing for the fast developing Indian economy. Then there is a varied fare of features ranging from drainage water management to biotechnology and from eco-protection to computerization of Swiss industry. Then we have Swiss Consul in Mumbai Bernhard Bienz, a passionate traveler, talking about his experiences in different countries in a face-to-face interview. In another interesting tete-a-tete, Jet Airways COO Peter Luethi unveils his airlines' high-flying ambitions. While Dr. Ravi Chaudhury, Chairman of Cemex Consulting Group, talks about the importance of Switzerland as an emerging Euro-hub for Indian companies, a separate report highlights investment potential in that country. Kuoni Travel Group Chairman & CEO (South Asia & Middle East) Ranjit Malkani gives you an insight into latest tourism innovations. We reserve the concluding part of this brief editorial note of the current issue of Indo-Swiss Business to pay our tribute to two outstanding diplomats Swiss Ambassador Walter Gyger and Consul General in Mumbai Josef Renggli who have completed their term in this country with distinction. Their contribution to the growth of Indo-Swiss bilateral relations has been invaluable. We at Indo-Swiss Business are particularly beholden to both for their encouragement and help. We say au-revoir to both Ambassador Gyger and Consul General Renggli with a heavy heart. We feature an event organized to bid the duo a fond farewell. As usual we have made every effort to make the current issue very informative and readable. Go ahead and savour it.

Wish you happy reading

Satya Swaroop

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'India's future belongs to her youth'

- Consul General Josef Renggli



It has been a very eventful four-year term in India for Consul General Josef Renggli. All set to take up a fresh assignment, Mr. Renggli, in a conversation with Indo-Swiss Business, reminisces his experiences in India. Excerpts.

Having been in India for long, what exactly are your feelings at the time of bidding farewell to us?

The nearer the date of departure approaches, the more sadness I feel to leave. One could imagine that after so many years of travelling around the globe, packing up and saying goodbye becomes a routine. There is a French proverb, "*partir c'est mourir un peu*", meaning that leaving a place you always abandon a part of your heart behind. This is exactly the way my wife Solveig and I feel. But, in the case of India, we feel that we are leaving a larger part of our hearts behind than in any of our other postings before.

How would you like to state your experience in India?

India was a tremendous experience for both of us. Especially Mumbai - it is such a vibrant city that it hardly gives you any moments to relax. Professionally, for me, it was very challenging on one hand but also very rewarding on the other. I was lucky to represent a country with an extremely positive image in India and so whatever projects we initiated gathered a lot of interest and the results of our activities were highly rewarding.

The other experience, I feel, which should be mentioned is the fact that India is a unique country, which can hardly be compared with any other. We have spent nearly twenty years in Asia and, with a few exceptions, I know almost all countries on this huge

continent. Comparably, India is certainly a world in itself and I mean this in a positive way. India is one of the only countries in the Orient, which has managed to preserve her own identity, her heritage and her traditions to the maximum extent for centuries. For us foreign observers, this is a very interesting and exciting fact. Even after years of living in this country you can always discover new things on a nearly daily basis. It's an on-going and never-ending learning process and I believe we can learn a lot from India and her people.

What will be your message for a giant economy like ours that is walking the fast road to economic growth on the one hand and grappling with socio-economic problems on the other?

It will be indeed one of the main challenges of this government and of any government in the future to solve the socio-economic problems of the largest democracies in the world. Despite the increasingly fast growing economy in more recent years and the very promising perspectives, there is still wide spread poverty and I think this phenomenon will remain a challenge for the years to come.

However, I believe India's future belongs to her youth and the generations to follow. In all my contacts with young Indian girls and boys in the schools and universities I visited, I was always astonished at the level of enthusiasm and the eagerness to learn. This irresistible thirst to gain knowledge and to achieve something in life you hardly find nowadays among the

younger generations in the western world. Therefore, I am convinced that India will find her way out and shall eventually become a new booming region in the world over the years. Looking at it from a long-term perspective, this would of course also solve most of India's present socio-economic problems.

What will be your comment on the role of the Swiss Business Hub India and other such bodies that have served to bring Switzerland and India economically closer?

As I said earlier I strongly believe that India offers excellent perspectives. I already see many positive results, e.g. in the IT sector as also in the tourism industry. Unfortunately, many foreign businessmen are not yet aware that India is fast becoming a booming region. However, I am convinced that this is now changing appreciably.

In the case of Switzerland the bulk of Swiss multinationals and larger companies are well represented in India and some have even expanded their production and/or activities in recent years. However, I feel that small and medium size enterprises (SMEs) should pay more attention to the growing market in India. It will be the challenge for the Swiss Business Hub India and other institutions active in trade and investment promotion to continue creating more awareness of India back home in Switzerland.

At the same time it must also be mentioned that India, with high import duties in some areas and other trade

barriers, remains a difficult country to do business with, especially for smaller companies with limited resources. There have been some promising developments in the right direction in recent years but a lot remains to be improved. I am a strong believer in free market policies. Trade has never been a one way business but is an excellent vehicle to create win-win situation for all concerned. Finally, I am also of the opinion that governments should create a healthy environment rather than run businesses itself.

What is your message for the readers of Indo-Swiss Business?

As I mentioned at the beginning, our Indian experience has been extremely rewarding for my wife and me and we can look back at quite remarkable achievements in the nearly four years of our term in the financial capital of India. All this has been made possible with the very active support of my colleagues at the Consulate General and so many other friends from all fields, such as business, culture, media and so many friends of Switzerland. The list with names would be much too long to personally mention them all. I sincerely thank all of them for their support and hope they will support my successor in a similar way.

Leaving for a new assignment closer to home we will certainly continue to observe further developments in India with keen interest. As true friends of India we shall return from time to time to this wonderful country. Meanwhile, we wish India and her people all the best.



Case Against 'Hydrogen Economy'

Even as the power needs of the world are fast increasing, the energy resources are fast depleting. The question has now arisen as to how this rising demand can be met in such a way as to serve its purpose in an economical way. Conventionally hydrogen is being considered a good alternative. But the European Cell Forum based in Switzerland, headed by Mr. Ulf Bossen, thinks otherwise. A report.

In future, solar radiation, winds, running water, waves, tides, geothermal heat and biomass will become precious sources of energy. The point to be kept in mind is that in this forthcoming sustainable energy economy, energy conservation and rational use of energy have to be made the cornerstones.

Even though there is no clear picture as yet of the kind of scheme to be adopted as far as the economics behind this clean energy mix is concerned, one thing, which this institution feels clear, is that hydrogen should never be adopted as an alternative to non-renewable energy. Rather, there should be a more complex substitution process involving physical and chemical energy carriers. One might consider the following vision of a Sustainable Energy Economy:

Renewable energy will become available mainly in the form of electricity:

DC from photovoltaic arrays, AC from all rotating generators powered by

wind, water, waves, tides or steam turbines (geothermal or solar thermal).

Also, there is solar heat for hot water and space heating. Chemical energy

comes from biomass from plants and organic waste.

The next issue is how to distribute to the consumers, this energy with highest efficiency. Whenever possible, conversion processes should be avoided. Consequently, AC power will be distributed as AC power, with transmission losses minimised by voltage transformation. DC power may be used as is or for water

electrolysis. It may also be converted to AC power and



supplied to the grid. AC and DC power transmission technologies are available and working infrastructures already exist. Typically, the efficiency of electric power transmission is better than 90%. Converting electric power to hydrogen and the distribution of that to the user is not only inefficient but 50% of the precious renewable electricity is lost. It can reasonably be said that transferring electricity or energy by electrons through wires has not any decent alternative. According to a study conducted by Bossel, Eliasson and Taylor, in "The Future of the Hydrogen Economy: Bright or Bleak?", energy transport by hydrogen is not likely to replace energy transport by electrons.

Secondly, as hydrogen heat will be twice as costly as electric heat, consumer preference will go against it. If hydrogen is reconverted to electricity with 50% efficient fuel cells, the cost of hydrogen-electricity will be about four times higher than electricity from the grid. Residential cogeneration with hydrogen is no good option.

Also the price levels for heating oil and natural gas will have reached a point that will make energy conservation by thermal insulation attractive from the point of economics. As the demand for heating will be reduced, the central heating systems will be replaced by electric heaters. Chances are that transition will take place even before hydrogen replaces natural gases. Electric heat pumps will be installed to provide thermal comfort in larger buildings. Furthermore, saved heating oil will flow to filling stations and power diesel engines. Energy conservation in buildings will thus extend the fossil era in the transportation sector and make an early establishment of a hydrogen infrastructure less likely.

In a Sustainable Energy Economy, electricity will become the price-setter. Because of the inherent losses, hydrogen energy will cost at least twice as much as electrical energy. This will result in a complete reversal of the entire energy market. The issue, therefore, of replacing natural gas with hydrogen should be abandoned without further thought.

The energy price reversal will also affect the mobile sector. The commuters will prefer electric cars rather than the hydrogen fuel cell vehicles. The need now is to improve further the technology and the infrastructure of the electric cars that are in use already in some countries. Also, the power source-to-wheel efficiency of electric cars is somewhere between 60% and 70%, while only about 17% and 23% can be obtained with fuel cell vehicles energized with liquid or gaseous hydrogen, respectively.

If we consider the bigger family cars, then we will see that the trend will be that they will be operated on batteries when it comes to traveling locally, but for longer drives will prefer using synthetic fuel rather hydrogen fuels, the reason being that the latter is more difficult to store and distribute economically in large

quantities. As a given volume of methanol or ethanol contains more hydrogen than the same volume of liquid hydrogen, it is likely that hydrogen will be packaged in synthetic energy carriers rather than delivered in its elemental state. Furthermore, most synthetic hydrocarbon fuels can be used in all fuel cells as well as in internal combustion engines. What can be seen is the arrival of a new concept of mobility based on electric commuting vehicles and synthetic hydrocarbon fuels for distance driving and trucks.

Hybrid cars are already on the market and have set the trend for mobility in future. It is unlikely that hydrogen fuel cell cars will ever play a significant role.

So what is the role that hydrogen is supposed to play?

A rather bleak one. The role of hydrogen will be limited to storage of electric energy from intermittent sources to regional energy solutions or to clean energy

applications in mining, submarines, congested urban developments, etc. where the equally clean electrical solutions cannot be implemented.

Because of the inefficiency of generating, packaging and distributing the

gas, hydrogen will always remain an expensive luxury fuel.

But what is the future role of fuel cells?

Fuel cells are needed for the efficient and clean conversion of natural gas and liquid hydrocarbons. Supplemented with proper reformers, fuel cells can serve the purpose better than internal combustion engines and gas turbines. Fuel cells with internal reforming (DMFC, MCFC and SOFC) offer inherent advantages over proton exchange systems. Even in a distant future, these types of fuel cells are needed to convert synthetic hydrocarbons into electric power.

In conclusion, what can be said is that it makes no sense to invest money and resources in technology developments that will not serve much purpose in the long run. The government programmes have to be assessed carefully at every stage. And as Hydrogen Economy is not likely to be established, there is no point in developing technologies for a "transition period".

About the Author:

Ulf Bossel is founder and organiser of the European Fuel Cell Forum. He holds a Diploma Degree in Mechanical Engineering from the Swiss Federal Institute of Technology (ETH) at Zurich and a Ph.D. from the University of California at Berkeley. For almost 30 years Ulf Bossel has applied engineering and physics to the promotion of renewable energy and energy conservation.

Ulf Bossel

European Fuel Cell Forum, Morgenacherstrasse 2F, CH-5452 Oberrohrdorf / Switzerland, October 30, 2003.

Solid Stable & Strong



A well-established infrastructure and a sound financial system -- plus a profitable foreign trade -- are among the key factors that go into making a nation's strong economy. By this standard, Switzerland is one of the most advanced nations of the world. A report.

Landlocked Switzerland has been able to convert its natural disadvantages into advantages, since its people, endowed with innovative skill and original ideas, have been quick to identify those areas where they could specialize in a competitive world. Thus we have Swiss watches and Swiss jewellery, which are a class by themselves. The Swiss financial system is unique in its own way; it has a mechanism that works with the same precision of a Swiss watch! Let us now look at some spheres of Swiss infrastructure.

Power: Hydel power accounts for nearly 50% of power generation in Switzerland. About three to four decades earlier, the Swiss turned to nuclear energy and today it accounts for nearly 40% of their total power generation.

Transportation: The transportation system in Switzerland is highly developed. It comprises a network of trains that are characterised by a high degree of comfort and efficiency. Amongst the various criss- crossing tunnels, the trans-Alpine tunnels, namely, the Saint Gotthard and Lotschberg tunnels, are famous. Of these, the former is the world's longest automobile tunnel and is the main artery of European transalpine traffic. Traffic on this route is, however, restricted to protect the Alpines from being damaged by noise pollution.

With regard to rail and roads, Switzerland has a well-connecting meshwork of both. While the Swiss federal railways are owned by the federal government and operate a majority of electrified tracks, the roads are both government and privately owned. The cog locomotives that facilitate steady ascent and monitored descent along steeps help one conquer the great altitudes in Switzerland. Yet another hallmark of the

Swiss rail system is their punctuality.

Other features of Swiss land transport include a first-rate highway system, high and growing automobile ownership and Swiss Post operated buses.

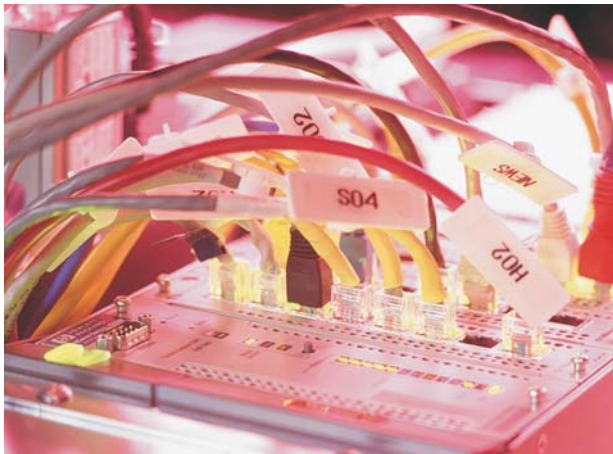
The waterways in a landlocked country like Switzerland comprise largely the limited commercial navigability of the Rhine (between Basel and Rheinfelden), the canal linking the Rhine and the Rhone and the many inland lakes. These are used for both transportation and recreation purposes. The Swiss merchant marine consists of 25 large oceangoing vessels and numerous river barges, which operate from foreign ports and from the port of Basel on the Rhine River.

International air transport is provided by Swiss International Air Lines, which is owned jointly by public and private investors. Switzerland's international airports are in Zürich, Geneva, and Basel.

Communication: With the government playing a major role in providing postal and telecommunications services, they are more flexible and market-oriented. The Swiss Postal and Telecommunications agency is divided into two separate units: Swiss Post, which remains a federally-owned institution, handles mail. Telecom PTT, which was partially privatised, oversees telecommunications services and maintains networks for sound and data transmission. The Swiss Broadcasting Corporation provides radio and television programmes in German, French, and Italian, and Swiss Radio International transmits radio programs to foreign countries. Dailies with international reputations include *Neue Zürcher Zeitung*, published in Zürich, and *Journal de Genève*, published in Geneva.

Other Highlights:

- **The Swiss** economy has the reputation of being one of the most developed and advanced economies of the world. Various parameters give this distinction to it.



- **It has the highest per capita income and wages.**

- The economy survives on trade. Exports give to it the income, while imports give to it the required supply of raw materials, which the country uses to generate a range of goods and services.

- The trade and investment policies in Switzerland are liberal with a well-developed legal system, well-defined commercial law and set of the same to protect investments.

- **The Swiss franc is one of the world's soundest currencies.**

- The country is known for its high standard of banking and financial services.

- Switzerland is a member of a number of international economic organizations, including the UN, the World Trade Organization, the International Monetary Fund, the World Bank, and the Organization for Economic Cooperation and Development (OECD).

- Switzerland's machinery, metals, electronics, and chemicals sectors are world-renowned for precision and quality. Together they account for well over half of Swiss export revenues.

- In agriculture, Switzerland is about 60% self-sufficient. Swiss farmers are one of the most highly protected and subsidized producer group in the world. OECD estimates show that Switzerland is subsidizing more than 70% of its agriculture, compared to 35% in the EU. According to the "2007 Agricultural Programme" recently adopted by the Swiss Parliament, subsidies will

increase by SF63 million, thus totaling SF 14.092 billion from 2004 to 2007. Mill quotas, however, will be abolished starting in 2009.

- Tourism, banking, engineering, and insurance are significant sectors of the economy and heavily influence the country's economic policies.

- Swiss trading companies have unique marketing expertise in many parts of the world, including eastern Europe, the Far East, Africa, and the Middle East.

- Not only does Switzerland have a highly developed tourism infrastructure (making it a good market for tourism-related equipment and services), the Swiss are also intrepid travelers.

- The Swiss economy earns roughly half of its corporate earnings from the export industry, and about 70% of Swiss exports are destined for the EU market. The EU is Switzerland's largest trading partner, and economic and trade barriers between them are minimal.

- The Swiss Government has been negotiating bilateral sectoral agreements with the EU from time to time in due accordance with the views of the people. The first set of bilateral comprised sectors as public procurement, elimination of technical barriers to trade, freedom of movement, research, overland transport, civil aviation and agricultural produce.

- According to the latest reports of AFP, Swiss economy has posted a higher growth rate in May, compared to previous year, reaching 1.34 billion Swiss francs. The exports have risen in value terms to 11.13% billion Swiss francs, while imports have fallen by 0.1%. Exports to emerging countries, notably Brazil, China, Taiwan and Turkey rose by more than 20%.



- In a surprising move, the Swiss bank raised its benchmark interest rates as the Swiss economy recovered from last year's contraction on account of faster global growth. A statement issued by the Swiss National Bank said that the expansionary monetary policy of the SNB would nevertheless continue. According to fund managers of established companies in Switzerland, this is reflective of the confidence the bank has shown in the growth of the Swiss economy and the cost of borrowing still remains low.

Foreign investment: Treading the Right Path

Foreign investments have always been a welcome feature with the Swiss, who accord to it a national treatment. In fact the nature of policies adopted with regard to foreign investments has been a middle path between non-interference and barriers. Keeping in mind parameters such as economic stability, infrastructure, legal system and capital markets, the policies are framed to favour both, the Swiss and the non-Swiss. A report.

The corpus of laws that govern foreign investment in Switzerland are the Swiss Code of Obligations, the *Lex Friedrich*, the Securities Law, and the Cartel Law.

Normally national treatment is given to foreigners except in areas such as hydroelectric and nuclear power, operation of oil pipelines, transportation of explosive materials, operation of airlines, and marine navigation.

Certain sectors such as the telecommunications sector and the railways are being liberalized step by step.

Having made a mention of these sectors, it is essential that we look at some of the legal restrictions applying to a few areas.

The Swiss code of obligations (article 708) stipulates that *boards of corporations* registered in Switzerland must have a Swiss majority. It is only the Federal Council that has the power to grant exceptions to this rule. These measures have been designed largely to provide protection to creditors and company shareholders.

To prevent *hostile takeovers*, Swiss companies, may in their articles of incorporation impose, certain restrictions on the transfer of registered shares (article 685a of the code of obligations). Public companies also resort to certain measures, subject to reviews and corrections, to ward off unwelcome takeovers. One such law is the new Stock Exchange and Securities Law.

For foreign financial institutions, prior approval from the Swiss banking commission is a must. Certain conditions essential for getting approval are:

- Reciprocity on the part of the foreign state.
- The foreign bank's name must not give the impression that the bank is a Swiss one.

- The bank must adhere to Swiss monetary and credit policy.

- A majority of the bank's management must have their permanent residence in Switzerland.

Otherwise, foreign banks are subject to the same regulatory requirements as domestic banks. A banking law that entered into force in 1995 enables foreign banks to set up branches, subsidiaries or representations without the prior approval by the banking commission (based on reciprocity). Foreign or domestic investors have to inform the banking commission before acquiring or disposing of a qualified majority of shares of a bank under Swiss law. Banks organized under Swiss law have to inform the banking commission before they open up a branch, subsidiary or representation abroad. In case of exceptional temporary capital outflows threatening Swiss monetary policy, banks can be obliged to seek approval from the Swiss national bank to issue foreign bonds or other financial instruments that would cause capital outflow.

Insurance

Insurance is subject to an ordinance requiring the placement of all risks physically situated in Switzerland with companies located in the country. Therefore, it is necessary for foreign insurers wishing to provide liability coverage in Switzerland to establish a subsidiary or branch there.

With the exception of those sectors in which state-owned enterprises have a legally established monopoly (i.e., railways, air transport, fire insurance, and utilities), competitive equality applies.

The government offers few large-scale incentives to prospective investors, and those that exist are open to foreign and domestic investors alike. The principal

incentives provided by the federal government consist of low-interest loans to promote the hotel and catering/restaurant industry in mountain regions.

A federal incentive program designed to attract investment to "economically fragile" regions of Switzerland (generally speaking, the Italian and French linguistic regions) expired in June 1996 and was not renewed. Pursuant to a newer law, a more decentralized system entered into force January 1, 1998. This program provides federal loan guarantees to economically troubled cantons while devolving much of the authority to administer the funds and create incentive programs to the cantonal governments. Such incentives may include loan guarantees, fiscal incentives, and interest subsidies. The cantonal government must match federal government commitments for each project. Interest subsidies are granted for a maximum of five years and cannot exceed one quarter of the usual commercial interest payments.

Many cantons offer investment incentive programs for foreign as well as domestic investment, in particular in rural areas. In fact, priority is often given to foreign businesses bringing new, high technology product lines. The most common incentives are:

- Subsidies or loans by cantons for the development of industrial sites
- Cantonal guarantees on bank loans
- Capital loans at below-market interest rates
- Grants for facilities conducting research and development projects.
- Subsidies to defray certain investment costs and to finance staff training.
- Exemptions from taxes on profits and capital gains for specific periods.
- Liberal depreciation allowances.

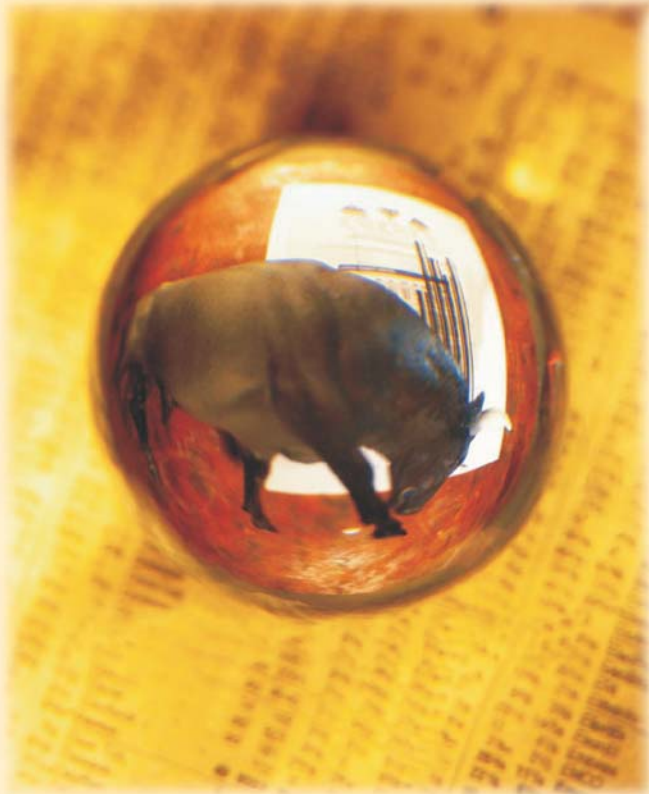
Performance requirements, whether linked to incentives or other investment-related conditions, do not exist. There are no requirements to source locally, export production, or derive foreign exchange from production. There is no requirement that nationals own equity in foreign investments; that the share of foreign equity be reduced over time; or that technology be transferred on certain terms.

There are no conditions on permission to invest related to geographical area (with the exception of investment incentives noted above), percentage of local content or equity, import substitution, export requirements or targets, employment of nationals, technology transfer, or local financing.

Government-financed or -subsidized research and development programs are open to foreign companies with headquarters in Switzerland. Major U.S. companies, like IBM and DEC, have participated in research projects funded by the Swiss government.

Visas and residence and work permits are strictly controlled in Switzerland. The country currently employs a three-tier system for issuing work permits. Citizens of European Union (EU) countries are in the first tier and enjoy liberal access to work permits. The second tier is comprised of the United States, Canada,

Australia, and New Zealand. Citizens of these countries are eligible for a "limited number" of work permits. The "rest of the world" makes up the third tier. These nationalities are generally unable to get work permits except in cases of very highly qualified applicants. To date, the fact that the United States is in a limited work permit category does not appear to have posed a problem for Americans. Swiss authorities are currently contemplating changing to a two-tier system with EU countries still getting first preference and all other countries (including the US) in the second tier. Second-tier applicants possibly would be numerically limited, and can be judged on criteria such as language ability,



education, and professional experience.

A point of concern is the continued existence of the authorization procedure for real estate acquisitions by foreign investors who are not in possession of a permanent residence permit. The law (*Lex Friedrich*) is designed to prevent real estate speculation by foreign investors. Although authorization is usually granted when a purchaser intends to use a property to operate a long-term establishment, the law can constitute an obstacle to new investors wishing to locate in Switzerland. The Swiss government is aware of this and has tried to introduce a modification of the law, which was rejected by voters in a 1995 referendum. In spring 1997, the Swiss Parliament voted in favor of a less restrictive modification of the law.

There are no discriminatory export and import policies that seriously affect foreign investors. The non-tariff barriers that continue to exist, mainly in the areas of technical standards and testing requirements for certain industrial products, apply to both domestic and foreign-owned import companies. There is also a requirement that imported products be labeled in all three official languages (German, French, and Italian). All drugs (prescription and over-the-counter) must be approved and registered by a quasi-official agency (the IKS, or inter-cantonal drug inspection office). None of these measures can be considered as discriminatory since they apply to all importers and distributors. Import duties are generally low, less than three percent for most raw materials and industrial products. Although preferential duties are offered to a large number of developing countries, imports of virtually all agriculture products, regardless of their origin, are subject to import and supplementary duties and to variable import quotas. To fulfill WTO obligations, Switzerland is in the process of addressing all non-tariff barriers and lowering tariffs on most

imported agricultural products.

Cartels are endemic to the Swiss economy, and are likely to remain so for the foreseeable future. Companies in a number of industrial and service branches have organized themselves, through trade and industry associations, into horizontal and vertical cartels. Such arrangements exist in the market for prescribed medicines, sanitary ware, kitchen equipment, optical products, books, beverages, food retailing, dietary products, and many other sectors of the economy. The government has acknowledged the need to augment competition in the Swiss market and bolstered its powers to do so with the entry into force in

July 1996 of a new Cartel Law. The new law, like its predecessor, does not automatically prohibit cartels. Only so-called "hard cartels", in which clear evidence of market distortion exists, are to be examined and potentially sanctioned under the new legislation. Foreign investments are subject to review by the Competition Commission if the value of the investing firm's sales reaches certain worldwide or Swiss-market thresholds. An investment or joint venture by a foreign firm could be disapproved on grounds of competition policy, although there is no evidence that this possibility will have a



discriminatory effect.

A considerable number of obstacles hinder retail operations in the domestic market. Some of these are planning regulations, local building codes, advertising restrictions, standards for equipment, approval procedures, and opening hours for shops, to name but a few. Such measures are non-discriminatory, although their effect can be to limit possibilities for large, discount retailers. Bureaucratic procedures are numerous but efficient, transparent, and non-discriminatory.

Courtesy: www.countrywatch.com

ICT

Switzerland's thriving Sector



Switzerland is one of the most computerised countries in the world. The market here is highly developed, competitive and attractive. A report.

The high level of computerisation in Switzerland is due to the fact that the industries in Switzerland are very sophisticated and the business and service sectors are very active. Relying on computers enables them to reduce labour costs and increase efficiency. Apart from this, the presence of international organisations also increases the demand for the latest technology in communication. It is no doubt then that more than 44% of the population here have availability of computers.

Growth in the computer and peripherals market, estimated at \$3.6 billion in 2002, has continued on account of new installations or replacement models. Amongst the peripherals sector, the different items include printers, scanners, video projectors, external

DVD/CD-R-RW drives, handheld pocket PCs, digital cameras, etc.

Talking of phone lines, Switzerland's penetration of main phone lines is one of the highest in the world at 71 per 100 people. On the other hand, what one may find is that the rate of mobile phone ownership is less than the other countries of Western Europe.

This is due to the geography of the country that compromises the quality of phone service. The Swiss are also quality conscious and are not inclined to invest in unpredictable services. In this segment, the main competitors are Swisscom, Orange and TDC, with shares respectively of 67.7%, 14.7% and 17% of the market (1997-2001).

According to a study conducted by the Solothurn University of Applied Sciences, Northwestern Switzerland, the Internet has a very high rate of awareness among the Swiss population. The study also found that Switzerland was second only to Sweden in overall Internet usage in Western Europe. The Swiss have a higher percentage of browsing online rather than making purchases. The lower online purchase rate is largely on account of Swiss concerns for security, which the Swiss government is addressing by enacting legislations from time to time. Internet access in Switzerland is more from work than from home. The Swiss government has undertaken a number of measures to develop a native ICT workforce. Some of these initiatives have included Internet access in the primary and secondary schools as well as development of technology curricula at the university level. Switzerland has 99% literacy rate among its citizens. Currently, ICT curricula are being developed to address the growing shortage of ICT skills. The curricula aim to prepare students for ICT careers from the primary level to the graduate level. In an effort to attract business and encourage innovation, Switzerland has tried to create an interface between education, research and practice. An example of this effort is (ecademy.ch.)

In February 1998, the Swiss Government issued its strategy for an Information Society in Switzerland. E-government initiatives are being created to facilitate the relationship between the citizens and the government. E-government in Switzerland has C2G, G2G and G2C applications.

Switzerland also has an active regime in the context of Intellectual Property Rights. As a member of the World Intellectual Property Organisation, it is a signatory to 20 agreements covering copyright, trademarks, industrial property and other issues related to intellectual property. Switzerland is also a signatory to the TRIPS agreement.

Highlights of Swiss ICT Policy



- **Universal access:** To ensure that all residents of Switzerland have equal access to ICT at all levels, independent of time and location and at affordable prices.
- **Universal competence:** To ensure initial and continuing education at all levels so that ICT, in technical terms as well for content creation, becomes a basic competence of daily life.
- **Freedom of configuration:** To ensure that the information society develops under free competition, with the state ensuring that its configuration respects social principles.
- **Acceptance:** To ensure that ICT obtains the trust of the population through responsible use and respect of human and other fundamental rights.
- The Swiss government funds several research

programs throughout the country. One such effort is **softnet** (www.softnet.ch), which was created to spur growth in the Swiss software sector. Another programme created to support ICT growth is the Swiss Priority Programme for Information and Communications Structures.

This initiative's objectives are the design, development, implementation and trials of distributed applications and associated networks. The Swiss Government has built a policy framework that is conducive to research and development, but one that does not interfere in the process.

- Switzerland has embarked on a public-private partnership that seeks to supply Internet access to all primary and secondary schools of the country. The schools on the Web initiative also seek to train teachers how to use technology more effectively in the classroom. This initiative is an example of collaboration between private industry, cantonal governments and the federal government. This type of partnership is one of the goals of the building of an information society in Switzerland.

- To address the needs of small and medium-sized enterprises, the SME Task Force of the Secretariat of Economic Affairs launched a portal to help SMEs in starting a business and to help other useful business.

For further information see www.mait.com

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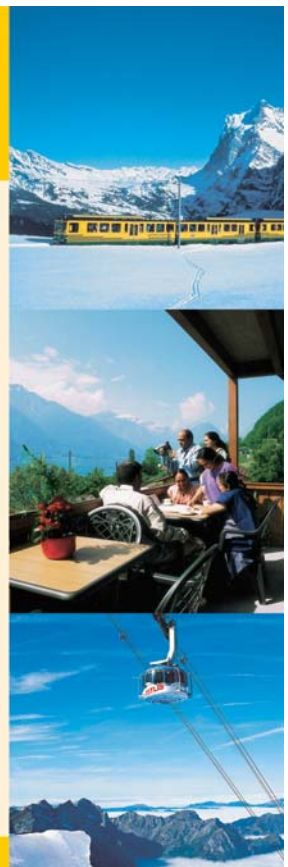


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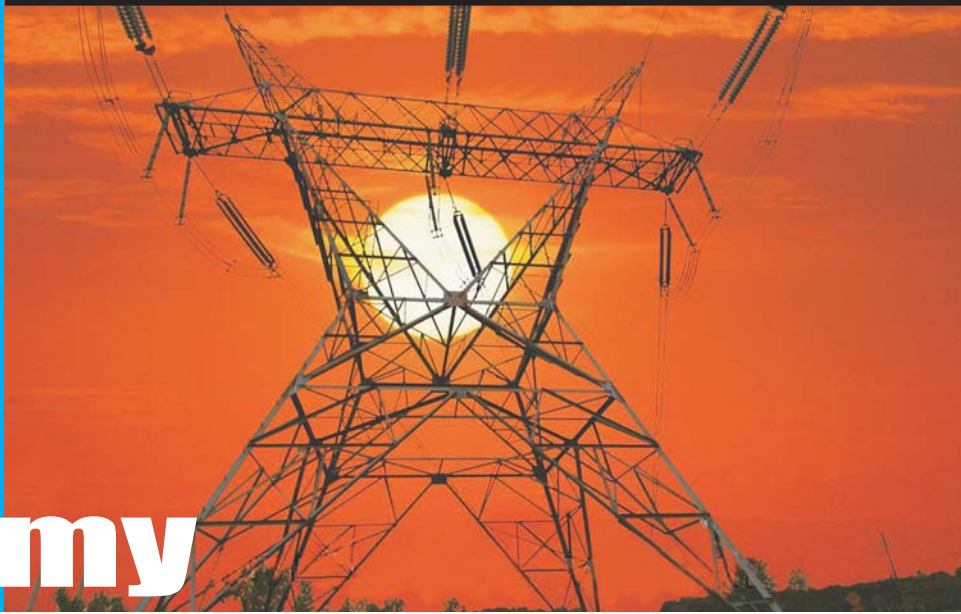
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These giants power Swiss economy



The world's fastest weaving machine is manufactured in Switzerland. The machine launched by Sulzer Textil three years ago draws in the yarn at a speed of 300 km per hour. These are facts that find mention in the report on the Swiss MEM industry published by Osec Business Network, Switzerland. The exhaustive report underlines not just the components of this sector but also its importance in the economy. Excerpts:



It is not very surprising especially when the country happens to be Switzerland that the Swiss machinery, the electrical and metal industry (MEM) holds the seventh place worldwide and among the group of G7 nations, leaving Canada behind. In certain sectors, such as paper processing machinery it stands in second place behind Germany, in textile machinery and packaging machinery fourth, and in printing machinery and weighing machines and machine tools it stands fifth. In these fields, some of the major players are Müller-Martini, Rieter, Saurer, Schweiter and Sulzer, and Wifag. Switzerland also ranks among the top seven in food processing machinery (Bühler), wood processing machinery, compressors and vacuum technology. What's more, Swiss manufacturers are outright world market leaders in some areas of special mechanical engineering. A prime example is provided by coating machinery for the production of optical data storage media (Unaxis), and another by the cable processing machines for the cable and telecommunications industry, where two Swiss companies (Komax and Schleuniger) together supply around 60 % of the world market.

The question that arises next is what exactly is the structure of this sector?

Though the manufacturing of plant, machinery and precision instruments dominate, the sector also includes manufacturing of electrical and mechanical components. It is here that we must note that more than half of the 318,000 people in the industry work for small and medium-sized enterprises (SMEs) and major companies employ only around 47 per cent of them. The country's biggest company group in the MEM sector is Swedish-Swiss ABB, which today sees itself as a technology group with strong businesses in automation and energy production/distribution. ABB,

which has its headquarters in Zürich, now only employs 7,100 people in Switzerland, but worldwide the company has around 139,000 staff. Lift and escalator manufacturer Schindler also has a good international reputation, and is currently number two on the world market.

Which are the markets for the Swiss MEM industry?

The main sales markets for the Swiss MEM industry are in Europe, America and Asia. In Europe, Germany is the most important customer country, accounting for a share of 26 %, followed by France with 8 % and Italy with 7 %. Altogether, 12 % of exports go to the USA and Canada. The sector's most important single customer is the German car industry. Companies such as Audi, BMW, Volkswagen and Daimler-Chrysler are among the major purchasers of goods manufactured by the Swiss MEM sector. And this example also gives an indication of why Swiss MEM companies enjoy a reputation around the world for speedy, innovative and precise product manufacture, as well as reliable delivery.

Technology transfer and flexibility

This is yet another characteristic of the Swiss MEM industry and its ability to deliver according to specification and independently being able to incorporate new customer requirements into the products, make it a reliable partner for the German car industry to engage with.

From the major suppliers of entire vehicle module systems to the "minor" parts suppliers, Switzerland offers international customers a complete supply chain in which each individual company sees itself primarily as a solution provider. A key factor in this positioning, which was accentuated in the 1990s under the pressure

of increasing market globalisation and global sourcing, is the ongoing readiness to innovate.

ABB, for instance, operates eight development and research centres around the world, where more than 1200 highly qualified engineers conduct work. And some of the small and medium-sized enterprises, too, are extremely innovative. They employ a high number of university graduates by international standards and frequently participate in national and international research and development programmes. The integration of microelectronic components and sensors, robot cells and internet-based remote monitoring systems is part of everyday business life in the Swiss mechanical and electrical engineering industry. By focusing on high-quality, innovative products the sector has succeeded, despite the comparatively high wage levels in Switzerland, in preventing the migration of orders and sales to low-wage countries.

International approach and customer-orientation

Providing good service has always been a hallmark of the Swiss MEM industry. Service and performance guaranteed worldwide, software consultancy which targets the maximum possible automation and integration of products and production operations, as well as on-site training of the future operators come as standard. The industry also benefits from the fact that Switzerland is a multilingual country (German, French and Italian) and that well qualified staff in particular are comfortable using several languages. This lowers the psychological barriers to entering new markets and also results in more and more small and medium-sized enterprises establishing their own subsidiary companies in the countries to which they export. In Switzerland it is therefore not rare to encounter a firm which has perhaps 200 people on its employee roll of whom more than half work at foreign distribution and production locations. Altogether, the Swiss MEM companies employ worldwide around a million people.

For further information contact:
sameier@osec.ch



TURBOMACH:

Packaging Power Equipment

*Having begun as a local company engaged in manufacturing equipment of uninterrupted power generation, **TURBOMACH** has come a long way. Today it has a strong global presence and is rapidly diversifying within the power plant sector. In an interview with **Shruti Sinha**, **Mr Gérard Breniere**, **CEO of TURBOMACH SA** of Switzerland, shares some of the latest developments and the vision of the company. Excerpts:*

Mr Breniere, can you tell our readers about the inception of the company and its development over the years?

TURBOMACH S.A. is the spin-off in 1979 of a local company involved in manufacturing equipment for uninterrupted power systems (UPS). The basic orientation of the company was to utilise the inherent features of gas turbines in terms of compactness, low vibration level and high starting reliability for emergency power plants in the industrial as well as public sectors. Then the company moved into continuous duty power plants, still based on gas turbines. The main features of these power generation packages are the low exhaust emission levels, high efficiency and availability thanks to the use of high quality components and state of the art engineering. The company covers all engineering disciplines, allowing for a high level of integration of all auxiliary systems resulting in a compact and reliable power plant. The customer benefits from this by the means of a short pay back time.

What are the different products manufactured and services provided by TURBOMACH?

Today's core business of TURBOMACH is the packaging of power generation equipment. We engineer, construct and supply gas- and steam turbine

generating packages in the range of 1 to 60 MWe. Based on the company's track record, many customers have entrusted us the turnkey supply of complete cogeneration and combined cycle power plants.

What about the global presence of TURBOMACH?

The company holds subsidiary companies in Germany, United Kingdom, France, Turkey Spain, Netherlands, Poland, Thailand, India and Pakistan. The main activities of our subsidiary companies are to provide around-the-clock service to our local customers ensure availability and reliability of power supply.

What are the recent developments and successes achieved by the company?



TURBOMACH entered the steam turbine generator packaging market only recently and its first order is just entering service. But already the company has won its fourth steam turbine order for a 16 MW condensing turbine package.

For the public utility of the city of Munster, Germany, the

company is supplying two large gas turbine generator packages each approx 30 MWe. In Poland we are at present constructing a combined cycle power plant consisting of two gas turbine packages of 14 MWe and one steam turbine package of 9 MWe. In February this year the company signed a contract with the city of Riga, Latvia, for the supply of a 40MWe combined cycle

power plant, based again on our gas turbine and steam turbine packages.

In India, since the introduction of the Electricity Act 2003 and the increasing availability of natural gas, TURBOMACH have been awarded with four projects in the industrial sector for captive co-generation plants. The projects are:

1. Garden Silk Mills Surat 1 x 7.5 MWe
2. Deepak Fertilizers & Petrochemicals Ltd. 2 x 5.5 MWe
3. H&R Johnson Ltd. 1 x 5.0 MWe
4. Welspun India Ltd. 1 x 7.5 MWe

How do you think one can address the threat of depleting energy resources of the world?

The worldwide community becomes more and more aware that fossil resources are not available in unlimited amounts. Even in places where the cost of energy is kept low today in order to stimulate economic development, governments are often crediting the technology providing higher fuel efficiency or stimulating the use of renewable energy sources. Industrial customers can also benefit from these technologies. TURBOMACH has a keen focus on these aspects by utilising gas turbines and steam turbines with the highest efficiency in their range of power. Our steam turbine packages are used in combined cycle power plants in order to improve the overall fuel efficiency or in applications where energy content of waste is utilized to generate power.

Even if natural gas will be still available for several generations, we put major efforts for achieving the most rational use of primary fuels and at the same time serving the economics of the projects.

What is the approach of TURBOMACH to environment protection?

We put continuous efforts not only at reduction of fuel



consumption but also in the reduction of exhaust gas emission and effluents. The exhaust gas emission of our turbine packages meets the most stringent requirements in the world. Even in the unlikely case of spillage of oil, leakage to the soil is prevented as all oil transporting appendages are within the confines of our packages.

Even if natural gas is still available for long duration, we are developing technologies allowing to fire gas turbines with fuels resulting from waste by means of gasification, landfill, etc. Already, several power plants of this kind are operating successfully.

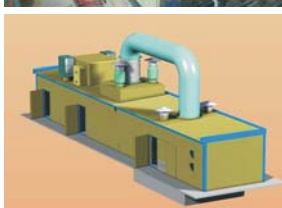
What do you feel is the scope for cooperation between India and Switzerland in the energy sector?

So far, TURBOMACH has supplied three gas turbine generating packages to India. And other projects are in execution as mentioned above.

The installation of a captive co-generation power plant will reduce the energy bill for the industry. As industrial energy consumers in India are becoming aware of this, TURBOMACH sees a growing demand for her products. At present, paying import tax on capital goods penalises the industry investing in a high efficient power plant and at the same time reducing environmental pollution.

As the government's taxation policy on the import of capital goods is under consideration, we trust that the future will be beneficial to both.

TURBOMACH is also hopeful of the government coming up with further reforms in the power sector with focus on distributed energy as a part of its programme to achieve an ambitious plan of adding 100,000 MW by 2012.



Swiss Science & Tech Consulate launched in Singapore

Switzerland has opened its first science and technology consulate in Asia, paving the way for firms to gain a foothold in the region.

Based in Singapore, it is the third Swiss House to offer services abroad to businesses and researchers, following similar ventures in Boston and San Francisco.

The new offices were inaugurated by the Swiss Interior Minister Pascal Couchepin in the first week of July, 2004.

He said Asia was an increasingly important region for Switzerland, and added that he intended to visit China later this year.

The choice of Singapore for the third Swiss House was straightforward according to Suzanne Hraba-Renevey, its executive director.

"Asia is important globally in terms of research and development, and Singapore serves as a regional hub," she said.

The Swiss House is expected to focus on three specific fields: education, research and development, and supporting Swiss businesses in their search for Asian

partners.

Hraba-Renevey cites exchange programmes between the federal institutes of technology in Lausanne and Zurich and Singapore universities as examples of cooperation that are already underway.

"We have had students coming to Singapore in the past, and now, for the first time, Singapore students heading to Switzerland to study," she added.

The Swiss House is located on the campus of the Biopolis centre, which is tipped to become Asia's main biomedical research and development platform.

Swiss pharmaceutical giant, Novartis, officially inaugurated its tropical disease research institute there. Couchepin also opened that centre, which will focus on developing treatments for tuberculosis and dengue fever.

Hraba-Renevey says the Swiss House won't just be focusing on biotechnology and pharmaceuticals.

"It's true that 80 per cent of the research carried out in Singapore is biomedical, but fields such as nanotechnology or material sciences cannot be forgotten either," she said.

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SAEFL comes out with valuable solutions

A healthy ecosystem is the key to clean water and rich biodiversity. But these are facing increasing pressure everywhere due to unbridled human activities, which are also cause for climatic changes. It is, therefore, imperative that each country takes appropriate steps to avert an eco-disaster. What is also needed is a radical change in the mindset of the countries concerned to face this challenge. Switzerland, in this context, stands to score over the rest. The environment-conscious Swiss have adopted various measures from time to time to preserve the cleanliness of their water resource as well as their biodiversity. SAEFL, Swiss Agency for the Environment, Forests and Landscape, is a Swiss organization that represents this consciousness. It has been doing active work in garnering the benefits of climate protection, the value of biological diversity and the importance of ecosystem protection. Certain measures that it has suggested can be of help to India also. A report.

The importance of the ecosystem can never be underestimated. It captures, filters, and stores water in a regulated manner. As a source of food, it provides the basis for all the economic activities. The question then is how do we protect the global ecosystem.

One way would be to involve those communities that are involved with the ecosystem at the primary level. This can be done in three ways. These communities should be compensated for the environmental services that they provide. Secondly, projects when undertaken should incorporate ecosystem protection. Thirdly, benefits accruing should be equally shared amongst the communities.

Healthy ecosystems serve as a buffer against the ever more apparent consequences of climate change: by absorbing increased levels of precipitation and supplying water in dry periods, they help to offset the effects of extreme weather events. At the same time, these ecosystems are themselves increasingly vulnerable to climate change.

Therefore, the approach to be adopted should be a broad one. Implementing the Kyoto Protocol or working under the CO₂ Law, as is being done in Switzerland is a way out. Second thing is that one should look beyond the target date of 2012, as set under the protocol.

Ecosystem problems in Switzerland are no less. Rising traffic and noise pollution cause a lot of harm to human health. However, the increase in "green" agriculture is being seen as a counter to development pressures.

Other than that, there can be some more ways to



address this problem:

- National Ecological Network can help identify core habitat areas for indigenous flora and fauna and potential corridors. This project is an integral part of the Swiss Landscape Concept, which was approved by the Federal Council in 1997. Apart from wildlife crossings additional steps are required to improve the habitats of amphibians, reptiles, small mammals and invertebrates. In the agricultural sector, the Environmental Quality Ordinance provides support for measures to enhance environmental quality and, where appropriate, improve the connectivity of ecological compensation areas.
- In order to conserve areas of undeveloped land and intact countryside, better use needs to be made of sites previously occupied by industrial facilities. These brown field sites are generally readily accessible and suitable for attractive redevelopments. These areas however, run the risk of contamination and hence green fields are opted for at times.
- It will do a lot better to bring about better coordination between transport planning and spatial planning, keeping in mind the environment so as to minimize air and noise pollution.
- Abetting noise pollution too needs to be tackled in a different way. For example, a system of noise/tranquility labeling could be helpful in determining amenity values and raising public awareness of peaceful residential areas as an asset.
- Using land should be in close connectivity with the nature and sensitivity of the soil type. This is a key responsibility of communal and cantonal spatial planning authorities.
- Greater attention needs to be given to the restoration of water bodies. The chemicals present in the water bodies tend to adversely affect the fishes. The residual water levels need to be adequate. A research project is therefore being launched by SAEFL to study micropollutants in water. The Agency also calls on the chemical industry to exercise responsibility.

Drainage Water Management: The Swiss way

Drainage water can be a source of trouble if it is not treated well scientifically. Switzerland has developed this technique to perfection, keeping the environment uppermost in the minds of the city planners and other concerned authorities. A report.

Whether it is the treatment of drainage water or disposal, the health factors have always to be kept in mind. For example, where drainage water with high loads of pesticides and trace elements is re-used for irrigation, a health risk can occur for irrigation workers or for persons using this water for domestic purposes. Therefore, effective monitoring of the quality standards of drainage effluents is most important. These factors are borne in mind in Switzerland, which follows certain strategies. For example, the agriculture-forestry system and solar evaporators system of drainage water management aim at a continuous concentration of salt in progressively smaller volumes of water and is less of a health risk, as saline water is unsuitable for drinking.

Here one has to keep in mind certain problems that might still occur, like growing of aquatic weeds, a breeding ground of insects and the possibility of open water surfaces. Solution can be found on adopting certain measures:

- Intermittent drying out of ponds or storage tanks for at least five to seven days.
- If possible, lining of all facilities to avoid seepage and minimise aquatic growth. In the case of earth lining regular weed control. Only restricted or no applications of insecticides or molluscicides.
- Restricted accessibility in order to reduce man-water contacts.
- Settlement planning would include geographical separation of settlements from ponds and tanks.
- Monitoring of vector breeding activities and water quality.
- Evaluation of options.

The various physical, chemical and biological treatment processes may require a number of water retention structures such as constructed wetlands. This could lead to new and mostly permanent open water surfaces. Here again, the question is whether vector-breeding sites will be created, or whether the purification capacity will determine the effluent quality and thus the water quality for low-end consumers.



A few preventive measures in this regard are:

- Water-level fluctuations and intermittent drying out of the wetland area.
- Restricted accessibility.
- Geographical location outside and separated from human settlements.
- Off site: settlement planning and maintenance, housing improvement, personal protection.
- Health education.

Addressing modifications to the environment, the steps would be the change from open to piped or covered drains or canal lining with concrete in order to increase flow velocities and reduce aquatic weed growth.

The environment has to be attended in a few other ways like resorting to flow and water level management measures. These help in controlling snail and mosquito breeding. Drying out of canals in connection with flushing can also be effective tools to control mosquito or snail breeding. Weed control has not to be forgotten at any stage.

We have to meet the issue of human concerns at the same time. There can be three components that can contribute to health hazards. The prevalence of certain specific diseases amongst the social groups, the receptivity of the environment to transmission of the pathogen and the quality of health services provided. The sanitation and personal hygiene have to be improved and settlements have to be planned and well maintained. However, the first thing is to collect the data, assess which of the three causes works and accordingly resort to preventive measures.

Democracy is the Strength of India and Switzerland



-Bernhard Bienz, Consul, Swiss Consulate, Mumbai, with wife Debora.

Having begun his consular career in the year 1990, Consul Bernhard Bienz has been passionately involved in globetrotting. This is not just in fulfilment of his professional requirement but also as a matter of interest. With Indo-Swiss Business, he shares his work profile and experiences in India. Excerpts:

Since when have you been associated with the Swiss Consulate and in which capacity?

In early 1990, I successfully passed my entrance examination for the Consular career. In October of the same year, I took up my internship with the Federal Department of Foreign Affairs and completed the same after a stay of two years in a foreign country.

Before coming to India, in which country were you designated and please share with us some of your experiences there.

My association and enrolment with the Swiss Government provided me with an opportunity to work in the following countries: Brazil (twice once in São Paulo and once in Rio de Janeiro), Algeria and the United States. Prior to taking up my assignment with the Federal Department, I was employed as the Administrator for the International Red Cross in Lebanon and Zaire (Congo of today).

In the early 90's, I had to live a very difficult life in Algeria -- a country where foreign nationals were not always welcome. Terrorism by Islamic groups led to the provisional closure of the Swiss Embassy. Finally, I was transferred to Los Angeles, where I could enjoy the "American Way of Living" for three years.

The best experience I had was in Brazil, where I met my wife in 1998, after which we got married in Switzerland in 2002. After a stay of eight years in Brazil, I today consider it as my second home. Needless to mention, I

mastered the Portuguese language, which enabled me to minutely understand and learn the cosmopolitan Brazilian community.

What is your work profile?

As Functional Head of the Consular and Administration Section at the Consulate General of Switzerland in Mumbai, I am primarily responsible for the local personnel as also, in part, for their respective fields of work.

Various cases of our fellow citizens fall under the working of the Consular Section, for example, marriage cases, legalisation, passport applications, protection of Swiss nationals imprisoned here to name a few. Additionally, the financial control in a representation is undertaken through book-keeping and accountancy. With the consistent increase in the interest of Indian travellers to foreign destinations, I would also like to mention here the activities of the visa section.

Within the context of your work profile, which are some of the most delicate issues or difficult ones to handle?

The Swiss representations, in accordance with the Treaty of Vienna for Consular Cases, have to protect the interests of their imprisoned compatriots. Very often, this representation is faced with problems which are almost impossible to solve and which, in the long run, need to be handled and resolved with a lot of patience, dialogues, as also negotiations with the authorities at the State and Central level. Just to cite an example: How can I bring medicines or groceries to a prisoner without applying for a time-consuming "Permission to Visit"?

Please tell us something about the nature of Swiss visa rules and what are the different categories of visas available?

Issuance of a visa enables as far as possible to contain and maintain under control the rate of illegal

immigration while at the same time granting access to *bona fide* travellers to visit Switzerland.

Basically, the following types of visas are issued:

- Student visas
- Tourist visas
- Business visas
- Work permits
- Transit visas
- Official visas

India and Switzerland are both culturally very rich. But there are some dissimilarities too. Could we have your comment?

In principle, both countries are proud to have a rich cultural heritage and I am of the opinion that despite their inherent multicultural and linguistic diversities they have built successful democracies. While speaking of differences, I would like to cite a short comment made by a famous Indian actress: "The only thing that Switzerland has in common with my country, are the cows. The Swiss look after their cattle with a lot of affection and love and provide them with a healthy natural environment." How right she is!

The Indian tourist is well inspired and impressed by the always-prosperous Switzerland, its modern infrastructure, law and order, as also the overall cleanliness of the country. These are the things, which I miss in India. Mainly, the latter bothers me most. In this respect, I wish the citizens would be more conscious of this particular fact and do what is needed in this matter with common and public sense. But, at the same time, let me mention that in my country, one

cannot experience the joy of life in the streets, while anywhere here, it prevails almost 24 hours a day.

What has been your experience in India? Any anecdote you would like to narrate in this regard?

Following our arrival in India last September, my wife and I stayed in the Taj Mahal Hotel. It was only after a period of seven months that we were able to move into our own apartment. We enjoyed the trappings of "hotel-life" to the fullest measure but we missed the "private space" that is so rarely on offer in a hotel. We have so far experienced India as a fun-loving cultural country, whose politics respects and considers even the lowest of the classes. It appears to me that there apparently exist no problems here, which cannot be solved. Everything finally depends on the inter-personal network of relationships along with communication skills. I always mean to implement my tasks with the resolution that the amount that I put in to achieve something, it is always a "give and take" situation.

I always think that with my numerous years of foreign-experience, I have experienced everything unthinkable. Despite that, I am quite often faced with peculiar situations. For example, when an electrician in our house put his entire toolbox on our antique dining table, needless to mention without having anything below it, and, subsequently with his work made the table crack!

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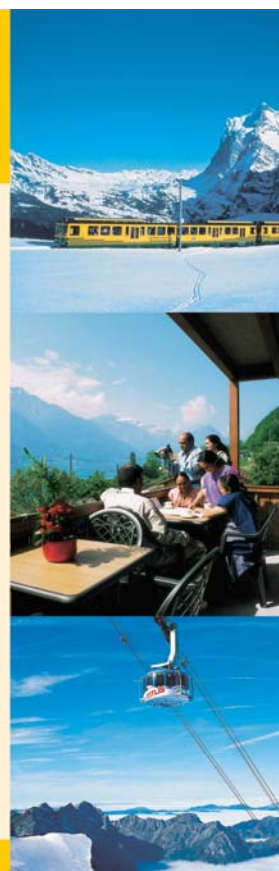


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ICT

Switzerland's thriving Sector



Switzerland is one of the most computerised countries in the world. The market here is highly developed, competitive and attractive. A report.

The high level of computerisation in Switzerland is due to the fact that the industries in Switzerland are very sophisticated and the business and service sectors are very active. Relying on computers enables them to reduce labour costs and increase efficiency. Apart from this, the presence of international organisations also increases the demand for the latest technology in communication. It is no doubt then that more than 44% of the population here have availability of computers.

Growth in the computer and peripherals market, estimated at \$3.6 billion in 2002, has continued on account of new installations or replacement models. Amongst the peripherals sector, the different items include printers, scanners, video projectors, external

DVD/CD-R-RW drives, handheld pocket PCs, digital cameras, etc.

Talking of phone lines, Switzerland's penetration of main phone lines is one of the highest in the world at 71 per 100 people. On the other hand, what one may find is that the rate of mobile phone ownership is less than the other countries of Western Europe.

This is due to the geography of the country that compromises the quality of phone service. The Swiss are also quality conscious and are not inclined to invest in unpredictable services. In this segment, the main competitors are Swisscom, Orange and TDC, with shares respectively of 67.7%, 14.7% and 17% of the market (1997-2001).

According to a study conducted by the Solothurn University of Applied Sciences, Northwestern Switzerland, the Internet has a very high rate of awareness among the Swiss population. The study also found that Switzerland was second only to Sweden in overall Internet usage in Western Europe. The Swiss have a higher percentage of browsing online rather than making purchases. The lower online purchase rate is largely on account of Swiss concerns for security, which the Swiss government is addressing by enacting legislations from time to time. Internet access in Switzerland is more from work than from home. The Swiss government has undertaken a number of measures to develop a native ICT workforce. Some of these initiatives have included Internet access in the primary and secondary schools as well as development of technology curricula at the university level. Switzerland has 99% literacy rate among its citizens. Currently, ICT curricula are being developed to address the growing shortage of ICT skills. The curricula aim to prepare students for ICT careers from the primary level to the graduate level. In an effort to attract business and encourage innovation, Switzerland has tried to create an interface between education, research and practice. An example of this effort is (ecademy.ch.)

In February 1998, the Swiss Government issued its strategy for an Information Society in Switzerland. E-government initiatives are being created to facilitate the relationship between the citizens and the government. E-government in Switzerland has C2G, G2G and G2C applications.

Switzerland also has an active regime in the context of Intellectual Property Rights. As a member of the World Intellectual Property Organisation, it is a signatory to 20 agreements covering copyright, trademarks, industrial property and other issues related to intellectual property. Switzerland is also a signatory to the TRIPS agreement.

Highlights of Swiss ICT Policy



- **Universal access:** To ensure that all residents of Switzerland have equal access to ICT at all levels, independent of time and location and at affordable prices.

- **Universal competence:** To ensure initial and continuing education at all levels so that ICT, in technical terms as well for content creation, becomes a basic competence of daily life.

- **Freedom of configuration:** To ensure that the information society develops under free competition, with the state ensuring that its configuration respects social principles.

- **Acceptance:** To ensure that ICT obtains the trust of the population through responsible use and respect of human and other fundamental rights.

- The Swiss government funds several research

programs throughout the country. One such effort is **softnet** (www.softnet.ch), which was created to spur growth in the Swiss software sector. Another programme created to support ICT growth is the Swiss Priority Programme for Information and Communications Structures.

This initiative's objectives are the design, development, implementation and trials of distributed applications and associated networks. The Swiss Government has built a policy framework that is conducive to research and development, but one that does not interfere in the process.

- Switzerland has embarked on a public-private partnership that seeks to supply Internet access to all primary and secondary schools of the country. The schools on the Web initiative also seek to train teachers how to use technology more effectively in the classroom. This initiative is an example of collaboration between private industry, cantonal governments and the federal government. This type of partnership is one of the goals of the building of an information society in Switzerland.

- To address the needs of small and medium-sized enterprises, the SME Task Force of the Secretariat of Economic Affairs launched a portal to help SMEs in starting a business and to help other useful business.

For further information see www.mait.com

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'TOTAL QUALITY' IS WHAT WE AIM AT

Ambassador Gyger, A True Friend of India, Bids Adieu

Having served a fruitful term, Mr. Walter Gyger finally bid adieu as Swiss Ambassador to India and is now all set to take up his new assignment.

The Swiss Consulate in Mumbai hosted a farewell party in his honour and on this occasion he had a brief but enlightening dialogue with journalist Bernard Imhasly. A report.

The session began with Mr. Gyger assessing the India that he had seen five years ago when he had just joined as an ambassador. He said that India had since then made long strides on the road to development. Its past had been very glorious with the oldest and most flourishing of all civilizations. The future, too, he wished, would be brighter than the past.

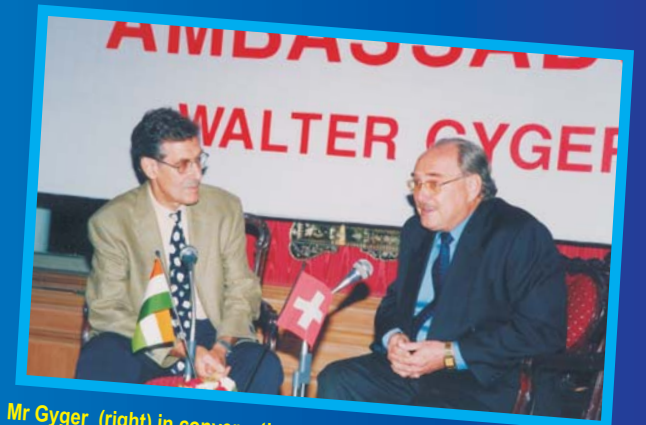
There can be no underestimation of the fact that Mr Gyger has been an ambassador par excellence. Like a true emissary, not only did he just portray his own country in the correct light, but he also adopted the Indian ways and customs in ways unparalleled. Mr Imhasly minced no words in mentioning two such occasions. On one occasion the ambassador adorned the traditional the khadi wear and on another occasion he inaugurated a book based on the life of a eunuch! Very simple and yet very endearing acts.

The most remarkable thing that Mr Gyger felt about India was the fact that here the white and the black lived side by side. In other words, the rich and the poor coexist. The uniqueness is in the relationship they share. It is fraught with tensions and conflicts and yet peaceful at times. There is no merger of the two into a gray shade.

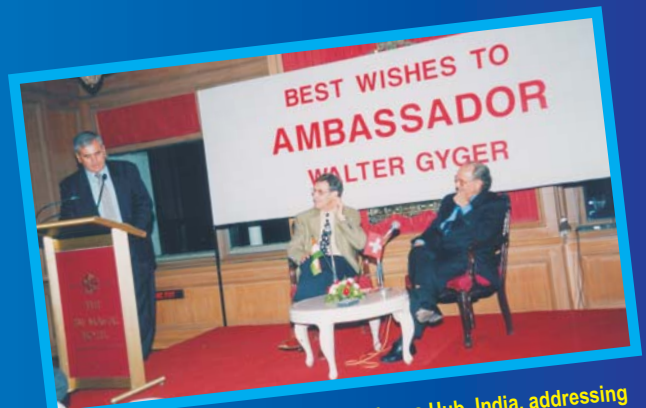
Talking about the bilateral relations shared between India and Switzerland, Mr Gyger said that the relationship between the two nations has grown and will continue to grow in the near future. He said that it had been his privilege to deal with economic matters and promote trade and business relations between India and Switzerland, as the economic dimension played a major role in shaping the



Consul General Josef Renggli speaking at the function organised to bid farewell to Ambassador Gyger



Mr Gyger (right) in conversation with journalist Imhasly during an interview session.



Mr. Joseph Koch, Director, Swiss Business Hub, India, addressing the audience. Listening to his speech attentively are Mr. Gyger and Mr. Imhasly.

relations between the two countries. And it gave him pleasure to notice that the bilateral trade had actually developed along with the economic relations. Bilateral relations have also been encouraged by the high-profile visits of dignitaries exchanged between both these nations.

He encouraged the Swiss companies to come to India and said that examples set by companies like Volkart in this direction are indeed good. At present, certain Swiss companies have been established in India and are doing a good job in providing employment opportunities for the Indians. Furthermore, the setting up of the Swiss Business Hub and its functioning, under the leadership up Mr Joseph Koch and Mr Renggli, has only accelerated the efforts to promote new business alliances between the small and medium-sized companies of both the countries. At the same time, the establishment of the Swiss Business Forum in Mumbai and New Delhi and their growth has served this purpose further.

Mr Gyger said the total value of Swiss exports to India was 741.6 million Swiss Francs in the year 2003. This was an increase of over the 641.3 million Swiss Francs registered in the previous year. The items of exports included machinery, chemicals and pharmaceuticals, instruments and apparatus, precious metals, jewellery and coins, metal and metal products, watches, plastic and rubber products, vehicle and airplanes, sports goods, paper and paper products, stone, ceramic and glass products, amongst others.

The share of machinery was about 45% followed by chemicals and pharmaceuticals having a share of 27.1% among the items exported to India.

He also spoke about the list of items imported into Switzerland. Their total value was about 500.2 million Swiss Francs in the year 2003. They included textiles and apparels with a share of 30.9%, chemicals and pharmaceuticals with a share of 26.6%, precious metals with a share of 12.6%, jewellery and coins, agricultural produce, machinery, leather and leather goods, among a host of others.

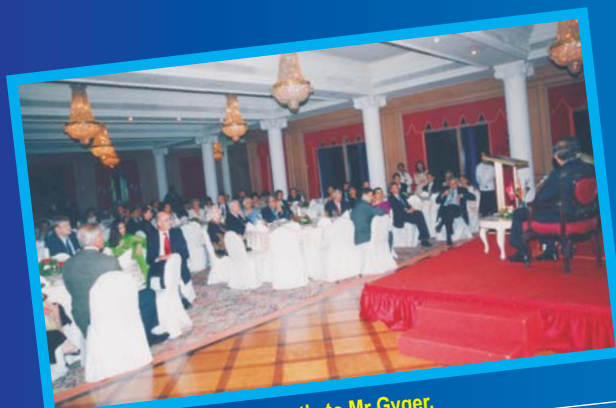
Talking about the growth potential, he said a few years ago, he had compared the per capita income of the two nations. While the Swiss statistics had stood at 42,000 US\$, the Indian figure stood at 538 US\$. This difference indicated that the potential for growth in India is huge and can really be exploited well.

Mr Gyger ended the session by expressing hopes about the Indian economy. He said he was positive about India doing even better in the near future. He was also of the firm view that Indo-Swiss relations would achieve greater heights and mileage with every stride made by the Indian economy.

We wish him all the luck!



Mr. Malkani, President, Swiss Business Forum (Southern & Western India), presenting a memento to Mr Gyger.



The audience listening intently to Mr Gyger.



Mr Peter Luethi, COO, Jet Airways, Mr Renggli and Mr Koch share a light moment.

"The booming telecom industry - A blessing for the fast developing Indian economy"

-Erich Buerkler



The telecom industry is one of the most upbeat industries and a country blessed with a good telecom sector can rightly claim to be strong and well connected with its own citizens. Erich Buerkler, Senior Consultant, Tata Teleservices, feels that this essential component of infrastructure is a very decisive factor in a country's development. Excerpts from an interview:

What factors or components go to make a country strong from the point of telecommunication?

Power, transport, education, health and also telecommunications belong to infrastructure. It is exactly that part of an economy which will decide about its future development. You can have the latest watch, computer, TV, etc. in a hotel room or a business centre somewhere in the world. However, it is not the availability of gadgets but the basic infrastructure like water pipes, roads and telecom wire that really help to develop an economy. Therefore, it is clear that the currently booming telecom industry is a big blessing for the fast developing Indian economy.

For how long has the tele-services sector been your field of interest and action?

Almost 15 years.

When you compare the telecommunication infrastructure of India with that of Switzerland, what are the differences?

Switzerland is in many areas a small and saturated market, where small extensions and upgrades happen whereas India is an explosive giant with huge growth and development perspectives.

Comparing the communication via satellite, cable wires and optical fibres, which of the three do you think is the best for a country like India?

India needs them all, however, for different purposes. Satellite is good for broadcast (take TV) and remote areas (take the Himalayas). Copper cable is the workhorse for local access lines to houses and offices for fixed telephony, cable TV and broadband applications. Finally optical fibre is the digital highway between towns and business houses with vast capacity needs.

What is the share of telecommunication in the Swiss economy?

Here we would have to segregate the market in vendors, network operators and service providers. Generally

speaking, the market in IT and telecom is a subset thereof and is below 10% of GDP.

With the new budget in India having been announced and FDI having been raised to 74%, how far do you feel the aspirations of telecommunication sector have been met?

Licence fees fortunately have come down in comparison with what they were earlier and service tax is also reasonable. However, I do not see immediate benefit of a greater participation for foreign investors. The investment level, knowledge level and competition level are already rather high in India today. Besides the possibility for Indian promoters to better sell their stakes, I see no real effect either in the market or in the industry.

What are the prospects for outsourcing in the telecom industry?

Outsourcing of services like BPO is powerfully supported by the telecom infrastructure. To outsource telecom service parts will be mainly limited to back office, design and development functions, while the service has to be provided locally.

What is your opinion of the Indian IT and telecom professional?

Quality and attitudes obviously vary substantially, but overall you can say that India has some of the best talent there is worldwide.

How can the scope for cooperation between India and Switzerland be improved in this field?

Via global giants like Cisco and Microsoft, and also TCO, Infosys, etc. There are already many Indians working for Swiss telecom customers. Remember that telecom companies have big investments in billing, switching, customer care, etc., where many Indian companies enjoy a global reputation.

Any thing else that you would like to add?

I hope that India will keep up its current development speed.

Nitix - Linux-based OS

Self-healing & self-maintaining system comes as big boon to SMEs



Most companies, irrespective of their size, require a reliable IT infrastructure. But the cost to set it up could be daunting, especially for small and medium enterprises (SMEs). Precisely to meet the demand for a low-cost Linux-based Office software, Net-iTech Asia Pacific has unveiled an Operating System for Small and Medium Enterprises in Asia Pacific. Called Nitix, it is an easy to manage Linux-based OS that aims

to function as a complete business server solution for organizations with 5 to 500 users. It features messaging and collaboration, security enhanced Internet access, and protected data storage. It is also autonomic-self-healing and self-maintaining-and can be seamlessly integrated with all Windows, Mac, Unix and Linux desktops.

Mohan Menon, CEO of Net-iTech Asia Pacific operations, said Nitix's autonomic capabilities are particularly important for SMEs which have few dedicated IT personnel. To push Nitix in the Asia-Pacific, Menon is expected to start the India office soon after having opened Asia Pacific Regional Headquarters in Singapore. Menon expects to get at least 500 to 1000 installations in the key Asia Pacific countries Malaysia, Thailand, Singapore, New Zealand and Australia this year.

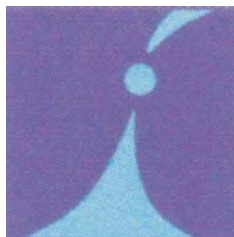
Being a hardware-based OS, it can efficiently function as a server, and is a self-healing system that would relieve the administrator from the tedious job of restoring and maintaining the system every day.

Net-iTech Asia Pacific is looking to tap the growing local mid-market's thirst for information technology. Nitix addresses a range of core infrastructure requirements, including firewall, virtual private networks (VPNs), website hosting, file and print services, Local Area Net

work (LAN) connectivity, data management and back-up.

"While it is difficult to go to market with the pure Linux offering because finding the Linux skills can be tough and full application porting is a way off. The beauty of the whole solution is that while the kernel is Linux, the end user does not need to know Linux to deploy the solution" says Menon. "With the Nitix system, the end user is immune to what is going on inside because they continue to use the English language front-end as it is," he adds.

Then, there is also the issue of compatibility. Menon dispels any doubts arising on the count. According to him, every single component of Nitix is built on industry standards and hence it can co-exist with any other infrastructure on the market today, which helps overcome any integration issues.



Another potential problem that Nitix may face in its attempt to sell the product to larger companies with branch offices is that they have already preferred a best-of-breed approach and avoided on relying on a single vendor, especially one that is new in the market. But Menon is confident that the lower outlay for a Nitix system and reduced administrative costs created by its all-in-one approach can be invested in a redundant machine, should the users feel the need.

"Further, with the price companies pay for Nitix, they can invest in a fully backed up server should they be concerned about a single point of failure. This would still be lower in cost than putting disparate systems together," Menon adds.

With more than 10,000 installations in North America, Nitix has established itself as the OS of choice. Now, Nitix is all set to enter Asia Pacific, India and China.

For more information contact:
yatin@net-itech.com.sg

Swiss Study Lauds India's Good Show

Asia has emerged as one of the most dynamic regions with strong business prospects. Within the region, India has registered a robust growth. The Annual Economic Report (2003-04) of the Embassy of Switzerland in India points out the macro economic fundamentals that substantiate this claim and also visualises a bright future for Indo-Swiss business relations. This all-encompassing report not only touches upon every parameter of performance but also discusses some of the knotty issues that remain, along with an analysis of economic relation between Switzerland and India. Excerpts:



With a remarkable growth rate of 8.1 percent, burgeoning foreign exchange reserves of US\$ 117 billion, and a good performance by the agriculture sector on the home front, the external front of India has witnessed a good performance. The vibrancy of the Indian economy is reflected in the comparative increases registered in the export and import rates. A striking feature, however, is that the basic trend of

liberalisation has established itself well in the country. Foreign direct investment and forex regulations have been liberalized, and with the privatisation programme, the government has been able to mop up INR 155.47 billion (CHF 4.57 billion).

At the same time, it has to be remembered that this economic situation should not elude some of the big challenges lying ahead. Some of them are a burgeoning fiscal deficit, earmarking expenditure on health and education, lower average savings- and investments-GDP ratios, poverty alleviation, employment growth, inadequate infrastructure, and corruption amongst others. The biggest amongst these is to maintain the GDP rate at 8 percent.

Talking of **international and regional economic agreements**, the approach adopted is a multi lateral one for trade liberalisation. Here the prospects for **Switzerland** are as follows:

- The implementation of the existing bilateral agreements between Switzerland and India is unproblematic.
- Switzerland and India have signed a new Agreement for Cooperation in the fields of Science and Technology, and this will have positive implications on the future bilateral economic and trade partnerships between the two countries.

- To increase bilateral economic cooperation in the field of biotechnology, an institutional framework to promote interactions between Swiss and Indian companies/institutions is under consideration.

Foreign trade has seen marked increase as the trade/ GDP ratio has risen from 15 percent in the early 90's to about 25 percent in 2002-2003. The exports and imports have jumped up reaching

US\$ 61.84 billion and US\$ 75.20 billion, respectively. The service exports have been playing a significant role in the economy.

- Due to widespread buoyancy in the Indian economy as well as thrust being given to modernisation of the manufacturing facilities, there are good business prospects for Swiss capital goods exporters in general and for machinery sector in particular. The declining

import tariffs definitely reduce the protection given to domestic players.

Certain sectors holding considerable promise in the Indian economy can be discerned as:

Telecommunication, Biotechnology, Food processing, Chemicals and pharmaceuticals, Textile machinery, Green technologies, Healthcare, Tourism, Financial, Steel, Automobiles and Power- More specifically, the power sector is also going to witness a lot of developments due to the Accelerated Power Development and Reform Programme initiated by the government. The programme has an outlay of Indian Rupees (INR) 400 billion (CHF 11 billion) to be spent during the period 2002-2007, out of which some INR 137 billion (CHF 4 billion) are planned to be spent during the fiscal years 2003-04 and 2004-05. Moreover, new Electricity Act now provides the framework for greater participation of private companies in this sector.

Principal economic partners, including Switzerland

- EU and the US remain the major trading partners of India. As per the Indian trade data available for the fiscal year 2002-03, they bought 21.73 percent and 20.78 percent respectively of India's exports. With regard to Indian imports, they had shares of 20.42 percent and 7.21 percent respectively.

- The expansion of EU could have implications on India's exports as India competes with countries such as Czech Republic, Poland, Hungary, and these countries will now have better access to the EU market and will also benefit from the various Free Trade Agreements that EU is having with many countries in various regions. On the other hand, dealing with a single and bigger EU market and incidence of lower tariff on non-agricultural exports to new members will help the Indian exporters. So, there are better business opportunities but risks as well.

- For Indian exporters to EU, UK remained the most important market followed by Germany, Belgium, Italy, having individual shares of 4.73, 3.95, 3.16, 2.56 percent respectively in India's total exports. During the said period, Switzerland had a share of 0.70 percent in Indian exports (0.93 percent during the fiscal year 2001-02).

- Based on aforesaid trade data, Belgium (major supplier of pearls and precious stones) ranked at the first place among the EU suppliers of the Indian market, having a share of 6.06 percent, followed by the UK (4.53), Germany (3.88), France (1.79). *Switzerland ranked high (6th) in India's importers list having a share of 3.80 percent (major supplier of gold and silver to Indian market). However, taking aside gold and silver import, Switzerland's share in Indian imports is about*

1.27 percent for the fiscal year 2002-03 (0.88 percent in 2001-02). Swiss companies were indeed able to strengthen their exports (other than gold and silver) to India in 2002-03.

- India has also been able to strengthen its trade ties with ASEAN bloc as well as its important trading partners in the bloc Singapore, Malaysia, and Thailand. The two-way trade between India and ASEAN reached US\$ 9.76 billion during 2002-03, up by 24.5 percent as compared to previous fiscal year.

Bilateral trade

Development and prospects

- According to the Swiss trade statistics, which do not include gold and silver, the total bilateral trade between Switzerland and India during the year 2003 has developed well. Swiss exports to India have gone up by 15.7 percent as compared to previous year, reaching CHF 741.63 million. The buoyancy in exports is seen in the machinery segment (which has the largest share 45 percent), chemical products, and metals, including precious metals and jewellery. Swiss imports from India continue to show downward trend, and have declined by 3.1 percent during 2003 as compared to the previous year, reaching CHF 500.21 million. The major segments in imports, e.g. textiles, chemicals have shown downfall. Remarkably, the export of Swiss watches to India has decreased by 3.7 percent to CHF 26.42 million, whereas Swiss import of watch components from India has gone up by 26.2 percent to CHF 7.03 million. The overall composition of Switzerland's trade with India remains the same (machinery, chemicals and pharmaceuticals, instruments and watches dominated the export whereas textiles, chemicals and pharmaceuticals, gems and jewellery and agricultural products dominated the import).

- The recovery in India's industrial sector does offer better business opportunities to Swiss machinery manufacturers, especially in areas like textile machinery, machine tools, food processing, packaging etc.

- Additionally, India remains an important emerging market for Switzerland's tourism industry. During 2003, the number of Indian tourists to Switzerland went up to 84'692, registering an increase of 5.3 percent as compared to 2002. As outbound tourists from India are increasing year after year, there is a good potential to be tapped by Swiss tourism industry.

Specific information on Swiss companies (needs, difficulties)

- India has been consistently reducing import tariffs for the past few years. Towards the end of fiscal year 2003-04, it further slashed the import tariffs by 11.6 percent.

- Indian market is regulated by a complex system, where the protection for domestic industry and service providers is still high. Many of the Swiss companies have still to face the comparatively high import tariff in India. Although, the basic Customs duty for most of the products are within the bound rates agreed to under the WTO, the additional charges such as countervailing duty (16%) and other duties, make the effective duty almost double the basic duty in most of the cases. It is important to note that India has increased non-tariff barriers in the recent years on import of some products, e.g. food items, electrical goods.

- Nevertheless, the fact remains that in spite of high import tariffs, the foreign, including Swiss, companies have been able to push their exports to Indian market, which has a lot of potential.

- The Indian manufacturing sector currently exports 40-50 percent of its production and is now resurrecting to face global competitors. More and more Indian

system. The mood is now slowly changing to give the private sector a level playing field in such procurements.

- Mainly for those SMEs, which are not represented in India, the administrative hassles also hinder their exports to India. The same is particularly the case for those SMEs, which are confronted for the first time with the rigid and old-fashioned regulatory regime in India in almost all sectors.

The SMEs shall be acquainted with the complexity of the structure of Indian economy and be careful in selecting an Indian partner not only to do business but also to go through all administrative procedures.

As far as the FDI flows are concerned, the top ten sectors are electrical equipment, including computer software, telecommunication, transportation industry, energy- power and oil refinery, services sector, chemicals, food processing industries, textiles, metallurgical industries, hotel and tourism.

- Based on said cumulative FDI inflows, Switzerland ranked as the 13th largest foreign investor and 7th largest European investor in India. The year 2002 ended with a good note with respect to Swiss investments in India, as the FDI inflows from Switzerland almost doubled reaching US\$ 18.61 million (US\$ 10 million in 2001). Due to this growth, Switzerland was placed as the 11th largest foreign investor for the year 2002.

Specific information on Swiss companies

- At the end of 2002, a survey was conducted about the Swiss-Indian business collaborations (having shareholding by a Swiss partner). The survey confirmed the trend that the number of Swiss companies investing in India is increasing. As per the said study, there are now over 130 joint ventures/wholly-owned subsidiaries of Swiss companies operating in India. It has been once again established that more and more Swiss companies have been able to set up 100 percent owned subsidiaries in India. This reflects the fact that a more liberalised policy for foreign direct investment is now in place in India.

- The geographical distribution of Swiss-Indian business collaborations shows that the western region in India (mainly Maharashtra) continues to hold the first position, followed by southern region (mainly



companies are becoming part and parcel of global manufacturing process. In this scenario, Swiss industry should be able to benefit from new business opportunities being unleashed.

- The protection of intellectual property rights (IPRs) is still not adequate in India. Under its WTO obligations, India is obliged to put in place the complete regime for product patent by the end of 2004. Since the past few years, India has been slowly strengthening its IPR regime to provide a speedy and better protection.

- The preference given to central government enterprises under the Purchase Price Preference Scheme by the government hinders the functioning of free and fair market forces in government procurement

Tamil Nadu and Karnataka) and northern region (mainly Delhi).

- In terms of industry-wise distribution of our collaborations in India, the traditional sectors of Swiss excellence (e.g. engineering and industrial equipment, services, chemicals and pharmaceuticals, precision instruments) continue to maintain top positions. The IT sector witnessed the maximum increase in business collaborations as compared to the previous survey conducted in 2000. The list of the Swiss companies (joint ventures/subsidiaries) operating in India is available on the Website of the Embassy (http://www.eda.admin.ch/india_dlh/e/home/buseco/list.html) as well as in our publication "Annual Report of the Swiss Business Hub India & Survey of Swiss-Indian Economic Relations 2002".

- There are several instruments working to promote Swiss-Indian economic and commercial ties. Remarkably, the Swiss Tech Venture Capital Fund has so far invested in a portfolio of 16 companies in India.

Swiss instruments of economic and trade promotion in the country:

- First of all, the State visit of Swiss President Pascal Couchepin in November 2003 and the visit of State Secretary David Syz in January 2004 to India have provided good opportunities to further promote the economic and trade ties between the two countries. The next meeting of the Swiss-Indian Joint Commission, which is scheduled to take place in New Delhi in November 2004, shall offer another opportunity to discuss bilateral economic and trade issues, including problems being faced by Swiss companies.

- The Economic and Commercial Department of the Swiss Embassy and the Swiss Business Hub (SBH) located in Mumbai and Delhi continue to engage in Swiss economic promotion in India and provide services to the Swiss companies. Additional services can be provided by our Honorary Consuls in Chennai and Kolkata.

- The main activities consist of the classical economic diplomacy (mainly through Embassy's official contacts with the Government and associations, door opening, lobbying activities), macroeconomic issues (mainly reporting on economy, fiscal position and regulatory frameworks, including import-export policy), and microeconomic issues (mainly match-making, fairs, transmission of addresses, informing about business opportunities, incl. reporting on select sectors).

- The setting up of the Swiss Business Hub, which is a network partner of OSEC Business Network Switzerland, in India at the end of 2001, has strengthened the resources available to Swiss companies, especially the SMEs, to access the Indian market. Since the opening up, the SBH has organised a

number of events (including consultative meetings) to help Swiss companies in having more knowledge about India's business potential and finding suitable business partners. The Hub has implemented several mandates from Swiss SMEs, and hopes for increase in number of such mandates in coming months.

- In addition to the classical bilateral agreements (for investment promotion and protection and for avoidance of double taxation), and setting up of a Swiss Business Hub, the other promotional instruments financially supported by State Secretariat for Economic Affairs (SECO) are also available. Those include e.g. the services provided by Swiss Organisation for Facilitating Investments - SOFI (for facilitating business collaborations between Swiss SMEs and foreign partners), Infrastructure Development Finance Company - IDFC (for investment in infrastructure sector in India), Swiss Tech. Venture Capital Fund (for promotion of Swiss-Indian joint ventures). Furthermore, a Cleaner Production Centre has been set up in India with two regional chapters in Karnataka and in Gujarat. In 2002 SECO also launched INDOCERT (operational from Kerala) in order to promote organic certification in India. Switzerland shares with India a period of almost 40 years of fruitful experiences of bilateral development cooperation, benefiting the Indian people in the rural areas. The Swiss government spends, through SDC in India, approximately 26 to 30 million Swiss Francs annually for its development assistance programme in India.

- Swiss-Indian Chamber of Commerce (SICC) and Switzerland Tourism are other instruments present to promote the economic relations between the two countries.

- The Swiss Business Forum (having two chapters in New Delhi and Mumbai) is a vital partner of the Embassy and the SBH to be able to defend the interest of Swiss companies in India.

- In 2003-04 many Swiss companies participated in various fairs and exhibitions (without collective participation of Swiss companies). The possibility to put a "Swiss Pavilion" in exhibitions, where a fairly good number of Swiss companies participate, needs to be studied. The Embassy and the SBH are ready to support in this matter. Various publications have been issued by the Embassy/Consulate General/Swiss Business Hub. The Website of the Embassy of Switzerland in India is being updated.

- In a country where large companies dominate trade and investment, the real challenge for Switzerland remains to strengthen the presence in India of Swiss SMEs, mainly through the Swiss Business Hub and SOFI, in the sectors identified for greater business opportunities.



Switzerland as Preferred Euro-hub for Indian Cos

Switzerland is fast emerging as one of the most preferred destinations for Indian companies due to reasons that are not far to seek. Dr. Ravi Chaudhry, India representative, Western Switzerland, and Chairman of Cemex Consulting Group, describes this emerging trend and analyses why several Indian corporations are setting up a Euro-hub in Western Switzerland and global holding companies there.

It is a widely held belief among the Indian businessmen that Switzerland is one of the most expensive places in the world, for both business and pleasure. While this was true a couple of decades ago, it is no longer the case. Big cities like Zurich and Geneva are, of course, as expensive as Paris, Frankfurt or London. But if one were to look at living costs in Swiss cities like Lausanne, Neuchatel or Martigny (barely 30 to 60 minutes from Geneva international airport), they are in the same ballpark as any other smaller cities in rest of Europe. The reason is that over the last two decades, annual inflation rate in Switzerland has been, on an average, half percent to one per cent lower every year. As a result, cost-differential is no longer a barrier.

There was also another deterrent, deeply ingrained in an Indian businessman's mind, which kept him away from considering Switzerland as a business hub the popular perception that if an Indian was in Switzerland, he must be having a secret Swiss bank account. The banking secrecy laws have since changed; India and Switzerland have established protocols that no longer insulate Indians from prosecution for economic offences. Consequently, this has also enabled Indian entrepreneurs to bring back Switzerland on their 'strategy radar'.

Arthur D. Little Study: As per a recent Arthur D. Little study on "Headquarter Location in Europe", 55% of global corporations preferred Switzerland as the most attractive place during the last five years followed by 16% choosing the UK and another 16% choosing Belgium. Other destinations in Europe figured much lower the Netherlands 7%, Germany 3%, and France 3%. The most remarkable finding of this study is that among those who chose a Swiss location, 97.5% of the companies are satisfied and plan to continue to stay in Switzerland.

What are the strategic advantages offered by

Switzerland that other countries in Europe couldn't? Why are Indian and global companies getting attracted to Switzerland? Three main reasons were cited:

1) Substantial tax savings: Effective corporate tax rate for companies set up by overseas individuals or corporations varies from 0% to 11%. Profits in Trading & Marketing companies engaged in international business are taxed at 5% to 11%. For Software Development activity, substantive R&D enterprises, manufacturing in Switzerland, or Contract Manufacturing activity outside Switzerland, the tax rates can be as low as 0% for ten years. If you have a Holding company structure with subsidiaries or joint ventures in various parts of the world, dividend income and capital gains are fully tax-exempt.

An additional unique feature is that each company can secure an advance tax ruling, which shall be binding forever. No subsequent national or cantonal laws can overrule that. There are not many places in the world that offer this extraordinary advantage. Individual tax rates are also lower than in any other EU country. For an income of US\$ 100,00/- to US\$ 200,000/-, the tax rate would vary between 12% to 16%.

2) Excellent working conditions and most productive environment: The most alluring feature, compared to other countries in Europe, is that Swiss labour laws allow complete discretion to hire and fire, with minimal notice period. This is particularly vital for Indian companies requiring short-term manpower for servicing clients. It is also not generally known that **the Swiss work the longest hours in Europe:** 1868 hours per year as against 1688 in Germany. The Swiss observe 31 holidays per year against 43 in Germany. **There are no strikes and the workers generally require little or no supervision in their day-to-day work.**

3) Strategic location: It is truly a pan-European, and

geo-strategic location for seeking new markets and new alliances, and identifying take-over targets with good brands. We have already identified several Swiss and EU companies, which are presently available for acquisition at reasonable valuations. Some Indian companies have also set up small manufacturing and software development facilities, to get a Swiss-made tag.

Western Switzerland the preferred location: Within Switzerland, the regions that are currently most popular with Indian companies are the Cantons of Vaud, Valais and Neuchatel. This French speaking part of Switzerland offers an ideal, low-cost location for setting up an operations base. The region, traditionally the “**Watch and Jewelry Valley**” of the world, has established strong credentials as the **Micro-technologies Centre, IT Hub** and as the **Bio-Valley** in Europe. This clustering has taken place because of an exemplary growth-oriented business culture, together with easy access to surrounding markets in France, Germany, Austria, Italy and the new EU countries. The region hosts headquarters of several UN organisations as well as the international Olympic organisations. Western Switzerland is also a popular tourism destination in Switzerland, as well as a strong financial centre.

The region is equally acknowledged as a centre of innovation & development. **It is home**

to several outstanding institutions of global repute, such as the Swiss Federal Institute of Technology, Lausanne (EPFL), Europe's top Management School, IMD, Lausanne, Hotel Management School, Lausanne, CSEM, Neuchatel (Centre for Micro and Nano technologies), and the Institute of Artificial Intelligence, Martigny.

Every week, more than three global companies are setting up a Swiss subsidiary in Western Switzerland. For Indian companies, **Development Economic Western Switzerland (DEWS)**, an organisation, jointly run by Ministries of Industry and Trade in these Cantons, offers comprehensive services, free of cost, to help establish Swiss subsidiaries. The one-stop service package includes: Company registration, business premises location and leasing, work and residence permits, tax exemption rulings, introduction to banks, government authorities and potential clients, and recruitment and training of personnel.

Several Indian organisations in varied industry segments have gained enormously by availing of these services to incorporate their subsidiaries in Western Switzerland.

- Exporters with large existing or potential export volumes
- Software and bio-informatics
- Gems & jewelry exporters
- Pharmaceutical & biotechnology sector
- Tourism related industries
- Holding companies, and

MAP OF SWITZERLAND GREEN AREA DENOTES WESTERN SWITZERLAND



Representative List of Global Corporations based in Western Switzerland

<u>IT Telecom</u>	<u>Medical & Biotech</u>	<u>Microengineering & Machinery</u>	<u>UN Offices</u>
Autodesk SA, Polaris Europe SA Orange, Cisco, Sun Microsystems Covansys Europe SA, PSINet Europe, Tata Infotech, Swisscom SA, Alcatel	Medtronic Europe SA, Baxter Europe SA, B. Braun Medical SA, Beckman Instruments SA, Johnson & Johnson, Novartis Compex SA, Analytecon SA Starkey SA, A P echnologies SA	Bobst SA, Mecanex SA, Multi Media Masters SA, Mikron SA Logitech SA, EM Microelectronic Marin, Demareux SA, Ismeca SA, Flowserve SA, Apco Technologies SA	UNO WHO ISO WTO IOC WIPO ITU plus 16 International Sports Federations
<u>Food & Nutrition</u>	<u>Watch Making</u>	<u>Headquarters</u>	
Nestle SA, Nutraco Sa, Andre et Cie SA Hilcona Gourmet SA Nestec SA	Audemars Piguet SA Parmigiani SA, Bvlgari Group, Swatch Group, Gucci SA	Aloca Europe SA, Edwards Lifesciences, Hydro Aluminium, Philip Morris SA, Hewlett Packard	<i>Quantum Technologies Svedala Treasuries SA Elsevier Swiss Holdings Tetra Pack SA Agilent Technologies</i>

financial services

- Multi-media and film industry

A Swiss company (SA structure which is equivalent to a private limited company in India) can be incorporated within two weeks. The minimum equity capital for this structure is Swiss Francs 100,000/-. Beyond that, there is no statutory requirement to hold any minimum amount in the company. The company is hereafter a Swiss corporate citizen and enjoys all the rights and privileges of a Swiss company.

Medtronic SA, Lausanne, have their most modern facility near Lausanne to manufacture pace-pacers. Barry Wilson, CEO of Medtronic aptly summed up the advantages of Western Switzerland, *"We employ people from as many as 20 different nationalities in our manufacturing operations here, but local work culture is such that they don't need to be supervised. Overseas people feel welcomed and assimilate naturally. Because of higher productivity and more working hours than any other country in Europe, cost per unit output is competitive with anywhere else in the world. Rents and operating costs are also lower than in several parts of Europe. Liberal labour regulations make it easy to replace personnel - in accordance with business needs. Work permits for entrepreneurs and skilled technical personnel are arranged promptly, with least hassles. More important than anything else, **"things work here"**. Cantonal Ministers for Industry provide genuine and effective support on virtually every aspect, necessary for business growth."*

Switzerland is not a member of EU, and yet it offers all the advantages of being in EU such as free access to EU markets and complete mobility of goods, people and services. Sharing languages and borders with Germany, France, Italy & Austria, while doing all your business in English, is akin to functioning virtually in a mini-Europe.

VAT at 7.5% is much lower than the prevailing rate in EU countries where it varies between 15% and 21%. Social charges at 17% are the lowest in Europe. Real estate costs are also competitive. In certain areas, office rentals can be as low as US \$80 per m² per annum, and factory rentals start at US \$45 per m² per annum. A large number of Scientific Parks, Technological Parks and Business Centres offer cost-effective start-up options. No wonder, there is also a new trend among diamond merchants in Antwerp to set up an alternate base in Lausanne.

For more information, contact :

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One of its Kind

Set deep, in the heart of the Jura mountains like a pearl in the oyster, Arbez Hotel, in La Cure offers visitors a one-of-a-kind overnight experience.

Owing to its location in the Franco-Swiss border, guests have the opportunity of eating and sleeping in both countries at one and the same time.

According to owner Alexandre Peyron, in many of the rooms the border runs right across the beds.

The hotel is indeed one of its kind. The toilet in some rooms is on one side of the border and the sink on the other. In the hotel's comfortable yet upmarket restaurant, the border divides the table in half. The hotel authorities also make efforts to offer specialties that reflect the cross-border character of the hotel, such as Swiss fondue or French foie gras.

The history behind the hotel is as royal and golden as the hotel itself. It was constructed in 1863 by an enterprising Swiss landowner, Alphonse Ponthus, whose empty field was cut in half by a deal negotiated under France's last emperor, Napoleon III, to redraw the border.

According to local legend, the Swiss government refused to grant Ponthus permission to build on the border, but a loophole in the law meant that once the house existed, it could not be demolished.

Finally the house so constructed was purchased in 1921 by the owner's great grandfather, Jules Arbez, who turned it into a hotel.

And not just this. The building also has a link with the Second World War, serving as a hotbed of resistance. Located on the second floor known as "The Hideaway", the hotel became a strategic location when the Germans occupied this part of France in 1940. As a result Jules Arbez was able to hide many British and American soldiers, where the German troops were not allowed to go.

The hotel also provided respite to many Jewish families in their bid to escape Nazi persecution in France by allowing them to flee into neutral Switzerland during the lifetime of Peyron's grandfather, Max Arbez.



BIOTECH IN INDIA - A SWISS PERSPECTIVE

Biotechnology is going to be one the foremost segments of industry in India. The bio-pharma sector alone accounts for almost 70 per cent of the market share of US\$ 420 million, which has made it a very important industry to invest in. The report of the Embassy of Switzerland underlines the significance of this emerging sector in India. Excerpts:

India is now shifting its focus to one of the most promising industries of the future, biotechnology, which is seen as having high growth potential. There are various factors behind this. For one, India is one of the emerging economies in the world with an interesting demography that can create a good environment for biotech companies to shift base. The bio-diversity that is present here will be an advantage for the biotech companies to find samples and conduct field research much more efficiently. Apart from this, India has one of the largest agriculture sectors in the world and varied climatic zones that can help in research and development of different agro-based biotech products applicable worldwide.

Along with this, India has a large pool of software to provide support, accompanied by a reservoir of scientific, human resource at reasonable costs, a wealth of R&D institutions, a vibrant pharmaceutical industry and fast developing clinical capabilities.

In biotechnology, the core areas of competence in India are the following:

- Capacity in bioprocess engineering.
- Skills in gene manipulation of microbes and animal cells.
- Capacity in downstream processing and isolation methods.
- Skills in extraction and isolation of plants and animals products.
- Competence in recombinant DNA technology of plants and animals.
- Excellence in traditional and molecular marker assisted breeding of plants and animals.
- Infrastructure in fabricating bio-reactors and processing equipment.

Market statistics point to an even better future for this industry. There are about 160 registered biotech companies in India, of which 60 are in the modern biotech sector. Mostly, located in Bangalore and

Hyderabad, 75% of these companies have been established in the last five years. The biotech industry expects to grow by 26% annually with investments close to US\$227 million in the next couple of years.

Speaking about the government policy in this direction, the Department of Biotechnology (DBT) is the nodal agency for policy, promotion of R&D, international co-operation and manufacturing activities. The Government, on its part, has been increasing the outlays on biotechnology over the past few years. The budgetary allocations have gone up from a mere US\$11.3 million to US\$53.5 million in 2002-03. More public/private partnerships will be forged in order to develop joint R&D programmes for commercially viable projects. Production units for recombinant biologicals, DNA chips and related materials would be set up by 2005.

On their part, states too have been taking the initiatives from time to time. Prominent ones are Andhra Pradesh, Karnataka and Maharashtra. In Andhra Pradesh IT and BT have come together to generate new knowledge and application. This biotech policy intends to leverage this unique strength and hasten the pace of development of biotechnology in the state in order to maintain its status as the premier biotech state in India.

The Government of Karnataka's biotech policy is primarily to promote this sector and to set up an institute for bio-informatics in Bangalore. Karnataka has planned to launch India's first state-sponsored biotechnology venture capital

fund to boost their initiatives. Three biotech parks are emerging in the state (University of Agricultural Sciences, Bangalore; Institute of Agri-biotech in Dharwad; and the Institute of Biotechnology in Karwar). The achievement in Bangalore is also due to the fact that a large number of prestigious Research Institutions like the Indian Institute of Science (IISc), NCBS, JNCASR, UAS and a diverse array of



entrepreneurial companies are operating there.

Maharashtra, too, has a successful intellectual infrastructure and the presence of the National Chemical Laboratory (NCL) and Pune University which has one of the best bio-informatics programmes in the country, gives Pune a natural advantage of forming a successful bio-cluster in the state.

Certain areas in biotechnology need to be addressed well. One such field of action is the Intellectual Property Rights. It is the central issue and international investors and venture capitalists ask for greater protection in this field. Today, though many have been able to cross these barriers, yet the need remains to look into them further.

Discussing about the regulatory framework, we can say that it involves a network of several administrative ministries, keeping in mind the cross-sectoral aspects of biotechnology. Some of them are the Department of Biotechnology under the Ministry of Science and Technology, the Ministries of Health, Environment and Forests, amongst others.

The Indian pharmaceutical market is growing exponentially. It is expected to rise to US\$9 billion by the year 2005. The Indian **bio-pharma** industry is the single largest contributor to the biotech sector. The total sales of bio-pharma products during 2002-2003 was \$290 million of which exports accounted for 52% of the market share, while domestic and imported sales account for the rest. Diagnostics, vaccines and recombinant therapeutic proteins are the promising sectors.

Agricultural biotech Sector: India being the second largest food producer after China offers a huge market for biotechnology products, especially agro-biotech products. Increasing population has caused a shift of focus to bio-agriculture. Consequently, the importance of GM seeds, bio-fertilisers and bio-pesticides has increased. This, combined with the excellent scientific infrastructure in agriculture, rich biodiversity and skilled low cost manpower, makes India a force to reckon with in this field. By the year 2005, many transgenic vegetables and wheat varieties will be ready for mass production.

Efforts are needed to create further awareness about using transgenic varieties of plants to inspire confidence within the farmers and businessmen. There is also need to increase investments in bio-fertilisers and bio-pesticides.

Bio-fuels are a good alternative to meet the energy crisis of the world. The Government has taken it upon itself the task of promoting this in a big way. Emphasis will be on

increasing the consumption of ethanol, which will benefit the farmers and also build up the oil security.

The growth of the **industrial biotech** sector is commensurate with that of the biotech sector. The products include enzymes, bio-instrumentation and bio-process equipment. Enzymes are used in a variety of industries like healthcare, starch processing, breweries and distilleries, industrial alcohol, textile processing, garment and denim washing, detergent and cleaning aids, leather processing, baking and flour milling, food processing, animal and fish feeds, natural extracts and waste treatment. Consequently, the market of industrial biotech sector worth \$53.4million stands a strong potential to expand provided its base is also expanded.

Bio-informatics: Bio-informatics is an exciting area, where one can see the amalgamation of both biology and information technology. With the shift in the focus from

software development, the IT industry looks at bio-informatics as the next big opportunity. Many Indian entrepreneurs and intellectuals have set up companies to take advantage of the emerging opportunities in bio-informatics.

Here the focus is on global markets and with human resources in IT field, India has a lot of scope in the areas such as data mining, data handling, fingerprinting, DNA sequencing, etc.

The Indian bio-informatics sector will have a major pie in the global bio-informatics sector that is expected to grow to \$6

billion in 2005. Wipro Health Sciences, SysArri and Kshema are the companies that are active in this sector in India.

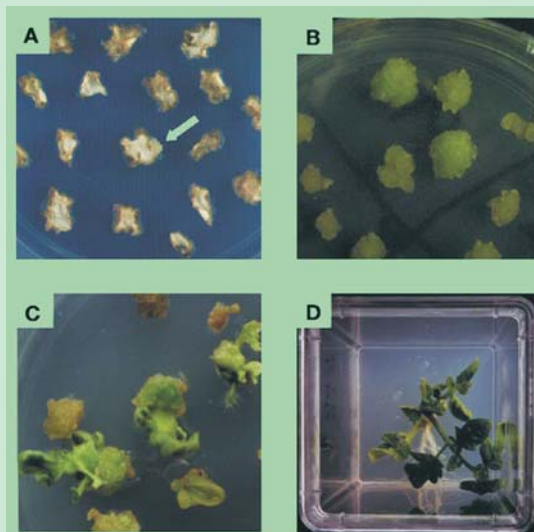
At the same time, it must be said that India is in a good position to provide research services, blessed as it is with human resource at a reasonable cost. Also, the active participation by states in setting up basic infrastructure facilities has helped many bio-tech multinationals to set up their subsidiaries.

Advantages and Disadvantages of Indian Biotechnology:

Advantages:

Strengths:

- Human resource: Trained manpower and knowledge base.
- Academic resource: Good network of research laboratories.
- Industry base: Well-developed base industries (e.g. pharmaceuticals, seeds).



- International experts: Access to intellectual resources of NRIs in this area.
- Clinical capability: Extensive clinical trials and research access to vast and diverse diseases in the huge population.
- Bio-diversity: India's human gene pools and unique plant, animal & microbial diversity offer an exciting opportunity for genomic research.
- Stem cells research: Several labs have commenced research in stem cells and have valuable stem cell lines.

Opportunities:

- Large domestic market.
- Large export potential.
- Low cost research base for international companies in comparison with other countries.
- Vast and diverse disease based patient populations provide unique opportunities for clinical research and clinical trials.
- Supportive Government policy on embryonic stem cells research provides a useful opportunity for International companies to pursue such research in India.
- Human bio-diversity provides unique research opportunity in genomics.
- Plant & microbial bio-diversity provides vast prospecting opportunities for new drugs.
- Conducive Government policy on GM crops provides useful opportunities for Agri-biotech companies.

Disadvantages:

Weakness:

- Missing link between research and commercialisation.
- Lack of venture capital.
- Relatively low R&D expenditure by industry.
- Image of Indian industry doubts about ability of Indian products to meet International standards of quality.

Threats:

- Danger of anti-biotech propaganda gaining ground.
- Inadequate protection of Intellectual Property Rights (IPR), significant improvement remains in the areas of implementation and enforcement.

Key Methods of Doing Business in India:

There are different possibilities of doing business in India in the biotechnology sector. Few suggestions are:

- Set up joint venture companies to locally manufacture the product
- Collaborative research
- Contract research
- Contract manufacturing
- Technology transfer
- Marketing arrangement for bio-supplies (appoint

distributor / agent)
g. Clinical research

As India recognises only process patent and not yet product patent, IP is protected through confidential contracts with the Indian company with jurisdiction for dispute being the country of origin of the collaborator. The Indian government is working with the World Intellectual Property Organisation (WIPO) to revamp the country's patent administration mechanism. India is an original signatory to WTO agreement and by January 1, 2005, India will fully align its patent legislation with the TRIPs Agreement and adopt a product patent regime.

As regards supplies to the biotechnology sector, equipment and instruments are dealt with by the laboratory equipment manufacturers / distributors. Most heavy machinery and equipment are either imported through agents or manufactured locally by multinational companies.

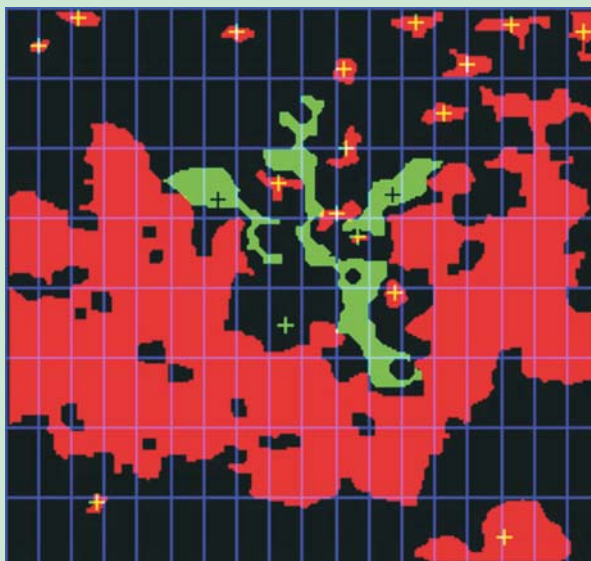
When considering potential partners, it is important to look for companies with an established track record of foreign clients. Most promoters of biotech companies (SMEs) have strong linkages with leading research and academic institutions. It would be useful to ascertain the existence of such arrangements. Other good indicators are whether the company is a member of any recognised trade associations or has international certification (FDA approval / ISO 9000 etc). The Business Hub in the Embassy could also be contacted for guidance and reference.

Conclusions: Indian biotechnology is rapidly attaining appreciation in terms of skills and capabilities available in the country. Investments in innovation are incremental and are helping the sector to develop a robust pipeline of high value products and technologies.

The biotechnology sector was supported by the government for many years. The sector is still nascent and is in need of many initiatives from the government and the public. However, most of the issues that need attention are being addressed and hence there are good opportunities in

India in the biotech sector. It has been observed that in the various technical fields, companies and public institutions are more and more working together and public-private partnership are being established. These collaborations are expected to grow significantly in the near future.

This is certainly a good time and opportunity for foreign companies, particularly Swiss companies, to look for potential co-operation or partnership with Indian companies.



Numbered Swiss Bank Account Loses Its Mystique

A Numbered Account in a Swiss Bank. The richest of the rich have it. Heads of countries, despots, plunderers of public wealth across the globe possess it. Cuts and commissions from legal/illegal deals flow into it. Laundered funds land in its lap. It is the most fiercely guarded banking secret, that only the Swiss are capable of maintaining. This legendary numbered Swiss bank account is in the danger of becoming extinct, following the introduction of a new money-laundering ordinance on July 1. Simply because, the regulation forces Swiss banks to reveal the names of customers who transfer money abroad. Here's an account of its possible transformation.



Though the numbered account has not disappeared entirely, clients are no longer able to conceal their identity behind an anonymous set of digits when making transactions. The regulation was introduced in 2003 but Swiss financial institutions were only legally obliged to comply with it after the one-year transition period that came to an end on June 30.

But banking lawyers have begun to question the effectiveness of the new ordinance. They believe a regulation forcing remitters to reveal their identities will have hardly any impact on the fight against money laundering.

"It is completely useless, but unfortunately Switzerland had no choice because it had to introduce this provision based on international pressure," said one lawyer.

"Real criminals do not launder their money through banks... no money launderer is going to be stupid enough to make a transfer of funds in his own name.

The Swiss government has of late come under increasing external pressure to give up or at least water down its cherished policy of banking secrecy.

The origins of the latest ordinance can be traced back to a set of directives issued by the Financial Action Task Force (FATF) - a Paris-based organisation responsible for coordinating global efforts to crack down on money laundering.

A special FATF recommendation on terrorist financing

calls on countries to force banks to include "accurate and meaningful information on money transfers".

The FATF also urges that measures should be put in place to "ensure that financial institutions conduct enhanced scrutiny of transfers which do not contain name, address and account number".

Banking lawyers feel that the new Swiss ordinance is an example of how the country has "boxed itself into a corner"

Tracing the source of money transfers may have become easier since July 1, 2004, but arguments over the historical origins of the numbered account itself continue. Swiss financial historians speculate that such accounts date back at least a century. By the 1940s the numbered account had already established itself as one of the essential elements for the prosperity of Swiss banks.

Swiss banks continue to this day to defend the concept of banking secrecy amid fears that wealthy customers will desert the country if client confidentiality can no longer be guaranteed. But financial analysts reject the suggestion that new regulations will automatically lead to a flow of money from Switzerland and any any erosion of the significance of the numbered account spells the beginning of the end for Switzerland's banking industry.

The computer age has allowed Swiss banks to develop new methods of running their businesses which of course did not exist [when numbered accounts began] at the turn of the century.



Kuoni Travel Group: Innovations pay off

*Kuoni Travel Group is a leader in travel-related activities in India. Besides providing conventional services in this field, the group is offering value-added services like electronic transfer of money and travel foreign exchange activities. The group is also into visa processing for many embassies in the country. The latest area of its entry is medical tourism. "By 2012, if medical tourism were to reach 25 % of revenues of private upmarket players, then upto Rs.10,000 crore would be added to the revenues of these players," says an industry report. In view of the huge potential in this exciting field, Kuoni Travel Group has launched SITACARE, a business unit that will focus exclusively on medical tourism, says **Mr. Ranjit Malkani**, Chairman & CEO of Kuoni South Asia and Middle East and President of Swiss Business Forum (Southern and Western India) in an exclusive interview with **Indo-Swiss Business**. The following is the text of the interview:*



Please tell us something in brief about the early days of the company in India.

Kuoni Travel Group, India, which is a 100% subsidiary of Kuoni Travel Holding, Switzerland, entered the Indian market in 1996 through the acquisition of SOTC. SOTC, which is a 40-year-old company and a leader in the Indian outbound tour market, was Kuoni Switzerland's obvious choice. The new entity was named Kuoni India and SOTC was retained and vigorously marketed as India's leading package tour brand.

Between 1996 and 2000, Kuoni India registered prolific growth with an eight-fold increase in profit and consolidated its position as the uncontested leader in India's outbound travel market.

Encouraged by this success and to further diversify its business, in 2000 Kuoni India acquired SITA World

Travel, a forerunner in the inbound, business and incentive travel market. Other strategic acquisitions such as that of Tour Club, India's principal destination manager in the Middle East in 2001, strengthened Kuoni India's leadership position in the Inbound travel arena.

In 2002, Kuoni India's business travel activity affiliated itself with BTI International and was re-launched as a separate division under the brand name BTI (Business Travel International). Today BTI operates 14 service points across India, delivering true value through global capabilities and specialist local expertise.

In recent years Kuoni has added several travel-related services to its portfolio. These include businesses of visa processing for embassies and consulates in India, electronic money transfers and travel foreign-exchange activity. We have also launched the Kuoni Academy of Travel offering world-class education and training, in an effort to facilitate the travel and tourism industry.

What are your different activities in India?

The Kuoni Travel Group, India, is active in 4 business segments:

Kuoni's Outbound Division markets holiday products under the brand name SOTC. SOTC's core competency is escorted tours and it operates English as well as special language tours such as Marathi, Gujarati and Hindi tours. SOTC also offers student holidays and special travel products for corporates, trade fairs and sports enthusiasts. Its business activity also encompasses customised holidays for individual travellers.

Kuoni's Inbound Division operates under the umbrella brand SITA and is the specialty destination manager for tour operators sending their clients to India, Nepal and Sri Lanka. As one of the country's oldest and largest travel companies specialising in holidays to India, SITA welcomes between 50,000 and 70,000 annually. SITA's business activity encompasses leisure holidays and special interest products for groups and individual travellers. It is a leader in conference management in

the country. It also handles the largest volume of charter tourists into Goa each year and has very recently introduced medical tourism products.

Kuoni's Business Travel Division operates in partnership with Business Travel International (BTI), the world's leading travel management company, under the brand name BTI. BTI operates 14 owned service locations across India. For each client, BTI delivers true value through its consultancy services and re-engineers the entire corporate travel process.

Kuoni's Travel related services: Apart from conventional travel business activities, Kuoni is also active in the travel-related business of providing visa-processing services to foreign consulates in India, Singapore, Bangladesh and Sri Lanka with Visa Facilitation Services (VFS).

To avoid all potential conflicts of interest, visa-processing activities are conducted by Fastrac India Ltd., a 100% subsidiary of Kuoni India. All operations and staff are kept distinctly apart.

In a short span of two years since its launch, VFS has already processed approximately 500,000 applications per annum, and is associated with prestigious diplomatic missions such as The American Consulate General, The British High Commission and Dubai Immigration. Recently, VFS has also become an outsourcing partner for the Australian, Canadian and Irish Embassies.

What are some of the other travel-related services that you provide?

Electronic Money Transfers: Kuoni India, as the first Indian principal agent of Western Union Money Transfer, provides the fastest, safest, easiest and most

convenient mode of transferring money from one country to another. Its network spans over 900 owned and subagent branches in 120 Indian towns and cities. Kuoni India controls 20% of the total money transfer business in India handling around 90,000 transfers a year.

Kuoni India has been awarded the Jewels of India Award for three consecutive years for excellence in service and for the highest number of Western Union transactions.

Foreign Exchange: In mid 2003 Kuoni India commenced its travel foreign-exchange activity, providing holiday money products to travellers. TravelMate from Kuoni India focuses exclusively on servicing the personal BTQ (Basic Travel Quota) and Business Quota (under LERMS - Liberalised Exchange Rate Mechanised System) needs of Kuoni's customers.

It provides a value-added service to clients of Kuoni's Outbound, Inbound and Business Travel divisions at nine branches in Mumbai, Delhi, Chennai, Bangalore, Kolkata, Pune, Hyderabad, Ahmedabad and Baroda.

With this newest addition, Kuoni customers receive yet another essential travel convenience under the same roof.

How would you compare the Indian and Swiss tourism markets?

- The Swiss travel & tourism market is a more mature market vis-à-vis India.
- It grows at a slow but steady pace compared to the Indian travel market.
- There is a greater demand for high-end travel products in the Swiss markets. These include tailor-



made wellness holidays, hiking tours, biking holidays, skiing getaways, etc.

- The Swiss traveller is more experienced and displays the characteristics of an evolved and discerning traveller in his travel purchases. He prefers newer destinations and experience-based holidays.

- The Indian travel market is an aggregation of smaller multiple markets. It is growing at a rapid pace primarily because of the rise in disposable incomes of most Indians.

- Also, the Indian society is being increasingly driven by consumerism. Foreign holidays are becoming more aspirational by nature and as a result the society conscious Indian is making a foreign holiday an essential element of his annual plan.

- The growth that is being experienced in the Indian travel industry is in the lower end travel products.

- The Indian travel market is characterised by a strong presence of package tours. Typically a package tour / group tour traveller focuses on visiting more number of destinations in a single vacation and on spending less time in each of these destinations.

- The group traveller, who invariably is a first time or second time traveller, prefers to visit the iconic cities like London, Paris, Zurich, etc.

- Bollywood continues to fuel demand for destinations such as Switzerland in Europe.

Please tell us something about the latest concept of medical tourism and how do you promote it.

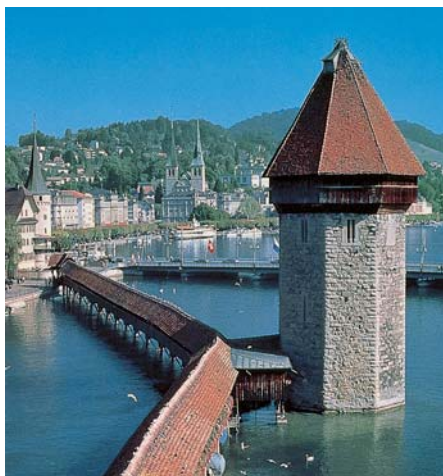
A report by the consultancy firm, McKinsey, predicts medical tourism will account for 3% to 5% of the total healthcare delivery market by 2012. Industry estimates have shown that the market is growing rapidly at a rate of 30% annually and have also stated that medical tourism is easily the next big business in India after the IT revolution. By 2012, if medical tourism were to reach 25 % of revenues of private up-market players, then upto Rs. 10,000 crore would be added to the revenues of these players adds the report.

Kerala has already set an example by attracting health-conscious tourists and has clearly emerged successful in generating revenues from medical tourism. However, it is time to move beyond Ayurveda and other alternate medicinal therapies to high-level, specialised treatment like transplantation of vital organs, cancer

treatment, neuro surgery, cardiac surgery, and much more.

The reasons are multi-fold. For example, a heart bypass that would cost £5,000 in the UK is only £500 in India. But the fact that medical treatment costs a fraction of what it costs in the UK, Europe, Asia or North America is not the only appeal. Speed is a powerful incentive and in India there is no need for referrals or long waits. Also, the leading hospitals in India now offer the same equipment and techniques as their counterparts around the world.

Bearing in mind the potential that this exciting new segment has to offer, Kuoni India's Inbound Division launched SITACARE a Business Unit that will focus exclusively on medical tourism. SITA is in the process of partnering with Apollo Hospitals for this venture. SITACARE will promote its bouquet of healthcare tourism products through its website, overseas offices and database of foreign travel partners.



How would you rate the budget?

We welcome the first budget of the United Progressive Alliance, which declares Tourism and Civil Aviation as priority sectors.

The decision to increase the FDI cap on Civil Aviation from 40% to 49% is definitely a move in the right direction. This is likely to bring in greater foreign investment, which will benefit a host of low cost carriers about to enter the Indian skies.

Overall we find the budget to be very development oriented and one, which will facilitate a robust growth in the economy.

It is heartening to note the commitment given by the Finance Minister towards eliminating the revenue deficit by 2008/09. Other measures such as moving towards a VAT regime and sustaining the GDP growth rate at 8% for the next 5 years will undeniably make India a very attractive destination for foreign investment.

We were hoping that the budget would include a complete tax exemption for LTA and the rationalization of taxes for the hospitality industry, as these two measures would have greatly enhanced domestic tourism.

However, the pro-development budget will make India a more robust economy and since tourism is related to the growth in the economy, we definitely see a positive impact of this budget on the tourism industry.



Quality: Key to Jet Airways' Success

Jet Airways is amongst the most happening airlines in India. Established well internationally, the airline has been flying high on a wave of success. With customer service of the highest quality and efficiency of a high level, the future of the carrier seems brighter than ever. Know more about this

*aviation industry leader from what its COO **Peter Luethi** has to say in the exclusive interview with **Shruti Sinha**.*

How long have you been with the aviation industry in general and Jet Airways in particular?

I joined Swissair in Switzerland in 1963. During the first 25 years, I represented the carrier in different functions in the USA, Canada, Iran, Afghanistan, Switzerland Japan and Korea, and Nairobi for the carrier's African operations, followed by leading North American operations and back to the home market (Switzerland) until I closed my long experience managing Swissair during its transition period to Swiss International. I joined Jet Airways in Mumbai as COO in May 2003.

How do you visualise the inroad made by Jet Airways and its growth in India?

The perfectly orchestrated and professionally managed development of Jet Airways in India is indeed a success story in its own right for India and within the airline industry in general. Jet Airways, with its dynamic Chairman, Naresh Goyal, has not only achieved its well deserved status of customer recognition but has also set the entire airline industry within India on notice, that its service, punctuality, reliability and professionalism in aviation is not only possible, but it can grow beyond its own geographical borders and compete successfully. The client benefits, the competition is getting very good and the respect for this very complex industry among the opinion leaders has thus grown continuously.

What are the opportunities for cooperation between India and Switzerland in the aviation sector?

Jet Airways is already cooperating very closely with Swiss International Airline. We offer close connections from and to Mumbai from across India to serve clients from Switzerland and to Switzerland with ease. Our GSA in Switzerland is promoting travel to India, while our travel partners in India do the same to attract passengers from across India to visit Switzerland, trade with their respective partners and to use the educational systems of

Switzerland for higher academic and professional training. One day we might connect the two countries with a service on Jet Airways, which would without doubt enhance the good job Swiss International Airline is already performing.

What are your expectations from present government for the aviation sector?

The present development in the aviation scene in India must be one of the most exciting happenings in this



sector worldwide. The prospects of opening new markets, upgrading airport facilities, allowing for measured new entries into the aviation market, low cost carrier developments, all these make up for a dramatic change of our industry in India. The changes will not only attract new business opportunities but will also offer new competition, choices for the clients, enlarge tourism, open new travel possibilities and generally travel possibilities and generally enhance employment and improve the economy in India. Representing an Indian product like Jet Airways in different parts of the world market not only makes our organisation proud, but it also serves as an incentive for the customer and the country at large.

Please tell us something about your latest ventures...

Jet Airways is serving Colombo in Sri Lanka and Kathmandu in Nepal since spring of this year. We have quickly adapted ourselves to the new requirements of international services and what the customer would expect from a service provider like Jet Airways. Its the international flying that offers us many opportunities to further improve our services within our large network in India, which covers 255 daily flights over 41 domestic destinations.

We introduced a full web-based booking and ticketing system for the passengers this spring. We are about to launch a new "Frequent



Flyer" concept of our customers. The first thru' check-in facility in Mumbai Airport opened this month. The induction of the latest B-737-900 aircraft has been received by our customers with great enthusiasm. A special Customer Care Concept with full concentration on service delivery to our clients will be introduced this month to further strengthen our strong commitment towards our passenger, cargo clients and trade partners.

What components go to make an airways customer-oriented? How do you rate Jet Airways in this regard?

Jet Airways is blessed to have developed a very strong customer base due to its commitment to safety, reliability, on-time departure and consistency of its delivery of service. In a very humble way, our employees have been able to challenge complacency to service by often going beyond the expectations of our clients. It's to their credit that service has become the USP of Jet Airways. Our Quality Control, our commitment to perform daily to the best of our abilities and guided by a very detailed service performance concept, which is valid for the entire organisation, has brought Jet Airways to the level where they can claim the many service awards attested by its passengers year by year.

However, we are also fully aware of the dramatic changes that are about to take place within India through the introduction of the no frills airline services. We will be able to deploy a strategy, which will continue to offer our clients a good value/ price relationship. However, our branding of a service driven organisation will continue to be our credo.

What are some of the community development programmes that the airways has entered into as a corporate entity?

Jet Airways has been involved in many local, regional and international charity programmes over the years. At present, our company-wide drive benefits the children of India. With each flight we are asking our clients to share their coins and small change for this programme, which over the years have become a sizeable financial contribution to this noble task.

Any message you would like to give for the business community that travels frequently?

As Jet Airways continues to grow, we look forward to be of increasing importance to the growth of trade and tourism between our two countries by providing transportation facilities for the emerging destinations within India and beyond. There is no doubt in my mind that the service expectations of our international customers, especially the Swiss travellers, will be met and that Jet Airways will become an integral part of every visitor's journey through India.

'Indian Culture stands for Warm and Distinctive Hospitality'

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



One of the finest premium hotel chains of India that reflects the essence of India, the Leela Palaces and Resorts is indeed a name to reckon with in the hotel industry. The accolades and awards that have come its way are far too many to be listed. One of the most outstanding honours is the prestigious Imperial Mark received by The Leela, Goa. Peter J. Leitgeb, President, The Leela Palaces & Resorts, in an exclusive interview with Shruti Sinha, discusses the rarity and exclusivity that signifies The Leela Group.

How did you get motivated to actually opt for the hospitality industry and how long have you been associated with it?

During my High School times, I was working as a summer student in the hotel industry (Page Boy and Bell). I have in the hotel industry for 30 years, having been worked in Berlin, Dallas, Hong Kong, Budapest, Frankfurt and now Mumbai.

With the Leela Group?

I commenced my assignment as President for The Leela Hotel Group on June 1, 2004.

Your appointment as President, Operations, is reflective of a new trend of expatriates being appointed to look after the operations. What is the orientation that you as an expatriate bring with you?

Expatriates in our industry in general have a well-balanced academic education and gained substantial practical experience in various areas of hotel management around the globe.

What are the parameters that you have set for yourself and where exactly do you feel lies the need to bring about the change? Would you try to bring in some sort of Austrian flavour into The Leela cuisine and also a whiff of Vienna's classical symphonies?

The parameters I have been setting for myself and The Leela Palaces and Resorts are reflected in our Vision: “

To stimulate and re-establish The Leela Hotel Group as the most Premium Deluxe Hotel Company with the largest market share and profitability”. Part of our Food & Beverage strategy will be inviting international Super Deluxe Hotels to Mumbai to jointly conduct Food and Culture Festivals. Certainly, Austria will be among these food promotions.

What will be your focus to make The Leela even more international than it is at present?

We will enhance our affiliation with Kempinski Hotels in Europe/ Middle East & Asia. In addition, we appointed our Communication Agency and GSA in the German-speaking markets already to strive further for brand awareness and greater exposure in our core markets.

When you compare the hospitality sector in India with that abroad, more specifically Europe, what is the difference that you find and how do you feel the two can complement each other?

The hotel industry in India, compared to Europe, is from the service, quality and hospitality point of view, much more superior. It relates to the Indian tradition and culture which stands for a warm, distinctive hospitality.

However, another aspect of course is the employee ratio. Since our payroll expenditure in India is significantly lower than in Europe, we are able to provide a much more customer driven service and hospitality.

What role do you feel the government in India can play in boosting the hospitality industry here?

The government obviously acknowledged the importance of tourism over the years and hence, stepped up its marketing efforts to promote India in a very aggressive way. The campaign "Incredible India", which has been launched has helped enormously. This needs to be ongoing. All private sector services such as hotels, tour operators, airlines, etc. need to continuously promote the destinations in India, and the various wonderful historical and exciting sites with joint efforts. I am certain the number of tourist arrivals could be increased easily up to five million in a very foreseeable time. Provided however, that the international airlines flight capacities will be increased significantly.

Tourism and hospitality go hand in hand. What are your comments upon the Indian tourism sector and how do you feel it can be given a boost to serve the purpose best? What do you feel has been the share of the hospitality industry in the Indian economy?

The tourism and hotel industry has been supporting the Indian economy very well. However, at this point,

hotel industry will benefit but also all sectors such as the municipality, shop owners, etc. will be rewarded immensely.

What role would you be playing in The Leela Group's proposed expansion plan?

In my capacity as President, I am responsible for the successful and smooth Operation of the Group and exceeding our financial targets. A vital task will be the expansion of the Group into New Delhi, Chennai, Hyderabad and Udaipur by 2007. We need to be present in these key cities, which are core markets for our current hotel portfolio. We want to see The Leela Palaces and Resorts as a brand, synonymous with offering the best in Indian hospitality. Every property, we own or manage will aim to reflect the 'Essence of India', which is our marketing tagline statement.

Any message you would like to give for the business community that comes so frequently to the Leela?

Please continue to come and enjoy The Leela Hotel Group's hospitality. Particularly, our Mumbai property. Would like to welcome you at our newly introduced Citrus and India Restaurant, Jamavar and the new Bar-Lounge will be introduced to the local market and hotel



our industry still plays a very insignificant role. Therefore, we need to promote and market India not only as a business, culture and leisure destination, but we need to focus on new business segments, such as International Conventions and International Fairs. India, and here in particularly Mumbai, needs the International Mumbai Convention Center (IMCC) to attract new business. This segment is a very important and lucrative business element, not only the airline and

guests by mid-September 2004.

This great new concept will find in no time its repeat customers. Currently we are completing 130 Deluxe Rooms. The wonderfully appointed State of the Art rooms have been designed by H. L. Lim, Singapore. In short, the \$ 5 million renovation will be completed by mid/end September 2004, and The Leela Kempinski Mumbai will be back as "Grandeur and more Luxuries", more than ever before.

The Birth of a Nation & its Anthem

August 1st was chosen as Swiss National Day because on this day in 1291 three Alpine cantons swore the oath of confederation, an act which later came to be regarded as the foundation of Switzerland. The ceremony was held on the Rütli field, high above Lake Lucerne, to swear a bond of brotherhood. It was after 700 years in 1891, when the government decided to declare the day Switzerland's National Day, people celebrated summer by lighting bonfires. Even today the official August 1st celebrations take place on the Rütli with a public gathering addressed by the Federal president.

The Swiss National Anthem has a chequered history. The current anthem, the so-called Swiss Psalm - **"Radiant in the morning sky...."** - was first performed in 1841 and was soon played at various patriotic events. In the absence of a consensus, it took another 140 years for it to be officially adopted.

Several times between 1894 and 1953 the Federal Council - the Swiss government - was asked to declare the Psalm the official national anthem. However, the Council did not believe it had won full acceptance among the population as a whole, and responded by saying that it was for the people to show they had chosen an anthem by singing it regularly.

In 1961 the Federal Council decided that a new national anthem should be provisionally introduced. A competition to find a suitable one was held in 1979, but although many entries were received, none provided a convincing alternative to the Swiss Psalm. The Federal Council thus felt itself obliged to declare the Psalm the official anthem on April 1st 1981.

In the summer of 1841, Alberik Zwyssig (1808-1854), a priest and composer from Uri, was visiting his brother at Zug, when he received mail from Leonhard Widmer (1809-1867), a music publisher, journalist and lyricist from Zurich. The mail contained a patriotic poem that Widmer had written and wanted it set to music. Zwyssig chose to use a hymn that he had composed to the psalm "Diligam te Domine" (I will love Thee, O Lord). He worked on his adaptation until late autumn. Finally, on November 22, 1841 Zwyssig rehearsed his "Schweizerpsalm" [Swiss Psalm] for the first time with four residents of Zug.

Leonhard Widmer's German text and its (at times rather free) translations in the other three national languages speak of the many timeless natural beauties of Switzerland - the magnificent Alps, the calm lakes, the fertile pastures - of the peace that its inhabitants find here, and of the divine gift which it represents.

In 1843, the new patriotic song appeared in the celebration brochure of the Zurich Zofinger marking the anniversary of Zurich's membership into the Swiss Confederation in 1351. (The Zofinger association is the oldest Swiss student fraternity).

It was also performed at the National Singing Festival in the same year, where it was received with acclaim by the audience. The "Swiss Psalm" was soon performed by male choirs throughout Switzerland (thanks to translations) and was frequently sung at patriotic celebrations.

Numerous attempts were made between 1894 and 1953 to have it declared the Swiss national anthem, but they were consistently turned down by the Swiss government for the reason that a national anthem should not be selected by government decree but by popular opinion.

Another strong candidate for the national anthem was the popular and somewhat belligerent song, "Rufst Du mein Vaterland" - "When you call us, Fatherland" - which was often performed at political and military ceremonies.

It was sung to the same tune as the British "God Save the Queen" (incidentally, a tune also used by a number of other European royal houses at the time). However, as contacts between countries increased in the 20th century, awkward situations sometimes arose when both the Swiss and British national anthems were played because, both sounded the same.

It was for this reason that the Swiss government declared the "Swiss Psalm", a fully and unmistakably Swiss creation, the provisional Swiss national anthem in 1961. Following a three-year trial period twelve cantons (or states) voted in favor of the "Swiss Psalm", seven requested an extension of the trial period and no less than six rejected it as the official national anthem.

In spite of these mixed reactions, the "Swiss Psalm" was confirmed (provisionally) as the Swiss national anthem in 1965. The provisional clause was abandoned ten years later, but without official ratification as the national anthem.

A number of other suggestions for a national anthem were made in the years that followed, none of which, however, earned nearly as many votes as the "Swiss Psalm".

Finally, on April 1, 1981, the "Swiss Psalm" was officially declared the Swiss national anthem, "a purely Swiss song, dignified and ceremonial, the kind of national anthem that the majority of our citizens would like to have."



S S Rajput

GADGETS TO TRAP INTRUDERS FROM

Security Engineers (Pvt.) Ltd.

Security at all levels has become the most important aspect of modern organisations. This is all the more so at a time when there are real threats from terrorists and other elements who are out to wreck the political and economic fabric of the country. It is in this context the companies manufacturing security gadgets gain strategic importance. The following article profiles one such company based in Kolkata.

As we wait in the reception area, a strange-looking gizmo eyes us from the corner of the main office door. Not surprising for we are present at the hub of a maker of security gadgets. "It is a PIR," says a staffer, trying to satisfy our curiosity. As we stand there bewildered, he is more forthcoming. "The equipment releases infrared rays, which help detect an intruder," he explains. We are at the office of the security gadget-making company, **Security Engineers Pvt. Ltd.** in Kolkata.

The company has come up as an important enterprise providing solutions provider to establishments looking for a secure environment to carry out their operations unhindered. A changed setting over the last few years in conditions determining security in the business environment has necessitated the need for varying priorities for securing critical as well as normal day-to-day activities of any organization.

Says Mr. S.S Rajput, under whose stewardship the company has scooped up a respectable chunk in the market for security gadgets, "The immediate past has seen changes in the security environment because of realignment in the conditions which traditionally affected security-related environment." No wonder, whether they are security alarms or fire alarms or close-circuit television cameras staring at you from a corner, Security Engineers has their presence in most of these gadget segments. Total building management system is the new area where the company has ventured into to meet the requirement of corporate houses and multinational companies. "Most of the nationalized banks in the country are our clients," says Mr. Rajput, with the simplicity of a man who spends most of his time racking his brains to churn out new ideas that would bypass the chinks in the security armour of organizations. Little do you know by meeting

the diminutive-looking man that he heads a company, the products of which secure the vaults and safes of banks playing host to large-size funds.

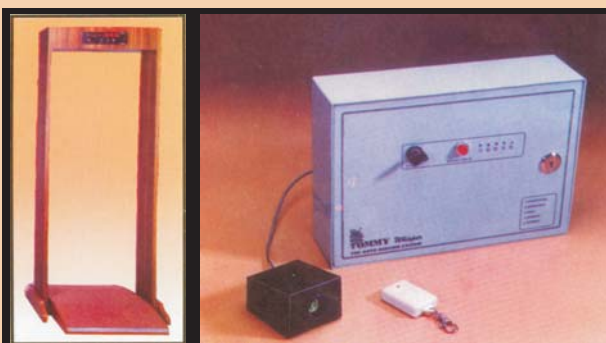
The company, formed in 1984, has giants like ITC, Hindustan Petroleum and Tata in its client dossier. "We also import equipment from the US, Taiwan and Switzerland, not to forget Israel which for historical reasons is a highly capable country in the sphere of making security equipment. We then produce many of the equipment in which we deal through integration," says Rajput whose proprietorship concern became a small-scale unit in 1985 when it started its own production.

The West Bengal government gave the award for the Third Best Small-scale Unit in 1989. In 2001 it received the ISO 9001-2000 certification.

The company tied up with STB Microtechniques of Switzerland in 1995 to leverage the enhanced competencies of its offshore partner. The two-decade-old venture has been recently approached by an intelligence agency to provide bugging equipment used to record conversations. These gizmos, he says, are sold only to government agencies.

Security Engineers, which also undertakes security and safety audits to advise organization about the effectiveness of their security environments, is pitted against giants like Godrej, Honeywell, Philips, Johnson and Eureka Forbes, who also have similar products in their bouquet. The company has offices in important cities across the country and this gives it the benefit of better market penetration.

"Where the mind is without fear..." says an official in dark glasses quoting from Rabindranath Tagore's *Gitanjali*, in an attempt to explain the philosophy behind the company's growth.



The Man with a Genius for Machines

Single-minded dedication, an obsession with quality, a passion for running machines and a commitment to meet the highest standards set by the most demanding clients worldwide sum up Shagil Precision's amazing success story. In an interaction with Veerendra Bhargava, Shagil's youthful founder Shailesh Kumar recounts his humble beginnings in Mangalore, the god-send job opportunity that took him to Switzerland, his unending hours of hard work, his encounters with machines, and the remarkable men who made it possible for a small town south Indian dreamer to turn into a global entrepreneur.

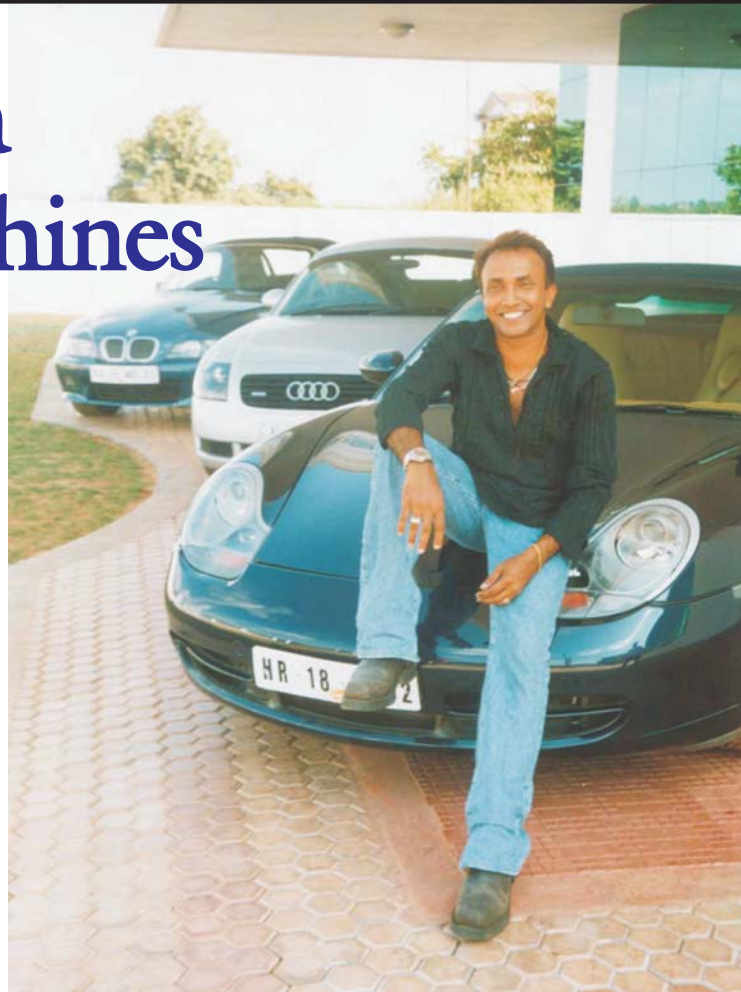
I was working in my uncle Ramachandra Achar's firm after I had obtained a diploma in mechanical engineering. As luck would have it, I got an opportunity to travel to Switzerland I had tears of joy on receiving the visa, but I had neither money nor any other assets, selling which I could pay for my journey. A few sets of

clothes were my only possession. I had to borrow Rs.10,000 from a bank with the help of my neighbours. Finally I accompanied my uncle to Switzerland with just 20 dollars in my pocket. Mr. Monin, owner of the company that was going to employ me, was there to

receive us at Zurich. He took me into his care and saw to it that I settled down comfortably in his house. He was also kind enough to give me an advance to pay off my bank loan. Initially, I was given the responsibility of cleaning the machines, along with which I was also taught to run them. Within a month I had learnt to operate the machines independently. Gradually I took charge of many machines and put them to very good productive use.

Hard work & rewards

At that time, there was only one thought running in my mind - to work hard and deliver excellent results. It was a dream come true, when I accounted for the second best production in the whole factory. My boss was impressed with my performance and therefore got my visa extended for another year. In





addition to the 16 to 18 hours of work, which I used to put in everyday, I started attending a Cam Calculation course in the evenings. I became an instructor for apprentices in the same factory after the completion of this course. Mr. Gilleron, an entrepreneur and friend, who noticed my hard work, asked what exactly I was aiming to do by putting in so many hours of backbreaking work. I was just joking when I replied that I wanted to buy a few machines and start a unit of my own. He took it seriously, and decided to be the guarantor for a bank loan in order to help me. Thus I took the first step towards being an entrepreneur myself. In addition to running my machines I also worked at his unit in order to repay my loans. I started out with three machines in 1992 and within a year I had 27 machines in my possession, when I decided to shift base to India.

I fulfilled all the orders that I had got in Switzerland and then increased my clientele to many high profile Swiss watchmakers like Euro Watch, BUB, INDTEC, RONDA, and ETA etc. In 1997 I met Mr. Victor Bruzzo the CEO of INDTEC, the biggest watch manufacturer in Europe. By then, Mr. Bruzzo and Mr. Gilleron had joined hands together. They took me into their

patronage and provided me with huge orders from INDTEC. They were so impressed with our quality, time schedule and pricing that they proposed that we start another unit in partnership that will be engaged in the production of steel components. Thus Giltec International Pvt. Ltd. was started in 2002 in the premises of Shagil Precision India under my proprietorship.

Now we are running 340 machines in our factory. Every year we send a few of our machinists to France and Switzerland for training. We manufacture around nine million watch components every week, which include center tubes, hour wheels, second pignon, bridge pillars, revits and many other such precision turned minute components. In the coming months we will also have gear cutting machines. The quality and schedule of our exports are so impressive that we can compete in the markets of China. What is holding us back is the pricing factor, since the Chinese can afford to sell at a dirt-cheap price. If taxation is further reduced we can think about venturing into the Chinese markets.

Outsourcing in precision instruments:

Bringing Swiss technology to India and working for Swiss watch companies, which require high precision products is a challenge. Maintaining the quality that they demand at the current price is a very difficult task. I am doing it, and this has helped me reap such good benefits out of this business. My hard-work and quality consciousness has helped me win the admiration of my clients. These are the watchwords for anyone interested in outsourcing, not only in this field but every other area of business.

Expansion plans

I have recently set up a company called Swissatec, in Switzerland with Mr. Gilleron. We have plans to venture into the production of high precision medical and surgical parts in addition to watch components. Several other options are under consideration; it is too early to speak about them.



Collège International Brillantmont - Nurturing Young Minds

On the shores of beautiful Lake Geneva lies Lausanne, a city that has always been a hub of education, tourism, sports and economics. These traditions are still prevalent today and are exemplified in a school such as *Collège International Brillantmont*. **How does Brillantmont fit into this tradition?** Perhaps knowing more about *Brillantmont* will enable us to make that connection!

An ideal mix of old world charm and modern comfort, *Brillantmont* is home to over 100 boarding boys and girls, and about 50 day students, all aged between 12 and 18, from around 35 nations. The *Brillantmont* campus, with its 7 buildings and 2 tennis courts, is located in a 4 acre park, in the heart of the city. The courses offered provide a secondary education, which enables students to enter universities throughout the world.

Established in 1882 by Paul Heubi and run successfully for five generations by the same family, *Brillantmont* is a member of the "Swiss Federation of Private Schools" and is accredited by the "New England Association of Schools and Colleges" as well as the "European Council of International Schools". The aim of the institution is to provide an environment that will bring about the development of each student's personality. The school offers a comprehensive academic programme, which, thanks to ability-based timetables, meets the needs of every student. By sustaining a family atmosphere, the school develops a sense of community relationship. Developing a spirit of internationalism comes naturally, on account of the vast cultural diversity of the students and exploitation of the cultural wealth of the region.

The study programmes are offered within different sections, namely, the American (Grades 8-12, leading to a High School Graduation Diploma), British (Years 9-13, leading to IGCSE and A Level examinations) and



Language (leading to official language examinations) sections. The objective is not only to provide a thorough knowledge of various subjects but also to prepare the students for all international level examinations, intensive language courses included. All the teaching is in English. There is a Summer School during July and August for students aged 12-17 to learn French or English with sports and various additional activities.

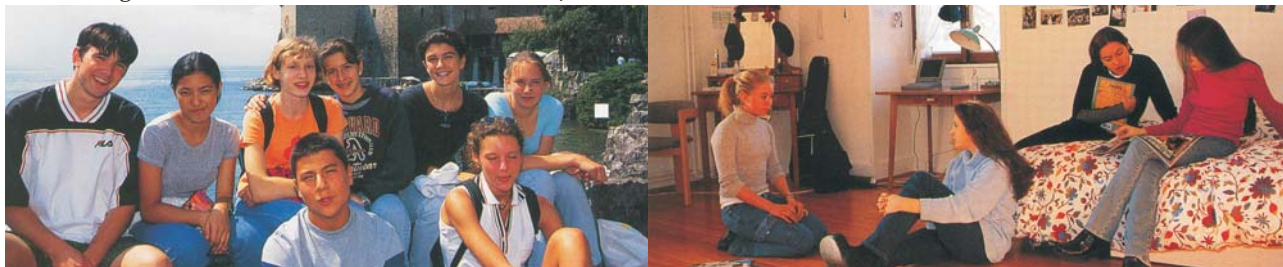
The physical infrastructure is well connected with wireless. Computer classes and computers are available to all students, and via a password to access the school's website, parents can keep a tab on their child's programme of studies. There is also a language laboratory to assist the language learning process.

Education is incomplete without extracurricular activities. Sports classes are compulsory and can include basketball, tennis, football, badminton, squash, ice-skating, swimming, skiing and many more. Students may choose a sports activity as a club or another activity such as drama, cooking, photography or yearbook. Other activities include cultural trips to concerts, ballets and plays and weekend trips to places of interest and neighbouring countries.

Brillantmont is above all a home away from home. The students are kept in boarding houses and a tutor is assigned to each of them, to address their personal and psychological needs.

At *Brillantmont* every student is considered special. And this philosophy is what makes *Brillantmont* so special!

For more details on how to better your child's future contact *Brillantmont's* Liaison Representative in India: Mr. Ravi Albert on 9820835549 or Email: rafel@vsnl.com or visit www.billantmont.ch



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