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- OPPORTUNITIES AS INDIA POWERS AHEAD ■ TIM FLANNERY TOURS INDIA
- AUSTRALIAN CONTINGENT AT PBD 2009 ■ STEPPING UP TO THE MARK
- WHY AUSTRALIA SHOULD DO BUSINESS WITH INDIA ■ THE INDIAN ECONOMY IN 2009: REGRESSION OR RESILIENCE? ■ INDIA'S NEW MERGER CONTROL REGIME ■ OVEN SALES ARE HOTTING UP



OPPORTUNITIES AS INDIA POWERS AHEAD

The Chairman of the Australia India Business Council, Brian Hayes, outlines the growing trade and investment links between Australia and India.

In just over 60 years, India has developed from a Colonial British Dominion to a global economic super power, second only to China in terms of GDP growth. Prior to the recent global financial crisis, India's economic growth has exceeded 9% per annum and with nearly 500 million people aged under 30 and a median age of 24 years, it is the only country in the world with a declining age-dependency ratio, namely a ratio between the young and the old to those economically active.

Soon after taking office in 2007, the Prime Minister of Australia, the Honourable Kevin Rudd, pointed out that India is Australia's sixth largest and fastest growing export market, with two way trade in goods and services worth Aus \$12 billion in 2006. He identified the Australia India relationship as one of the great opportunities of this century for both nations.

The Australia India Business Council is the only national non-government business association devoted solely to promoting developing and maintaining bilateral trade and business relations between Australia and India.

It was the product of the mutual recognition agreement between Australia and India in 1986 between the then Prime Ministers, Bob Hawke and Rajiv Gandhi. The Prime Minister of India, Manmohan Singh, when he was Finance Minister, was the architect for the deregulation of the Indian economy in the 1990s and since then the world has beaten a path to India.

The business and trade relationship between Australia and India accelerated and in 2006 then Australian Prime Minister, the Honourable John Howard, made an official visit with a high level business delegation which resulted in the signing of the Trade and Economic Framework between the two countries.

The Framework aims to promote cooperation in areas such as energy and mining, infrastructure development, ICT, services, agriculture, biotechnology and inspection and quarantine.

The Australia India Business Council and its counterpart in India work closely with the respective Ministers for Trade in conducting a Joint Business Council (JBC) meeting in association with the Joint Ministerial Council meeting each year. In 2008, the JBC was held in Melbourne with a trade delegation accompanying the Indian Minister for Commerce and Trade comprising nearly 40 companies attending the meeting.

The Australia India Business Council is concerned to represent the many SMEs of this country to take advantage of the opportunities available for exporting both goods and services to India, by connecting trade delegations from India to



Brian Hayes, Chairman of the Australia India Business Council

Australia with companies here and accompanying trade delegations from Australia to India.

State Chapters of AIBC, in particular New South Wales and Victoria, have established vertical industry chapters to attract SMEs to take advantage of information and networking programs which are arranged on a regular basis.

The recent Sensis Business Index identified nearly 400,000 SMEs who would suffer as a result of the current financial crisis. Australia is ideally placed to supply many of the goods and services required by India.

At a recent event organised by the New South Wales Chapter of the AIBC to welcome the new Consul-General for India, Mr Amit Dasgupta, the Consul-General made the point that India has a young and growing middle class which provides a huge consumer market for Australian commodities.

This presents opportunities for SMEs in Australia who are, or might be, suffering from the economic downturn domestically.

AIBC as a national non-government Business Council, whose sole objective is to promote bilateral trade and business between Australia and India, is playing and will continue to play, a significant role in facilitating the ongoing improvement in Australia's trade and investment ties with India.

For more information about the Australia India Business Council Tele 03 85345070 or visit www.aibc.org.au



TIM FLANNERY TOURS INDIA

The **Australia-India Council** recently hosted a highly successful four-city tour of India by prominent Australian scientist, author and climate change activist, Professor Tim Flannery.

Professor Flannery was named 'Australian of the Year' in 2007 and is a professor at Macquarie University. He gave a series of talks on the theme "We are the Weather Makers: The Story of Global Warming" in Mumbai, Pune, Ahmedabad and New Delhi during an 11 day tour in January/February 2009.

Professor Flannery's tour of India included engagements at some of India's most respected and influential academic, corporate, environmental and scientific institutions. He addressed IIT Bombay's 'TechFest', Tata Power, the Nehru Science Centre, the Confederation of Indian Industry and the National Science Centre.

He delivered the prestigious 'Vikram Sarabhai Memorial Lecture' at the Ahmedabad Management Association, and launched the new Gujarat University Management Education Centre on Climate Change. He also participated in preliminary events for the major global forum, the 2009 Delhi Sustainable Development Summit.

It was Professor Flannery's first working visit to India, and he was impressed with the many efforts under way to address the environmental challenges that face India and the world. He was greeted by enthusiastic and knowledgeable audiences everywhere, many of whom were young students keen to test their own climate change theories on him.

Professor Flannery received significant media coverage in India. He was interviewed at length for the prominent 'Frontline' magazine, and his tour events received media coverage both in India and in Australia. He recorded several television interviews, and his best-selling book "The Weather Makers" was made available for purchase in Indian bookstores.

Professor Flannery's tour of India was an opportunity to unite two of the Australia-India Council's (AIC) major programs. The AIC Author's Tour showcases outstanding Australian authors of both fiction and non-fiction works to influential audiences in India, and the AIC Science and Technology program has recently focused on the interrelated issues of climate change, environment and water management. This focus has included a tour of Australia by Nobel laureate Dr Rajendra Pachauri of the Intergovernmental Panel on Climate Change (IPCC).



Professor Tim Flannery speaking at the CII in New Delhi, accompanied by Australian Deputy High Commissioner, Dr Lachlan Strahan. *Photo by Graham Crouch*



SENIOR INDIAN JOURNALISTS VISIT AUSTRALIA

Three senior journalists from leading Indian media visited Australia in early March 2009 under the Australian Department of Foreign Affairs and Trade's International Media Visits Program.

Mr M K Venu, National Editor of the Economic Times; Mr K J M Varma, Senior News Editor of the Press Trust of India, and Mr H Damodaran, Senior Assistant Editor of the Hindu Business Line, undertook a series of meetings in Sydney, Canberra, Melbourne and South Australia with Australian and State Government Ministers, India's High Commissioner to Australia and Consul in Victoria, officials, business people and farmers.

According to Mr Steve Moran, Manager of the International Media Visits program, "the visit aimed to underline and promote the growing partnership between Australia and India based on strong bilateral linkages, and to highlight the potential economic gains to both countries from a free trade agreement between India and Australia, especially in the agricultural sector".

The journalists met the Minister for Agriculture, Fisheries and Forestry, Mr Tony Burke, to discuss Australia's growing agricultural trade linkages. Mr Simon Crean, Minister for Trade, spoke on Australia's trade policy priorities at an address attended by the group to the Australian Bureau of Agricultural and Resource Economics (ABARE) Outlook 09 Conference on 4 March. In South Australia the journalists appreciated a meeting with Premier Mike Rann on the growing links between South Australia and India.

The two-day ABARE Conference gave them many insights into prospects for the Australian agricultural sector. The group's understanding was further enhanced by a briefing from senior officials of the Department of Agriculture, Fisheries and Forestry on Australia's agricultural trade with India.

Meetings with Meat and Livestock Australia, Horticulture Australia, the Almond Board of Australia, Australian Business Limited and Austrade canvassed a range of current agricultural trade issues between India and Australia. The journalists were also interested in finding out about the impact of the bushfires in

Victoria. They met a farmer of Indian origin — Mr Charanamat Singh — who had been affected by the fires.

In Victoria, the group was briefed by Dairy Australia on the Australian dairy industry and prospects for trade in this sector between the two countries, and saw an Australian dairy farm first-hand near Ballarat.

In South Australia, the visitors satisfied their curiosity about Australian cricket when they attended part of an inter-state match at the Adelaide Oval. They also gained an appreciation of the scale of South Australia's grain export facilities when they visited the ABB Grain facility at Port Adelaide. In other highlights of their time in South Australia, they toured the Adelaide Malt House and visited the McLaren Vale with South Australia Trade Envoy for India, Mr Brian Hayes QC.

The group's interaction with the business community was not restricted to agricultural issues. They also met Commonwealth Bank officers and appreciated the operations of an Australian newspaper during their visit to the Adelaide Advertiser.



(Photo L to R — Mr H Damodara — Senior Assistant Editor of the Hindu Business Line, Mr M K Venu — National Editor of the Economic Times, Victorian dairy farmer, Mr David Lee — Trigg and Sons Farm Bungaree Victoria, Mr K J M Varma — Senior News Editor of the Press Trust of India)

GENERAL NEWS

Presentation of 2009 Australia-India Council Special Awards

Seven Indians who have made exceptional contributions toward strengthening Australia-India relations were awarded the Australia-India Council (AIC) Special Awards on 6 March in New Delhi. The awards were presented at a ceremony at the Australian High Commission to:

Mr Suman Bery (public policy);

Professor Darvesh Gopal (education);

Dr Jyotindra Jain (culture);

Dr Alka Pande (art);

Professor Pankaj Singh (education);

Mr Tarun Das (community, health and sport management); and

Dr Jasleen Dhamija (art).

The awards were presented by the Australian High Commissioner to India, Mr John McCarthy, and Ms Suzanne Davies, Chair of the AIC and a leading figure in the Australian arts community.

"These awards recognise the special contribution made by these individuals to building a stronger and deeper relationship between Australia and India in diverse fields" said Mr McCarthy. "Their efforts have advanced the Council's core objectives in culture, sport and education. Those honoured by these Awards have used their expertise and influence in India to promote the relationship between our countries", Mr McCarthy added.

AIC Chair Suzanne Davies said, "The work of the AIC would not be possible without the extraordinary efforts of our friends and partners in India. Each award recipient has made an outstanding effort in building the Australia-India relationship, and it is an honour to be able to recognise their hard work."

The AIC Special Awards were established by the Australia-India Council in November 2007 to mark the 15 year anniversary of the Council, and to acknowledge the many outstanding Indians who have made the Council's work a success.



AIC Award recipients with AIC Board Members and His Excellency John McCarthy.



Indigenous Art Exhibition tours India

The Australia-India Council (AIC) recently supported a tour of India by "On the Edge", an exhibition of indigenous art from Far North Queensland.

The original On the Edge exhibition was opened at the Tanks Arts Centre in Cairns in May 2008. Dr Sasi Victoire curated the show for its tour to India. The exhibition showcased the different cultural affiliations that make up the character of the Far North Queensland Region: Torres Strait Islander, Indigenous, migrant and mainstream cultures. The tour introduced to India the cultural diversity of Australia's populations in the region and focused on the diversity of cultures and traditions that share the landscape.

In India, On the Edge exhibited at the Indira Gandhi National Centre for the Arts in Delhi and at the Jawahar Kala Kendra in Jaipur as part of Jaipur's famed Literature Festival. Indigenous artist and performer Joey Laifoo travelled with the exhibition, representing Torres Strait Islander culture as ambassador and artist. He also presented a cultural performance at the opening ceremony, and his collaboration with a South Indian classical singer was a highlight of the tour.

The artists represented in the exhibition included Dennis Nona, Brian Robinson, Alick Tipoti, Rosella Namok, Joey Laifoo, Arone Meeks, Ceferino Sabertino, Zane Saunders, Anna Eglitis, Ian Horn, Elaine Lampton and Sasi Victoire.



Pictured is one of the Indigenous artists, Joey Laifoo, whose work was represented in the On the Edge exhibition.



Dr M.S. Gill, the Indian Minister of State for Youth Affairs and Sports who recently visited Australia.

Indian Minister visits Australia

Dr M.S. Gill, the Indian Minister of State for Youth Affairs and Sports, visited Melbourne and Sydney in late March.

The Minister undertook tours of the facilities built for the 2000 Sydney Olympic Games and the 2006 Melbourne Commonwealth Games, including the Melbourne Sports and Aquatic Centre and Sydney's Olympic Park. With Delhi to host the 2010 Commonwealth Games, the visit was designed to brief Dr Gill on Australia's experiences in hosting major sporting events.

Dr Gill also observed part of the Grand Prix and was briefed by the CEO of the Melbourne Grand Prix. India will host its first Grand Prix in 2010 in the National Capital Region of New Delhi. In both Sydney and Melbourne, Dr Gill met Australian officials and businesses involved in major sporting events, particularly the Sydney Olympics and Melbourne and Delhi Commonwealth Games.

One of the highlights of the Minister's visit was attending the AFL season's opening match at the MCG. He was the special guest of the President of the Richmond Football Club at a pre-match dinner, and enjoyed the electric atmosphere of the capacity crowd.

Research collaboration grants announced by Minister

Cutting edge research on topics from climate change and evolution to malaria vaccines and the impact of global warming on agriculture will be funded under round 3 of the \$20 million Australia-India Strategic Research Fund.

The \$4 million in funding awarded to 15 collaborative projects was announced by Senator Kim Carr, Minister for Innovation, Industry, Science and Research.



"This funding will further cement close relations between Australia and India," Senator Carr said.

"Some of the best scientists from both nations will work together to tackle the big issues facing Australia, India and the rest of the world.

"This fund – a joint initiative of the Australian and Indian governments – is Australia's largest bilateral research fund, providing \$20 million over five years from 2006-07. "India is a research powerhouse and an important partner in our own work here in Australia," said the Minister.

Projects to be supported under this funding round include:

- Establishing Australian-Indian collaboration on gravitational wave astronomy; and
- Assessing the impact of rainwater harvesting on the regional hydrological balance in the Arawali foothills region of India.

Other projects supported by the fund are in areas as diverse as agricultural research, nanotechnology, medical diagnostics, nutraceuticals, and micro-electronic devices and materials.

For further information on the Fund please visit the Innovation website.

Australia India Business Summit to be held on May 20

The annual Australia India Business Summit is the major forum to review trends and opportunities in bilateral trade and investment between the two countries. More than 150 delegates are expected to attend the Summit on May 20 in Sydney including a number of business people from India.

Organised by the Australia India Business Council (AIBC), the conference will hear presentations from senior politicians, and business people from both countries. The one day event to be held at the Sofitel Sydney Wentworth and will conclude with a Gala Dinner.

Despite the gloomy global economic environment, trade and investment between Australia and India continues to grow at a very healthy rate. India is Australia's sixth largest and most fast-growing merchandise export market with an annual growth rate of 28 percent during the last five years.

The conference agenda will include industry chapter streams, sessions on doing business in India and case studies of successful trade and investment.

For details of the conference, please go to www.halledit.com.au/aibc09 or email Joanne King jo.king@aibc.org.au or telephone 03 8534 5040

Successful Bilateral Dialogue on Resources and Energy

In 2000, the Australia-India Joint Working Group on Energy and Minerals (JWG) was established to address trade and investment issues in the energy and minerals sector, to exchange information on policy developments and identify possible commercial opportunities.

To strengthen this bilateral engagement, Minister for Resources and Energy, Mr Martin Ferguson, visited India in November 2008, during which five energy and resources Action Plans (on: Coal, New and Renewable Energy, Mining and Minerals, Petroleum and Natural Gas, and Power) were signed between the Department of Resources, Energy and Tourism and the respective Indian Ministries. These Action Plans seek to enhance awareness of opportunities in two way trade and investment; increase bilateral cooperation and collaboration; and identify and address barriers to trade and investment opportunities.

The 6th meeting of the JWG held in New Delhi on 16-17 March 2009 was a great success. The JWG included five workshops held on 16 March at the Ministries of Coal, New and Renewable Energy, Mining and Minerals, Petroleum and Natural Gas, and Power.

A major outcome from these workshops was endorsement by senior Australian and Indian Government officials of specific work programs to progress activities under the five Action Plans. Broadly, agreed key activities to be undertaken by Australia and India over the next 2-3 years include:

- an Australia-India Resources and Energy Conference to be held in Australia in early 2010;
- two-way technical exchanges on power generation, new and renewable energy, and geoscience data storage and mapping;
- secondments of Indian officials to Australian policy agencies, safety and regulatory authorities, and technical and research organisations;
- capacity-building (including secondments to renewable energy agencies); and
- two-way education and training at educational institutions and within industry.

The second day of the JWG was dedicated to bilateral discussion and provided a valuable opportunity for government and industry representatives to discuss areas of mutual interest. Key items discussed included India's mining legislation and recent Australian energy and minerals policy developments such as the Carbon Pollution Reduction Scheme and the Energy White Paper. Presentations were also made on the implications of the global financial crisis on the Indian and Australian resources and energy sectors.

The next meeting of the JWG is expected to be held in Australia in 2010.



BUSINESS & TRADE NEWS

Austrade seminars highlight market opportunities in India

Three Austrade market specialists visited Australia recently to speak to businesses about export and investment opportunities in India and South Asia.

Austrade's New Delhi-based Senior Trade Commissioner Peter Linford was joined by Trade Commissioners from Chennai and New Delhi, Aminur Rahman and Michael Carter, at the Winning Business in India and South Asia seminars organized by Austrade.

According to Mr Linford, new exporters and businesses wanting to diversify export markets and tide over the financial crisis would benefit from consistent growth in India and the rest of South Asia despite the global economic downturn, while traditional markets were contracting.

"South Asia's GDP growth may have dropped, but it's down from an average nine per cent last year to six (per cent) this year. India is expected to grow at seven per cent in 2008-09 according to new data from the Indian Government*. This offers plenty of opportunities for Australian businesses," he said.

"Services are one of our major exports to South Asia, with exports to India alone valued at \$2.5 billion. Australia has now surpassed the US as the number one education destination for Indian students, which is highly significant. 75,000 Indian students study in Australia now.

"There are ongoing opportunities in mining and resources, building and construction, and infrastructure projects. Australian firms have already won 22 contracts worth over \$40 million for the 2010 Commonwealth Games in New Delhi, with more companies bidding for new contracts."

"India recently reopened the market for Australian milk products—a big win also for cheese and ice cream producers. With India's strong push for tourism, luxury hotels around the country are looking for gourmet foods, seafood and wine.

"Processed foods like biscuits, confectionery, canned fruit and juices are another major growth area. More Indian consumers are looking for variety, quality and above all a great taste experience," he said.

Mr Linford said although India was South Asia's biggest economy, a number of opportunities existed across the region, and exporters could use India as a springboard to neighbouring markets. "Australian franchises are also doing very well in South Asia, with companies like Cookie Man, Cartridge World and Gloria Jeans fast expanding in the region. Gloria Jeans established a master franchise in Pakistan last year and Cartridge World launched its 50th store in India this month."

"Australia is also recognised for its clean, green image and South Asian businesses across a range of sectors are looking



Peter Linford, Austrade's Senior Trade Commissioner

to source green technology and products that have a low environmental impact. Two-way investment between Australia and India has seen exciting growth in both value, and in number of companies establishing across both markets. Presently over 50 Australian companies across a range of sectors have a presence in India and South Asia," he said.

Over 850 participants attended the seminars, which were held in 13 locations around Australia including regional centres. There was strong representation from a range of sectors including food and beverage, and mining and resources. Other speakers at the event included representatives from Gujarat NRE Minerals, Emergent Ventures, the AFL and Tamil Nadu State Government.

The event is part of Austrade's Utsav Australia (Celebrate Australia) program to strengthen business links between Australia and India. The seminars were supported by all State and Territory Governments.

For more information on doing business with India, contact 13 28 78 or email utsavaustralia@austrade.gov.au

**Source: Central Statistical Organisation, Indian Ministry of Statistics and Programme Implementation*

Rail potential in India

India's US\$18 billion railway extension plans and subsequent need to attract world class expertise was subject of a recent visit to Australia from Indian Railway Board (IRB) executives.

The Parliamentary Secretary to the Minister for Trade, John Murphy, said the broad needs of the Indian railway industry mirrors Australia's supply capability in both passenger freight and bulk haulage.

"Australia is keen to work with the IRB and provide expertise and consultancy skills to India's railway development and



expansion projects, including in port connectivity, corridor hinterland projects and construction of major bridges," said Mr Murphy.

"We have developed specialised expertise in all aspects of the design, development, construction, operation, maintenance and refurbishment of modern rail systems, particularly in heavy haul networks in remote locations and climatically challenging environments.

Mr Murphy said the meeting with the Chairman of the IRB, Mr KC Jena, was a productive one with an agreement reached to progress talks. "I feel there was an acknowledgment that Australia's world class expertise is certainly worth considering for some of these large railway projects and we have agreed to look at the potential for a Memorandum of Understanding," Mr Murphy said.

The Indian Railway Board is responsible overall for India's state-owned railways. The Indian railway system is one of the largest and busiest rail networks in the world, transporting eighteen million passengers and more than two million tonnes of freight daily. In April this year, Austrade commissioned a study to identify infrastructure opportunities for Australian companies in India, including in the railways sector.

This meeting was identified as an important first step in securing opportunities for Australian businesses.

Turbines to be purchased from Suzlon Energy

AGL Energy, Australia's biggest electricity and gas retailer, has agreed to buy 63 turbines from India's Suzlon Energy for a \$341 million wind power project in South Australia.

AGL also has an engineering and construction agreement with Suzlon's Australian unit for the 132-megawatt Hallett 4 project. Suzlon Energy Australia also has options to build two other projects for AGL, which may get a discount on the orders.

Australia has a target to boost power generated from renewable energy to 45,000 gigawatt-hours in 2020, from the existing 9500GWh target in 2010, to help reduce greenhouse gases blamed for global warming.

AGL said it expected to approve about \$1.1 billion in wind and gas-fired generation projects this year for construction to tap rising demand for cleaner fuel. About \$140 million of the cost for developing Hallett 4 would be incurred by June 30. The company may decide to sell the project, while retaining ownership of the electricity output and renewable energy credits generated by the venture.

VETASSESS and TT Services sign collaboration on skill migration to Australia

The VETASSESS (Vocational Education Training and Assessment Services) Consortium, based in Melbourne has joined with TT Services to provide support services in India to the General Skilled Migration Program (GSM). VETASSESS leads a consortium that assesses the trade skills of people

intending to migrate to Australia from the United Kingdom, India, Sri Lanka, South Africa and Philippines.

VETASSESS has been providing advice and support to the Vocational Education and Training (VET) sector since 1997. As a Registered Training Organisation (RTO) of assessment-only services, VETASSESS help individuals, training providers and industry groups, define and achieve their learning and assessment goals.

Mr. Arun Vasu, Chairman and Managing Director, TT Services and Mr. Samir Momin, General Manager - Business Information Systems, VETASSESS, jointly announced the launch of these services in India and said that they have set a target of 10,000 skilled migrants to Australian in the next one year.

For further information, please visit:
www.vetassess.com.au

(News item courtesy of the Indo-Australian Chamber of Commerce)

Australian Foods gets 'Retailer of the Year' award

Australian Foods India Private Limited, manufacturers of fresh-baked cookies, has bagged the Retailer of the Year (Food & Beverages) award instituted by the Asia Retail Congress. The award recognises Cookie Man's success as being a benchmark in creating innovative retail concepts.

Cookie Man's distinctive retail mechanism to market delicious fresh-baked Australian cookies to customers was acknowledged as a successful enterprise in the rapidly evolving food and beverages retail place, the release said.

The award was handed over by Mr. Tarun Joshi, Managing Director and CEO, Brandhouse Retails, and Ms. Tarita Mahendale, Chairperson, Indira Group of Institutions to Mr. Pattabhi Rama Rao, President, Australian Foods, in Mumbai.

Commending on the accolade, Mr. Pattabhi Rama Rao, said, "We strive for customer delight and innovation, which have always been one of the core principles of Cookie Man".

(News item courtesy of the Indo-Australian Chamber of Commerce)

Dairy door opens in India

To export dairy products from Australia to India a sanitary permit (signed by AQIS) is required by the Government of India. Since 2003 Australian dairy exports to India have effectively been blocked by Government of India sanitary requirements (specifically related to certification of freedom from oestrogen use in the Australian Dairy Industry).

While most dairy products were permitted to enter India without any quantitative restrictions, the sanitary requirements effectively blocked imports of dairy products from Australia and many other countries.

Recently, DAFF announced that the Government of India has approved a new system for the health certification of Australian



Milk Products by AQIS that will once again allow exports to the Indian market, under the following conditions:

Exporters will be required to confirm that: "the product has been sourced from an establishment with systems in place to guarantee that the voluntary ban on the use of oestrogen has been implemented".

Exporters will also have to provide a declaration confirming product with animal rennet is labelled accordingly. Exporters must have systems in place with their suppliers to enable substantiation of these statements and to enable provision of written evidence.

Production

- India has the world's largest dairy herd.
- India is the world's largest producer of bovine milk by volume. (Estimated production of 105 million ton in 2008/09.)
- Approx 57% of production is buffalo milk, which has a higher milk-fat content than cow milk.
- Milk productivity rates are low by world standards, due to factors including low productivity performance of indigenous cow breeds, small average herd size, poor quality and hygiene control, and lack of efficient cold chain.
- 34% of farm milk is retained by the producer, with the rest being procured by state based co-operatives, or the unorganised sector (for manufacture into products such as paneer).

Consumption

- India is the world's largest dairy consuming country. (Est: 107m tons of liquid milk in 2009/10.)
- Total consumption is increasing due to growing population, increasing purchasing power of the consuming middle class, and higher demand for value added products.
- Milk and dairy products are a significant part of daily diets (esp for vegetarians).
- Organised sector includes major manufacturers such as Gujarat Coop, Mother dairy, Britannia, Nestle etc.
- Unorganised or 'small scale' sector processes approx five times as much milk as the organised sector.
- Growing demand for branded, hygienically manufactured and packaged products.
- Increasing consumption of processed cheese driven by western style food consumption and restaurants.
- An expanding health food segment has led to success for probiotic dairy products such as yoghurts.
- Demand for processed cheese, butter, dairy spreads and other high quality dairy products by luxury hotels, restaurants, retail stores and fast food chains is growing in India.

- Functional needs of the baking industry provide opportunities for intermediate products such as whey and milk powders.

Trade

- Overall India is a net exporter of dairy products in 2007, to markets such as Egypt, the UAE, and Bangladesh.
- India imported about (Au) \$18 million worth of dairy products in 2007, down from a high of over \$40 million in 2003.
- Main import items by value include various Milk Powders, Processed Cheese, and Butter Oil.
- Major suppliers of dairy products to India include Denmark, France, Italy, Nepal, China, New Zealand and the USA.

Australian Exports to India

- In 2003, the last year that Australian dairy products were effectively able to enter the Indian market, Australia exported over \$6 million worth of dairy products to India.
- Major export items were Butter Oil (AMF) and Milk Powders (WMP and SMP).
- Recently, DAFF announced that the Government of India has approved a new system for the health certification of Australian Milk Products by AQIS that will once again allow exports to the Indian market.
- The new certificate (ZD035 with endorsement 3898) will be available for Australian exporters from Monday 23 February 2009.
- Demand is likely to be strong for Australian products, especially milk powders and butter oil for manufacturing, processed and speciality cheeses for retail and food service, and potentially yoghurts and functional products for the growing health food/functional foods market segments.
- Given the reduction on world prices for dairy products, along with the recent decrease in value of the Australian dollar, Australia is well placed to take advantage of this new market access opportunity.

Accountants to be able to practise in both countries

The Institute of Chartered Accountants of India (ICAI) and CPA Australia Ltd have signed a Mutual Recognition Agreement (MRA) on February 3, 2009, to recognize the qualification, training of each other and admit the members in good standing by prescribing a bridging mechanism.

The papers in respect of bridging mechanism would be administered locally by the two institutes. The Mutual Recognition Agreement is likely to herald an increased mobility of the professionals in either country.

"The signing of the MRA with CPA Australia by ICAI is a step forward in increased mobility to professionals at either end and would herald a new dimension for business globally", said Mr Ved Jain, President, ICAI. "It also puts the two Accountancy



Professions from India and Australia on global radar to play the leadership role in addressing new challenges before profession”.

Retail consultancy to launch in India

The Perth-based consultancy, John Stanley Associates, is in demand around the world for workshops and conference presentations on retail marketing, with the firm’s latest interest being in the Indian market.

“We advise on store layout, marketing strategies, customer service and business development,” Mr Stanley said. He estimates that 50 per cent of his consultancy business is in perishable goods marketing.

“The marketing of perishable items such as vegetables, fruit and flowers is a highly specialised art,” he says, “because it’s marketing with an added urgency to it. You have to move perishable products off your shelves very quickly. If they just sit there, they die. For all other types of retail marketing, if your products sit on the shelves, they just get dusty. You can still sell them many days or months later.”

John Stanley Associates export their services all over the world. “One week we may be working in Dubai or Bahrain, South Africa or Namibia – the next week in the United States. Hyderabad, in India, is a new market for the consultancy. We first visited India about five years ago, just to have a look at the market, but we didn’t do any business. Then, last year, a company in Hyderabad told us they were opening a retail school and wanted some help. So we went over to see what was involved,” Mr Stanley said.

“We found Austrade was very helpful in getting this job up and running, both in Hyderabad and here in Perth. In fact they were vital in helping us secure the contract to develop training workshops for Indian retailers. The Austrade Business Development Manager in Hyderabad, Ramakrishna Dastrasia, sourced a solicitor to draw up a contract and introduced us to other people who could help with the project,” Mr Stanley said.

“The result was that when we returned to Australia the contract was signed and a marketing program for retailers will be launched in India during 2009.”

Mr Stanley said that even though these are very tough economic times around the world, there are still opportunities for Australian businesses to develop their overseas work. “Just in the last few weeks we have had new enquiries from Malaysia, Hungary, Spain and Italy,” he added.

“The key for any new business seeking new export markets is not to rush in, but to do your homework, be vigilant in the follow-up process, and make contact with the local and international representatives of Austrade,” Mr Stanley said.

**Tel: 08 9293 4533 Email: info@johnstanley.cc
Website: www.johnstanley.cc**

Program to help industry clusters access export markets

The Minister for Trade, Simon Crean, announced that the Austrade-managed Global Opportunities program will provide export and investment facilitation services as well as funding support of up to \$1.8 million over the next three years to eight industry clusters of Australian companies, to help them expand their international business activities.

Mr Crean said that many Australian businesses – particularly small and medium-sized enterprises – lacked the scale, expertise and access to information that is necessary to identify and successfully bid for contracts in global supply chains or major projects internationally.

“By encouraging individual enterprises within a sector to form clusters we can better help these industries, as well as individual businesses, to become internationally competitive and, consequently, to promote their long-term sustainability and help protect employment opportunities.

“The eight industry clusters accepted into the Global Opportunities program are: Mining Technology and Services; the Australian Railway Industry’s Campaign; HealthTeam Australia; Scientific Products and Services Export Expansion Program; Australia-Taiwan ICT Cluster; Australian Automotive Aftermarket Export Network; Automotive Interior Systems Australia; and Australian Medical Device Manufacturers.

“Through the Global Opportunities program, Austrade will provide funding and direct support to these industry clusters to help them link into global supply chains and bid for work on major international projects. Additionally, dedicated Austrade officers in Australia and offshore will work with clusters.

“By working with these industry clusters, Austrade will be helping over 100 companies to pursue international opportunities which will assist them to maintain and grow their businesses, even in these challenging economic times.

“As part of the support offered through the Global Opportunities program, Austrade will provide a total of \$600,000 annually over three years to fund cluster initiatives that will help them increase their international business success.”

AIBC NEWS

The Australia India Business Council (AIBC) NSW welcomed India's new Consul General, Mr. Amit Dasgupta, by hosting a gala event. Mr Dasgupta is part of the elite Indian Foreign Service and a Commonwealth Scholar. He has represented India in senior positions in Europe, Asia and Africa and is also a well published and prolific author.

He is passionate about promoting trade and business opportunities between India and Australia. Considered to be one of the best attended AIBC NSW events in recent years, it was held at the offices of Henry Davis York, in Martin Place.

Among the VIPs attending were Brain Hayes, Chairman AIBC; Dr Harinath, Chairman Cricket NSW; Sudhir Mathur, President NASSCOM; Ghambir Watts, President, Bhavan Australia; Raj Natrajan, President United India Association as well as senior representatives from Austrade and DSRD and senior business people from all industry sectors.

Mr Dipen Rughani, President AIBC NSW, welcomed Mr Dasgupta to Sydney saying that he was "looking forward to working with the experienced Mr Dasgupta to promote bilateral trade between Australia and India".

Mr Dasgupta addressed the guests, saying he was delighted to be in Sydney and updating them on the political and economic climate in India. He promised to work closely with the AIBC and its members to promote trade and business between Australia and India.

Networking event for Chennai business mission

In February, the Australia India Business Council, New South Wales Chapter, welcomed the visit of a high powered business delegation from Chennai, one of India's most dynamic cities and a major commercial hub for South Asia.

The 15 member delegation was led by Mr. Sarat Chandran, Director of the Indo-Australian Chamber of Commerce and represented an array of industries, including engineering, agriculture, healthcare, law, manufacturing, IT and education.

The networking event hosted by AIBC NSW and the Department of State and Regional Development (DSRD) on 12th February, attracted more than 100 attendees, at fairly short notice, and provided AIBC members and corporate leaders from Sydney with a platform to network with entrepreneurs and tap into one of India's fastest growing regions.

The NSW Minister for Juvenile Justice, the Hon. Graham West, addressed the gathering and met each member of the delegation.

AIBC NSW President Dipen Rughani welcomed the delegation, stating that events such as this one highlighted the AIBC's aim to encourage trade and investment and capitalise on cementing the growing strategic partnership between Australia and India.

Mr. Rughani outlined the many exciting projects the AIBC NSW was undertaking in 2009, including the setting up of industry chapters dedicated to promoting vital areas such as mining and resources, sustainable energy, education, legal, ICT, finance, tourism and much more.



Amit Dasgupta, Consul General with AIBC NSW President Dipen Rughani

Sparkling Sydney emerged as the winner of the evening and Mr Chandran spoke for everyone when he said the city's fabulous harbour provided one of the world's best views and the incentive to do business here.

Victorians host IACC

The AIBC Victorian Chapter hosted the Indo Australian Chamber of Commerce delegation in February with a networking session with Invest Victoria which was attended by about 35 AIBC members, and an evening dinner hosted by Baker & Mackenzie where Max Walker entertained all with his impressions of India from the recent 'India to the Max' tour.

On the 10th Feb, Deacons hosted the delegates for a breakfast session on "Doing business in Australia", followed by a networking session at the AIBC offices in conjunction with the City of Melbourne which was attended by about 50 persons.

SA met with IACC

In February the South Australian Chapter in conjunction with Business SA, and the South Australian Government in support, hosted 15 visiting Indian business delegates lead by the Indo-Australian Chamber of Commerce. Each delegate met with South Australian business people from like industries with the goal of developing business between SA and India.

The Delegation leader Sarat Chandran commented that a "high point (of our visit to Australia) was indeed Adelaide. You made painstaking efforts in organising the day's events. Members of the mission expressed their deep appreciation of the business matching done in Adelaide."

A memorandum of understanding between the Australia India Business Council and Indo-Australia Chamber of Commerce to work together to develop trade between the two countries was signed at Government House in Adelaide in the presence of the South Australian Governor His Excellency Rear Admiral Kevin Scarce.

AUSTRALIAN CONTINGENT AT PBD 2009

The Pravasi Bharatiya Divas (PBD), an annual conference of the Indian Diaspora was held in Chennai, India last January. More than 1500 delegates attended the event from 50 countries. It was organized by the Ministry of Overseas Indian Affairs, the Government of Tamil Nadu and the Confederation of Indian Industry (CII).

Mr Ramdien Sardjoe, Vice President of Surinam was the Chief Guest at the Diaspora meet.

Hon. Prime Minister Dr. Manmohan Singh inaugurated the 7th PBD. Dr Singh launched a new initiative called "The Global Indian Knowledge Network" which will connect people of Indian origin from a variety of disciplines to users at national, state and local levels in India. The Network will facilitate transfer of knowledge and serve as a "virtual think tank" to generate new ideas on issues like development, education and health-care etc.

The President of India, Hon. Mrs Pratibha Patil chaired the valedictory session of PBD, with thirteen prominent NRI's being recognized with the Pravasi Bharatiya Samman awards.

Hon. Mr. Vayalar Ravi, Minister for Overseas Indian Affairs and Parliamentary Affairs touted India as a safe destination for investments and conveyed the message to the diaspora that India cares for them.

Mr K. Mohandas, Secretary, Ministry of Indian Overseas Affairs, announced the launch of India Development Foundation of Overseas Indians that aims to bridge overseas philanthropists with recognized Indian Organizations, enabling public private partnerships and accountability to the donors.

This grand event for People of Indian origin (PIO) and Non-Resident Indians (NRIs) got off to a colourful start with the inauguration of the Trade and Industry Exhibition by Mr. V Narayanaswamy, Minister of State, Parliamentary Affairs and Planning, along with Mr. Vayalar Ravi, Union Minister for Indian Overseas Affairs.

Non Resident Indians are a global presence spanning approximately 130 countries in eight different regions of the world at an approximate strength of 30 million. India today is proud of its diaspora who have risen to positions of eminence in the fields of their chosen activity. Representatives of Indian diaspora have become Heads of State,

Nobel Laureates, captains of industry, astronauts and sports icons in their adopted countries. Their contributions are well not only recognised in their native land but also in the land of their domicile and globally.

The panel discussions in PBD included role of the diaspora in India's emergence as a global power, preservation of their language and culture and the role of the youth in the 21st century India.

About 20 participants from Australia attended the grand event amongst them: Mr Brian Hayes, Dr Rohitas Batta, Mr Jagdish Lodhia, Mr Mahavir Arya, Mrs Mala Mehta AO, Mrs Kumud Merani, Mrs Raji Swaminathan, Mr Umesh Chandra & Mr Ramakodur.

Mr Brian Hayes was an honoured panel member in PBD and Dr Rohitas Batta presented report on the Current Status of Indians in Australia during the Global Conference of Indians.

In conjunction with Pravasi Bharatiya Divas 2009, The Global Organization of People of Indian Origin held its Convention at The Trident Hotel in Chennai. Commenting on this year's event, Mr. Munish Gupta, Chairman and CEO, PIO TV, who has been a regular attendee of all the seven previous events said, "the participation from the NGOs and the individual states in the exhibition are very high this year.

- **By ROHITAS BATA**, Management Committee Member & Chair, Education Chapter Australia India Business Council NSW



(L to R): Ms Raji Swaminathan, member of Australian Delegation; Hon Mr Vayalur Ravi, Minister for Overseas Indian Affairs; Mr Jagdish Lodhia, member of Australian Delegation; Mr Mahavir Arya, member of Australian Delegation; Dr Rohitas Batta, member of Australian Delegation



STEPPING UP TO THE MARK

Austrade's Economist, Tim Harcourt, (known as The Airport Economist) writes about the healthy state of Australia-India Trade.

"A tour of India is not just a cricket tour. It's a life experience" said former Australian wicketkeeper-batsman Adam Gilchrist when the airport economist interviewed him in Mumbai. But whilst our cricketers have discovered India, what about Australian business? How serious are Australian exporters about India?

Some of the signs are good. There are now almost 1994 Australian businesses exporting to India which puts it in the top 20 exporter destinations. India is in 2nd place in the DHL Export Barometer's measure of export confidence over the next 12 months (China is in first place) and India together with China is making strong inroads into Australia's trading patterns.

In fact, according to new research just released by the Reserve Bank of Australia (RBA), in 1999, China and India accounted for just under 6 per cent of Australian exports, whilst in 2007, 'Chindia' accounted for 18 per cent (with Japan on 16 per cent and 'other East Asia' on 16.7 per cent).

China is now our 2nd most important export destination (up from 7th place in 1999) and India is now the new number 7 (up from 13th spot eight years ago). Over this period average annual growth rate of Australian exports was 24.8 per cent for China and 24.7 per cent for India.



Wollongong the brave: Adam Gilchrist with Austrade Mumbai's Kala Anand and Wendy D'Souza at a University of Wollongong function in Mumbai

Part of the good news has of course been 'rocks and crops' (resources and agriculture exports). But India has potential to grow further in the commodity stakes. Rio Tinto's India head, Nik Senapati, believes there is plenty of scope as India's iron ore deposits are "just like those of Western Australia in the 1960s – it's all pretty much unexplored territory."

But how about beyond the resources sector? Education and tourism too are also important areas of growth for Australia. The Airport Economist interviewed Khursheed Lam, the head of Qantas for South Asia, in Mumbai and she pointed to the growing numbers of student and business travellers using the Qantas service between Australia and India.

"Inbound visitors to Australia have increased by 43 per cent over the past 12 months – with a 36 per cent increase in students and a 40 per cent increase in business travellers. And you can see more Australian influence in Mumbai too. I can buy Australian fruit and vegetables at the nearby Crawford Markets and Australian cricketers are everywhere endorsing products and appearing on TV shows!"

Apart from increasing trade between the two countries there's also been more action on the investment front, although it's mainly an increased in Indian investment into Australia rather than the other way around. Australia's Senior Trade Commissioner in Mumbai, Peter Forby, has noticed an increase in enquiries from confident and cashed up Indian investors looking for opportunities in Australia. "It's gone well beyond investment in resources, it's also in manufacturing, healthcare and pharmaceuticals too," he explains.

And unlike China, a lot of Indian investment has come in under the radar. According to the CEO of IndAsia Fund Advisers, Pradip Shah, when it comes to outward investment, "for India it's a commercial decision but for China it's strategic, so that's why Indian investment goes largely unnoticed."

The last stop for the Airport Economist was the southern city of Chennai, where I spoke at a seminar on Australia and Asia hosted by the Australian High Commission. When giving my talk, I looked up at a sea of young Indian faces – all female, all studying economics in Chennai. The Chennai seminar emphasised the importance of education and the importance of India to the future of higher education in Australia (a point made passionately by the Melbourne Business School's Professor Ian Harper at the seminar).

In fact, education was the reason why Adam 'Gilly' Gilchrist is back in India. Gilly's new role as Brand Ambassador for University of Wollongong shows the importance of education to India.

Tim Harcourt "the Airport Economist" was a guest in India courtesy of the Australian High Commission in New Delhi.



WHY AUSTRALIA SHOULD DO BUSINESS WITH INDIA

Despite the clouded short term economic picture, there are substantial opportunities for Australian companies investing or trading with India.

M Jayant and S Venkat from WealthTree Partners, Mumbai, India

2008 has not been a joy ride for the world economy and business. With the global meltdown following the sub-prime crisis, businesses have been adversely impacted across the world. No market was isolated from the global slowdown. The Indian market also felt its impact in the form of a stock market collapse, rising inflation and reduced industrial growth.

We believe that while the short term outlook is negative, the long term growth story for India remains intact. In this table, we summarize the key headline indicators of the Indian economy, to enable members of the Australia India Business Council, to see India's performance in 2008 in context.

India's economy is expected to grow over 6% for the financial year ended March 31, 2009. Exports and Imports have also slowed down in 2008 but will record a higher level than 2007. Industrial production and capital expansion growth rates are expected to be lower than the last year. Interest rates and inflation are both marginally higher than last year but have shown signs of moderation after seeing a spike in the second and third quarter of the calendar year.

Stock term equity inflows into India from Foreign Institutional Investors turned negative for the first time in 2008 in several years; this was reflected in a over 50% drop in the Indian capital market indices. However, the best evidence of the long term interest in India is Foreign Direct Investments which have actually doubled in 2008 (\$19bn) as compared to 2007 (\$9bn). Over US\$90bn have been invested in India by foreign investors since the country commenced its economic liberalization programme in 1991.

#	Parameter*	2008	2007
1	Foreign Direct Investments into India April to October	US\$ 18,707mn +	US\$ 9,277mn
2	Investments by Indian companies outside India April to September	US\$ 8,103 mn	US\$ 5,716 mn
3	Exports from India April to October	US\$ 119,301mn	US\$ 99,912mn
4	Imports into India April to October	US\$ 203,642mn	US\$ 153,109mn
5	Bombay Stock Exchange Index (Sensex) December 31	9,647	13,942
6	Foreign Institutional Investments in stock markets January to December	<u>outflow</u> Rs. 529,980mn US\$ 11,041mn approx	<u>inflow</u> Rs. 714,860mn US\$ 14,892mn approx
7	Inflation last week of December	5.91%	3.83%
8	GDP growth rate FY 2007 – 08 and FY 2008 – 09 estimates	6.7%	9.6%
9	Industrial Growth/ April to October	3.9%	9.2%
10	Indian Rupee to 1 USD Indian Rupee to 1 AUD As on 31 December	INR 48.58 INR 36.64	INR 39.41 INR 34.48
11	State Bank of India Prime Lending Rate December	12.25%	11.50%

Data in some cases have been provided from April in some cases, since it is the first month of the financial year in India. Data has been provided till October or November or December 2008, depending on the availability of the latest information.



Exports from Australia to India and imports from India into Australia have remained constant between the years ended March 31, 2008 and March 31, 2007 at AUD 9.88 bn and AUD 1.30 bn respectively. On the investment front, Australian companies have invested AUD 248.51mn in the last 8 years. Australian companies have shown increasing interest in investing in India. India is already home to some household Australian names like Telstra, BHP Billiton, Rio Tinto, MIM Holdings and Snowy Mountain Engineering Corporation.

While it is clear that investment and trade relations between the two nations are growing, there is tremendous scope for increasing business. For example, Australian investments in India are only 0.32% of the total investments received by India! Australia has been focused on investing in China; India has tended to be ignored in a relatively sense. With Europe and US showing signs of a prolonged slowdown, Australian companies need to look at new emerging markets like India to expand their business.

What are the routes by which Australian companies can do business with India?

Companies from Australia wanting to do research on the India market and assess the business potential by getting a first hand feel on the ground can open a Liaison (or Representative) Office in India, post approval from the Reserve Bank of India. The simplest route for a company from Australia wanting to sell its products or services in India is through the appointment of an Indian distributor or agent. These arrangements do not generally need any entity to be established in India and generally no government approvals are needed to be taken by the Australian company.

For companies that are sure about their India plans or those that are willing to take a longer term perspective on their business plans, opening a Wholly Owned Subsidiary (WOS) or a Joint Venture (JV) with an Indian partner are options that can be considered. With progressive economic liberalization, most sectors in India are open to foreign investment. Certain sectors like broadcasting, defence, insurance, telecommunications, retail etc have a maximum permissible ceiling up to which foreign investments are allowed. Any proposed investments over the permissible ceilings will need to be cleared by the Foreign Investment Promotion Board (FIPB) which meets every week to clear proposals.

What are the potential challenges of operating in India?

The challenges of operating in India can be best illustrated by the World Bank's annual Doing Business Study which compares measures regulations impacting 10 stages of a business' life. The 2008 study which compared 178 countries saw India being ranked at 120, up 12 places from 132 from

the Doing Business 2007 Report. Australia ranked 9 in the Study and Singapore ranked number 1. This gives a comparative perspective of the challenges that companies from Australia need to be prepared for when doing business with India.

'Trading across Borders' at 79 (Australia : 34), 'Starting a Business' 111 (Australia : 1), 'Dealing with Licences' 134 (Australia : 52), Closing a Business 137 (Australia : 14), 'Paying Taxes' 165 (Australia : 41) and 'Enforcing Contracts' 177 (Australia : 11) are some of the areas where Indian rankings trail those of Australia by a wide margin. While the rankings showcase India's progress in modernizing its financial sector and in dismantling trade barriers, it also highlights continuing problems with relatively complex tax administration and endemic delays in the legal system. The latter two factors are key concern areas for companies from Australia to watch for while doing business in India

What is our advice to companies from Australia wanting to do business in India?

Research the market before you invest. Understand the size, potential and price dynamics and how and where you want to enter it. Do not go by the overall size of the Indian market, segmentation is important.

Take time to study the market, the demand/ supply situation, pricing trends and competition. Do not go by overall Indian market size, segmenting the market for your business is critical.

Make sure that you have top management commitment and adequate resources to manage a business relationship in India. Visit the market and take time to build personal relationships. Be prepared to make follow up visits. Choose your partner with care – conduct thorough Due Diligence and take independent advice. Allow plenty of time for meetings and traveling around the market. Be patient – it always takes longer than you think!

Australia can take advantage of India's growing economy for promoting solutions in mining, clean energy, high end technology, Biosciences, Pharma and Telecom/IT. With growing awareness about mutual opportunities for cooperation and growth, trade and investment ties between India and Australia are poised to show excellent growth in the next decade.

The authors are with WealthTree Partners, a cross border advisory firm which assists companies from Australia and other parts of the world to do business with India. M Jayant (jay@wealthtree.in) and S Venkat (venkat@wealthtree.in) can be reached on +91 22 6523 9090. More details about WealthTree Partners can be obtained on their website www.wealthtree.in

THE INDIAN ECONOMY IN 2009: REGRESSION OR RESILIENCE?

Subir Gokarn, the Chief Economist, Standard & Poor's Asia-Pacific assesses the likely direction of the India economy in the near future.

Growth slowdown

India's growth rate is slowing rather sharply. The October-December quarter recorded 5.3% year-on-year growth compared with the 7.8% clocked in the April-September period of fiscal 2008-09 (April-March). The negative momentum is expected to persist into the January-March quarter as well as the April-June quarter of fiscal 2009-10. There are real concerns that this is the beginning of a more enduring slowdown, after five years of impressive growth that has averaged about 8.5% per year.

To forecast how the economy is going to perform in 2009-10, we need to understand how the slowdown materialized. Although the timing coincides with the significant financial discontinuity caused by the Lehman Brothers' collapse its roots lie in the macroeconomic events of early 2008.

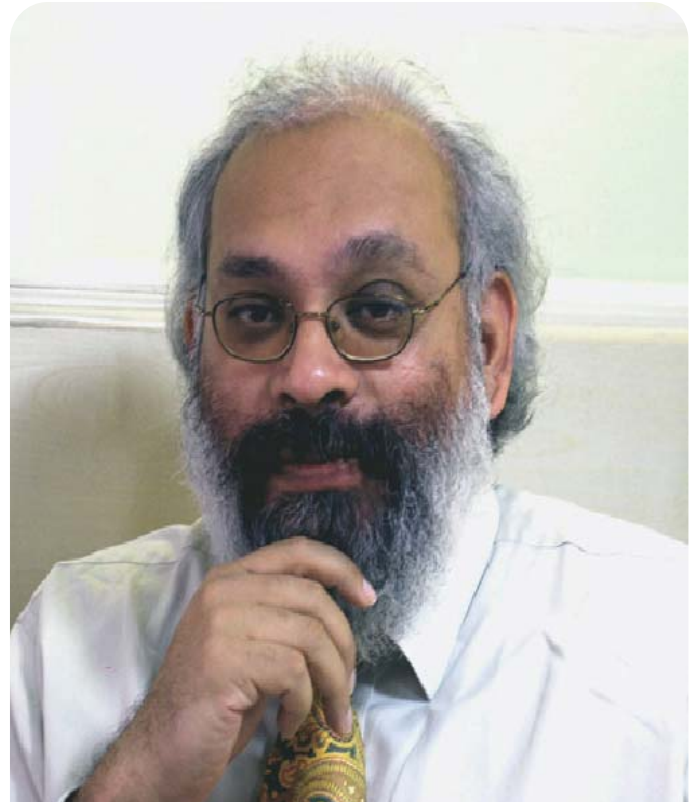
The inflationary surge, which began in late 2007 with a sharp increase in the price of oil, was reinforced in early 2008 by pressures on commodity and food prices. At this point, while the risk of recession was looming, central banks around the world - India's included - believed that the inflation risk was greater. As a consequence, interest rates were hiked and liquidity constrained - actions that were bound to have an impact on growth a few months down the road.

This continued to July 2008, at which point inflation began to recede as rapidly as it had surged. Monetary policy around the world moved quickly to an expansionary stance. But then the Lehman collapse happened. By October, massive capital outflows from emerging markets, including India, exerted enormous pressure on domestic liquidity, severely constraining the flow of credit.

At this point, the lagged contractionary impact of the earlier monetary tightening hit. As the affluent economies moved into negative growth territory, exports suffered even as domestic demand slumped. This "double whammy" explains the sharp slowdown since October and its likely persistence over the following quarter or two.

However, the same reasoning projected a few quarters ahead suggests that a turnaround could take place. Central banks, including the Reserve Bank of India (RBI), have significantly eased up on interest rates and liquidity since the inflation threat receded. They will continue to do more as inflation fades further.

Many of them, including the RBI, still have some room left. This will also work with a lag, indicating a revival in domestic demand by the October-December quarter of 2009-10. Of course, in the meantime, the global financial situation continues to deteriorate.



Subir Gokarn, the Chief Economist, Standard & Poor's Asia-Pacific

This will constrain both the flow of credit to consumers and businesses around the world and cross-border capital flows, in turn hampering growth. In any event, the continuing negative outlooks for the affluent economies means that exports will be extremely sluggish during the year.

Other stabilizing influences

Apart from the monetary response, the Indian government has done other things to stimulate domestic demand. While a number of minor initiatives were taken under the rubric of fiscal stimulus packages in December and January, the most important was the increase in government-employee salaries.

This increase will be implemented by state governments and public enterprises during 2009-10, providing a timely boost to consumer spending. Salaries will increase by about 40%. The public-sector workforce is nearly 20 million strong, or about a half of the overall organized sector, which in turn comprises about 10% of the overall workforce.

This may sound small, but we must keep in mind that about 57% of the workforce is in agriculture. While the average



household income in this segment is relatively low, it has not been as significantly impacted by recessionary conditions and remains a relatively stable source of consumer spending.

Regression or Resilience?

The table summarizes the factors that point to regression (a long-term slowdown in the growth rate) and resilience (a return to a healthier trend rate). Both sets are contingent on domestic and global conditions.

Factors pointing to Regression	Factors pointing to Resilience
<ul style="list-style-type: none"> • Negative momentum • Ineffective stimulus • Worsening global conditions • Disappearing policy headroom • Governance gridlock 	<ul style="list-style-type: none"> • Consumption cushion <ul style="list-style-type: none"> – Rural workforce – Public sector employment • Stimulus begins to work • Fiscal reconstruction <ul style="list-style-type: none"> – Privatization – Rationalization • Global stabilization

Outlook

On balance, our outlook tilts toward resilience. The policy measures described above should have an impact during the second half of 2009. We see a relatively weak first half (April-September) with year-on-year growth of about 5%. However, we see the second half (October-March) climbing back to about 7%. Given the global financial situation and domestic fiscal pressures, finding funds for infrastructure investment will be a key challenge for the new government—set to take office in May 2009.

Subir Gokarn is Chief Economist, Standard & Poor's Asia-Pacific. He is responsible for shaping Standard & Poor's macroeconomic views in Asia-Pacific and expanding its research and commentary on the region's rapidly growing economies. He was previously Chief Economist and IFCI Chair in Industrial Development at the National Council of Applied Economic Research (NCAER), New Delhi (2000-02) and Associate Professor at the Indira Gandhi Institute of Development Research (IGIDR), Mumbai (1991-2000).

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AUSTRALIA INDIA BUSINESS SUMMIT 2009

Sofitel
Sydney, Wednesday 20 May 2009
Conference 8.45am-5.00pm
Dinner 7.00pm

The Australia India Business Council will hold its annual conference on **May 20, 2009.**

Venue: Sofitel Sydney Wentworth Hotel

The conference will review the dynamic trade and investment developments between the two countries in mining, IT, education and related fields.

Details of the conference will be updated at www.aibc.org.au





INDIA'S NEW MERGER CONTROL REGIME

The Indian competition law regime, which was first enacted in 2002 and amended in 2007, is set to bring about significant changes for mergers and acquisitions that take place in India.

By Jaishree Jaisinghani Vyavaharkar

The new merger control system, which will require notification of certain mergers for clearance by the Competition Commission of India ("CCI"), has caused controversy, debate and criticism.

Indeed, the legal and business communities continue to lobby the CCI to ensure that when the rules do come to life, they cause as little disruption to business as possible. We consider the practical implications of the new regime, by reference to experience in the EU, and also assess some of the key challenges facing both the CCI and Indian companies.

By way of summary, after the law comes into force, domestic and foreign mergers which meet certain turnover or asset thresholds must notified to the CCI for clearance. At the heart of the regime is the concept that mergers which are likely to "adversely effect competition" in the market in India will not be permitted.

Further, until recently, the rules looked likely to create significant administrative burden for companies, as CCI clearance would have been required for many deals that did not appear to have much impact in India. In particular, in addition to relatively low thresholds, the rules provided for a long clearance period (210 days) before a deal could be closed. Understandably, the business community felt that this was unworkable. Many of these concerns have now been addressed in the draft regulations, recently amended and published by the CCI.

In practice, mergers will only need to be notified to the CCI where at least two parties to the deal (1) each generate Rs 600 crores (approximately USD 150m) turnover in India or (2) each have assets to the value of Rs 200 crores (approximately USD 50m) in India, in addition to other worldwide turnover requirements.

These thresholds effectively create a "domestic nexus" requirement recognising that unless both companies have a presence in India, the merger is unlikely to adversely affect competition. These thresholds are on par with international standards and exceed the domestic turnover requirements of many other countries.

Hence, these thresholds should filter out some foreign and domestic mergers that, under the previous rules, triggered notification. In terms of the 210 day wait - a deal-breaker for many transactions - the regulations now provide a clearance period of 30 days. Although the 210 day period still remains a possibility for certain mergers, the 30 day deadline is a welcome change. However, it remains to be seen how the rules will work in practice and whether concerns of delays and inadequate resources are actually well founded.

For those deals that need to be notified, it is important to consider what this really means for companies. In the EU, the merger filing sets out details of each party to the transaction, such as market share, turnover, product range, customers and competitors. The filing would also set out the nature of the competitive overlap between the two parties with a view to convincing the regulator that the deal will not adversely affect competition.

This would usually involve an analysis of the competitive conditions in the market such as barriers to entry, strength of competitors and buyer power of customers. Companies would usually use external and in-house lawyers to prepare the filing with economic support where necessary. Clearly, mergers involving high market shares and significant product overlaps will require a more detailed assessment. For example, in the EU and UK, economists are often engaged at an early stage in complex mergers to assist with preparing the filing.

Although a merger filing is an additional hurdle, it is likely that, with time, it will simply become part and parcel of a deal timetable, in the same way that it has in the EU and other jurisdictions. Further, with an increasing number of Indian companies doing deals outside of India, merger control experience gained elsewhere, will be informative when preparing merger filings in India.

For deals that meet the thresholds, merger control needs to be managed at an early stage. For example, in many countries, parties enter into informal discussions with the competition authority (and submit drafts) before submitting a filing, in order to prepare the regulator in advance and to help obtain an idea early on if the deal is likely to be cleared. Given that 30 days is a short period in which to fully understand the competitive impact of the deal, the CCI may welcome advance warning before the timetable is officially triggered.

Once the law comes into force, the CCI faces the task of making its mark as a serious enforcer of competition law. As such, it may be important for the CCI to prioritise problematic mergers and to allow others to be cleared quickly, avoiding unnecessary delays. Over time, the CCI may consider that the thresholds are set too low and, like in other countries, these thresholds could be increased.

Further, the CCI may publish practical guidance to inform businesses as to which deals require notification. In short, the CCI will be hoping to operate a workable regime which allows it to do its job effectively, whilst causing minimal intrusion into corporate life. Despite the questions that remain, the new rules provide a real opportunity for the CCI to create an effective and efficient merger control regime which, ultimately, will benefit consumers and businesses alike.

Vyavaharkar is a lawyer at the London office of Baker & McKenzie, specialising in UK and EU competition law.



OVEN SALES ARE HOTTING UP

Brisbane's Beech Ovens has captured the attention of the world's top restaurateurs, including Indian restaurants that are busily ordering its tandoor ovens. By Nicola Card

In its quest for the best, Dubai's landmark extravaganza, the luxuriant Atlantis Hotel, showcases opulence like no other, particularly in the elegant restaurants. Looking right at home in this environment are no fewer than 20 Australian designed and made Beech ovens.

As befits their surrounds, they are no ordinary ovens but rather eye-catching designs that are talking pieces. Beech Ovens is no newcomer to glitzy five-plus-star hotels. The family business that has forged a reputation in wood-fired multi-purpose "old style, ethnic" stone hearth ovens has cemented a presence at the Hyatt, Shangri-La, Sheraton, Oberoi and other big name, big chain hotels in cities across the world.

Selected by the world's leading hoteliers, kitchen designers and restaurateurs, the export story of Beech ovens is tinged with irony: demand for Peking duck ovens has taken flight in Beijing and sales of tandoor ovens into India are hotting up.

Just last year Beech Ovens sold one million dollars worth of tandoor ovens, many of which were destined for India. Their gas, electric or charcoal fired tandoor ovens come in two types: with a ceramic cooking surface (which cooks similar to clay), or in mild steel. Either way, the chicken, roti and naan breads emerge from the ovens with the signature aroma and authentic taste.

"The Indian Airport Corporation has bought six Beech Ovens and we supplied six tandoor ovens to the Four Seasons Hotel in Mumbai. Our market in India is huge – and still growing," said Brett Beech, who manages sales and marketing.

Beech said that 70 per cent of the company's business was in India, the Middle East, China, and other parts of Asia; just seven per cent of their ovens are sold within Australia and the balance in the US and UK. Depending on the project brief and nature of the destination, the stainless steel tandoor ovens have

been themed: clad in mother-of-pearl, beaten copper, ropes, beaten copper or terracotta.

"Our tandoor ovens that we build in Brisbane cost around \$10,000 and last a lifetime. A much cheaper model is built by Indian cottage industry workers and is on sale across the country. The internals look the same but the clay tends to fall apart and the ovens have to be repaired or replaced every twelve months."

By contrast, not one of the hundreds of tandoor ovens made by Beech has suffered pot failure. The success of Beech Ovens can be attributed to its foundation in refractory engineering established five decades ago by Brett Beech's father, John Beech. Specialists in thermal ceramics, fire bricks and high temperature linings, all aspects of heating and design have been perfected over the years.

For its expertise, Beech Ovens has captured a near-monopoly at the high end of the market across the globe in five star hotels. The range includes round and rectangular ovens, char grill, roisserie, duck, bread, churasco, pizza and tandoor ovens, and half of all ovens made are custom-designed.

The first duck oven created by Beech was as recent as three years ago and demand quickly took off; last year Beech churned out 20. "My brother Bob [a specialist refractory engineer] and his team of engineers put it together, based on the traditional stone hearth. Importantly, they managed to duplicate the baking processes that help create the signature crispy skin."

Demand is constant and ongoing. "But things were almost out of control in the build up to the Beijing Olympics; we supplied five duck ovens to various hotels and have since had a big roll out in the UK – ten duck ovens, ten pizza ovens and twenty tandoors all for the De Vere hotel chain," Beech explained.





High end luxury

"The luxury hotel market is a competitive one; huge amounts of dollars are invested in restaurants and in updating the décor. Interior design is the thing, and people will gladly spend \$200,000 on that," Beech said.

"The 'can do' attitude of Australians helps, our ability to think outside the square, we look at things and say 'yes we can do that'. Others around the world are not so willing to customise products, they stick with the mundane," Beech remarked. "We have picked up many of our orders because we are always willing – and able – to deliver what the customer wants.

"Each year we carry out about 150 luxury hotel projects – almost three a week – around the world. "Money is no object, it's a competitive business and the team of designers just has to have the best. We have got to the top. We personally work with their [hotel chain] general managers and consultant teams, so when they move on to the next project they call us. Our customers – designers, chefs and restaurateurs – invariably have deep pockets. They love us and know we'll provide a well-built product."

Within the first five years of exports Beech Ovens had secured 21 of the world's top hotel chains in 25 countries. Today, 15 years on, they boast 40 of the world's top hotel chains in 50 countries. Their charismatic cooking appliances are found in the Novotel in Spain, the Grand Hyatt in Tokyo, Radisson Luzern and Sheraton Kuala Lumpur. And others in Moscow, Sao Paulo, London, New York, Johannesburg, Chicago, Beijing and Singapore.

Demand for electric powered stone hearth ovens is rolling in from western and eastern Europe and Russia. Among the design brief: moving flame projected on the rear of the oven to convey the ambience created by gas.

Reluctant heroes

Such versatility came to the fore 20 years ago when the 50-year-old refractory engineering company that was building

bricks for the lining of boiler houses and industrial furnaces in Queensland was approached by a local commercial kitchen designer to build an igloo shaped oven based on the look of a traditional Italian oven. "We gave him a price and he accepted it. The rest is history," said Beech.

"We built two ovens in the first year and four the next, and all of them were for restaurants in luxury hotels. We were working in with one of Australia's leading kitchen designers Terry Brennan of FSD design. We are still working together doing projects all over the world including current projects at luxury hotels in the Emirates.

"We never thought this product would be as successful nor become a mainstream kitchen appliance. Here we are on our twentieth anniversary of oven building and sales have never been better. We are in the extraordinary position of having a niche product in a market where clients have big budgets to make the world's most spectacular restaurants."

Just 20 people are employed by Beech Ovens with construction being sub-contracted to local manufacturers. "Bricks and ceramics are our forte. So we design, assemble and sell from Brisbane to the world. In 2006 we gave up trying to build and export to the US market because we had become too successful. With our US patent in hand we called for bids on the license [to manufacture ovens using our IP] and took the highest bidder: a Californian based fabricator."

Revenue

In recent years annual revenue has been rapidly increasing and Beech Ovens has chalked up a multi million dollar turnover.

Asked about the impact of the global recession, Brett Beech said that he expected "Sales this year could be a bit flat because of the global turmoil, but we don't think we'll be too heavily affected. Builders of luxury hotel chains are adventurous and have long-term views. They will continue to create hotels that cost fifty million dollars to build, and the look of restaurants and kitchens will always be given priority."



Brisbane's Beech Ovens has won a large export market for its functional and decorative ovens at the luxury end of the market.



AUSTRALIA-INDIA FOCUS

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Australian Government



The Australia-India Council (AIC) was established in 1992 in response to a recommendation by the Senate Standing Committee on Foreign Affairs, Defence and Trade, following an inquiry into Australia's relations with India.

The Council initiates or supports a range of activities designed to promote a greater awareness of Australia in India and a greater awareness of India in Australia, including visits and exchanges between the two countries, development of institutional links, and support of studies in each country of the other. The Council offers support, in the form of funding, for projects likely to contribute to the development of the relationship, within the context of AIC objectives and guidelines.

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