



Europe India Chamber of Commerce

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[Europe's Apex Chamber to commission a Study Report on the Indian MNCs in Europe](#)

Europe's Apex Chamber EICC will commission a Study Report on the contribution of Indian Multinationals in the economic development of Europe. The Study Report likely to be titled: *Indian MNCs in Europe and their Contribution in Creating Jobs and Economic Growth* will be authored by a research analyst and journalist Adith Charlie who has been engaged by the Chamber to complete the Report by December. The Research Project is being supported by the Tata Consultancy Services.

The story of Indian MNCs is not only limited to global acquisitions; it is also about turnaround of sick units abroad. Recent global acquisitions by Indian companies reflect an urge of these companies to expand their business beyond the domestic market. The surge in outward foreign direct investment (FDI) by Indian firms in the past ten to fifteen years raises a host of interesting questions. The report will touch upon these and is likely to serve as a valuable resource about role of India's emerging multinational enterprises in the economic development of Europe. The report will also explore the rapid growth of Indian multinationals in Europe and will provide valuable insights into the patterns and trends of their emergence in the global FDI market, as they are continuously evolving strategies in global economy and their services in the host country in developing trade, technology, and employment.

In the last few years, Indian companies have made several landmark global acquisitions. And have shown that Indian corporate can also pay back the investment on the European or international soil. The discovery of the entrepreneurship and intellectual ability of Indian business and corporate world have encouraged Indian brands to expand globally and prove their global competitiveness. In the coming months and years, emerging competition, both at national and at international level particularly for those Indian companies which have joint ventures will be a challenging one. They will have to learn fast the ways of working in European and international environment and under different marketing and competitive policies. Sharing knowledge and best practices, institutionalising the wisdom with courage, determination and innovation will be the key to achieve their global ambitions; the Report will look into.

The report will consist of some specific case studies like the Tata acquisition of Corus and JLR, and how Tata Group is contributing to the economic growth of UK and other countries in Europe. It will also focus on contribution of Indian software industry and how it is keeping the European economy alive and filling the shortage in the European talent, and the ageing population.

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Editor: **Secretary General**

This Study is being carried out in the background of some very important developments: unprecedented economic crisis in Europe, the current Free Trade Agreement negotiations between EU and India; and acquisitions of European companies by Indian Multinationals. Mergers and Acquisitions and joint ventures are the changing face of Indian business world. Today Indian companies are investing sums large enough to stand respectable comparison to the foreign capital flow to India. This is something quite unprecedented as India is used to the capital flow being all in one direction and also India being the net importer of capital and technology.

Few years ago, it was unthinkable to discuss the contribution of Indian companies in the economic progress of Europe in the context of changing global economic and political scenario including the historical changes that have been taking place in the Europe over the one and half decade. But today the emergence of Indian multinationals as major global economic player heralds a new reality of political and economic architecture increasingly shifting the balance of power from West to the East and India is the architect of this change. If Indian companies have become world's most debating chamber before entrepreneurs and business leaders, it is not without a reason – it is an exiting love-affair with growing passion which reminds that rise of Indian companies are ready with their aspirations to face the challenges of change in this rapidly changing global geo-political and economic world scenario.

Growing protectionism - sometimes accompanied by discrimination too, anti-immigration policies, stringent Visa rules, disproportionate burden of regulations on overseas companies seeking acquisitions in the EU countries are some of the issues that will be touched. Further, the hostility to foreign takeovers seen in recent years in the EU countries is raising serious doubts whether the EU nations are really committed to the idea of borderless, open and competitive market.

In the context of the Study, Chamber believes that driven by dreams and passion, the India story has seen a profound shift in gear and direction during the last five years in particular. While in recent years most media references to India's growth have focused on the sub-continent as a destination for outsourcing and investment, this year has seen the arrival of India as a shaping force on global market. This is particularly evident in the powerful new trend towards overseas acquisitions by Indian companies. EICC hopes that the Report will shatter some of the perceptions about Indian MNCs that they are eating away jobs in Europe, and will reflect the facts about contribution of Indian corporate in Europe.

London Global Convention 2012 of IoD India is eliciting huge response

The Global Convention 2012 to be held in London on 10 -12 October 2012 being organised by the Institute of Directors India is receiving worldwide attention. Europe's Apex Chamber, the EICC is as Associate Partner for the Global Convention 2012 and is supporting the organisers for a most productive and fruitful conference. The theme of the Convention is "Corporate Governance Perspectives & Sustainability Challenges".

The Rt. Hon. Eric Pickles MP, Secretary of State for Communities and Local Government has kindly consented to be the Chief Guest along with Hon Dr M Veerappa Moily, Union Minister for Corporate Affairs and Power ,Govt of India. Pl visit <http://www.iodonline.com/global-convention-2012>.

Sir Mervyn E King SC, Chairman of the King Committee on Corporate Governance in South Africa would deliver the keynote address. Other speakers who have confirmed so far include Rt Hon Baroness Verma, Lords Minister for British Government, Dr Ola Ullsten, former Prime Minister of Sweden, Dr Mohan Kaul, Co-Chairman, Commonwealth Business Council, Lord Meghna Desai, Leading Economist Professor Lord Tony Giddens, London School of Economics, Alok Sharma, Member Parliament for Reading West, House of Commons, Dr Charles Tannock Member European Parliament, Geoffrey Van Orden MBE, Member of European Parliament, Nirj Deva, Member of European Parliament, Sir Graham WATSON, Member of European Parliament, Dr Jeremy Leggett, Founder Chairman, Solarcentury, Lord Diljit RANA, Baron of Malone, Anajit Singh, Chairman, MAX India Group, Richard Heald, Chairman, UK India Business Council, Sumi Ghose, CEO, ASIA House, R K Mehrotra CBE, Chairman, Foresight Limited, Sunil Misser, CEO, AccountAbility, Manoj Ladwa, Partner, MLS Chase, Vinod Juneja, Managing Director, Binani Group of Industries, S K Bajoria, Chairman, Bajoria Group, Dr T. Ramachandru, IAS, Principal Secretary, Govt of Odisha, Dr Sanjeev Kanoria, Managing Director, Advinia Health Care (UK) Ltd, S M Gupta, Global Chief

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People Officer, Aegis Ltd, Dr Frank-Jurgen Richter, Chairman, Horasis: The Global Visions Community, Zurich, Vindi Banga, Former Unilever Executive Board Member & Now Partner at Clayton Dubilier & Rice, Vikram Rao, Director, Aditya Birla Group, Erich Kandler, Partner, Deloitte, Professor Paul Boyle, CEO, Economic and Social Research Council, UK; Anil Kumar, Chairman of Ransat Group and many others.

The Convention will begin with Global Business Investors Meet on 10 Oct 2012, which would offer for businesses for trade and investment apart from new market development, economic research and technology & outsourcing consulting paving the way for many new joint ventures and collaborations

The famed Golden Peacock Awards for Corporate Governance, Sustainability and Corporate Leadership will also be presented at a special Gala Awards Nite during the Convention.

The London Convention 2012 will be the biggest gathering of business leaders, corporate, industrialists, policy makers, ministers, parliamentarians, jurists, NGOs, administrative officers, Academicians & University Students from across the global boundaries. The event is led by Hon'ble Dr. Ola Ullsten, Former Prime Minister of Sweden who is the Chairman for Advisory Board and The Rt. Hon. Baroness Sandip Verma (Lords Minister for British Government) is the Chairperson of Steering Committee for the event. Details are on www.iodonline.com and www.eicc.be

Secretary General of EICC will visit New Delhi on 26 September to discuss the preparation of the conference. IoD has proposed that the 2013 Global Convention takes place in Brussels and EICC Secretary General together with Co-Chair Mr. Sanjay Dalmia and Board Member Mr. Shishir Bajoria will discuss the proposal with IoD in detail.

[India to use global accounting norms from next fiscal year](#)

The Indian government finally plans to set up an Income Tax Overseas Unit (ITOU) in Switzerland, said to be one of the biggest destinations for ill-gotten and concealed wealth from the country. The government has established 10 ITOUs at its missions across the globe and plans to add another 14 – including one in Switzerland – soon. The units are expected to monitor the illegal transfer of funds to these countries from across the globe by Indians and also coordinate between tax authorities in India and in those nations.

Income tax officers, designated as 'first secretaries,' are attached to Indian missions in different countries to man the ITOUs. The decision to enhance the number of ITOUs was taken by the finance ministry, which has sent the proposal to the ministry of external affairs. The government had in its budget in March enhanced the allocation of funds for these units to Rs18.2 crore (2.6 million Euros) from Rs 2.41 crore last year.

ITOU's have already been set up in countries such as the US, the UK, the UAE, Mauritius, Singapore, France, Germany and Japan. India has signed double taxation avoidance agreements with more than 80 countries, including Switzerland, the UAE and Mauritius.

The UPA government has been facing a lot of pressure from the opposition parties and from civil society groups in recent months on the issue of black money. The opposition led by the BJP crippled both the houses of parliament on Tuesday, demanding detailed discussion on efforts made by the government to bring back black money.

Meanwhile, a high-level government committee on measures to tackle black money in India and abroad has suggested the creation of a strong Lok Pal to curb corruption. "Institutions of the Lok Pal and Lokayukta may be put in place at the earliest at the centre and in states, respectively, to expedite investigations into cases of corruption and bring the guilty to justice," said the committee headed by the chairman of the Central Board of Direct Taxes.

The panel has suggested a five-point strategy to curb black money: prevent its generation, discourage its use, detect black money, an effective investigative machinery and effective adjudication.

It has also called for a compliance scheme that would encourage Indian residents to bring back assets stashed abroad. The committee also wants the government to beef up the 'know your customer' norms for foreign institutional investors and participatory notes, as the existing requirements do not provide details about the ultimate beneficiaries of these instruments.

Firms face fine, 1-yr ban for rejected IPO papers

Companies will not be able to access the capital market for at least one year if their IPO documents are rejected by market regulator Sebi, while managers of such public issues would also face penal action.

Besides, Sebi (Securities & Exchange Board of India) has also decided to make public the details of such companies and their issue managers, along with the reasons of rejection.

After Sebi's last board meeting on August 16, Sebi Chairman U K Sinha had announced that the regulator has decided to put in place a detailed set of criteria for rejection of IPO (Initial Public Offer) documents to safeguard the interest of investors.

As per the details finalised by Sebi, in consultation with its Primary Market Advisory Committee (PMAC), the companies and the book-running lead managers (BRLMs) should be penalised for filing offer documents that are not in conformity with the pre-defined eligibility criteria in this regard.

Consequently, the companies whose offer documents are rejected would not be allowed to access capital markets for at least one year and the same may be increased depending upon the materiality of the omissions and commissions. The BRLMs of such issues would also be liable for penal action and the list of such offer documents rejected by Sebi, along with the details of issuers and lead managers and the reasons for rejection, would be disseminated in public domain.

The criteria for rejection of offer documents include any circular transactions for building up the capital or net worth of the company, the ultimate promoters being unidentifiable and promoters' contribution not being in compliance to regulations "in letter and in spirit." The offer documents would be rejected also in case of the companies being vague about utilisation of a major portion of the issue proceeds, and the object being loan repayment without disclosing the ultimate purpose of the loan.

The rejection criteria also includes the IPO proceeds being used for a purpose not creating any tangible asset for the company, or being utilised for expenses like brand building, advertisement, payment to consultants etc.

The companies would not get Sebi clearance for their IPOs also in case of their main object being setting up of a plant, while it has not received clearance, licences, permissions, or approval from the competent authority.

Sebi would also reject the IPO documents if the company has an "exaggerated, complex or misleading business model where the investors may not be in a position to assess the risk associated with such business models."

Any sudden spurt in the business, income, debtors/creditors, assets etc just before filing the offer document and reply to clarifications not being satisfactory would also lead to rejection.

Sebi will also reject the IPO papers of the companies, in whose financial statements auditors have raised doubt over the truth and fairness of the books of accounts or raise doubt on the different accounting policies followed by the company.

This would also be applicable for the subsidiaries or associate companies which significantly contributes the business of the issuer company or where the issue proceedings are proposed to be utilised.

Any change in accounting policy, majority of business being with related parties or circular transactions with connected/group entities to show that the company has better prospects would also lead to rejection.

Other criteria for rejection include incomplete documentation in terms of Sebi requirements, incorrect/vague disclosures, and direct or indirect conflict of interest of the BRLM with the issuer beyond certain limit. Sebi feels that indirect conflict of interest at times may not be quantifiable and in such cases the concerned department would take a call on materiality.

The document may also be liable for rejection if the reply of lead managers to the queries raised by Sebi is not provided in time-bound manner or is not satisfactory.

The rejection criteria would be applicable to all the offer documents filed with Sebi and the regulator might consider additional criteria for rejection where it feels that investors will not be in a position to assess the risks associated with such public offers.

However, in all such cases a final view on rejection would be taken by Sebi only after considering the materiality of the observations and merely triggering the criteria would also not be considered as an automatic case for rejection.

These decisions have been taken by Sebi in the wake of the regulator coming across many IPO documents off late being filed with inadequate and sketchy disclosures, raising concerns about the credentials of such issuers.

RBI widens probe to other foreign banks; Sebi too likely to investigate StanChart & HSBC

The Reserve Bank of India (RBI) has widened its inquiry into the affairs of British banking giants HSBC and Standard Chartered to a host of other foreign banks for alleged breach of controls against money laundering and terror financing.

Besides, capital market regulator Sebi may also join the investigations, as there are concerns of funds from these banks being routed to the stock market through foreign investors and other entities, sources said. Standard Chartered Bank (StanChart) is listed in the Indian stock market.

A senior regulatory authority official said the inspections are being conducted to ensure these banks' compliance to various fair banking norms in the wake of certain global events. However, executives at some of the banks admitted that queries being raised by the regulators are serious in nature and particularly aimed at ensuring effective controls against money laundering and financing of terrorism, among others.

The investigations by Indian agencies follow developments in the US, where a host of European banks, besides StanChart and HSBC, are being investigated for their alleged role in exposing the American financial system to money laundering and terror financing risks.

Sources said Indian investigations would not be affected by the recent settlement reached by StanChart in the US, wherein it agreed to pay US\$340 million to settle charges that it entered into secret transactions involving US\$250 billion with Iran despite sanctions against that country.

The settlement has been reached only with respect to an investigation by the New York state banking regulator, the New York Department of Financial Services and does not cover the probes being conducted by the various federal regulators in the US, including the Treasury Department.

Last week, the Indian government informed the Parliament that Reserve Bank of India (RBI) is scrutinising the Anti- Money Laundering (AML) and Know Your Customer (KYC) systems of StanChart and HSBC.

Besides, Financial Intelligence Unit-India (FIU-IND) has also initiated a fact-finding exercise related to HSBC's operations in India and its compliance to AML and CFT (Counter Financing of Terrorism) regime.

RBI is also seeking details from British financial sector regulator FSA (Financial Services Authority) about the two UK-based global banking giants, who have significant presence in India and whose outsourcing of

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key oversight jobs to India has come under the US scanner in separate probes related to issues like money laundering and terror financing.

Both the matters have come to the fore within a month's time, raising serious concerns over the impact on the image of Indian outsourcing industry and possible implication on India's fight against money laundering and terror funding.

Indian agencies are gathering all possible details about the two banks, as also various other banks under scanner of the US regulators, for any possible lapse in their compliance to controls against money laundering and terror financing.

RBI and UK's FSA signed a new Memorandum of Understanding (MoU) last month for exchange of information and co-operation in surveillance operations. The MoU provides for period discussions between RBI and FSA about matters like HSBC and StanChart, along with other supervisory developments and matters concerning banks having operations in India and the UK.

Belgium investment in NMIZs sought

India, has invited Belgium to invest in the upcoming national manufacturing and investments zones (NMIZs) with a focused approach in energy, water disposal as well as treatment, and research and training. This was conveyed to the visiting Belgian Deputy Prime Minister and Minister of Foreign Affairs, Foreign Trade and European Affairs, Didier Reynders, by Commerce and Industry Minister, Anand Sharma, during his meeting in New Delhi. An official statement issued after the meeting said the visiting Belgian Minister offered expertise in water treatment, waste disposal and energy sector which would be useful in NMIZs. NMIZs will be mega industrial zones with world-class supporting infrastructure.

The government is offering incentives such as exemption from capital gains tax and a liberalised labour and environment norms to promote these zones. Mr. Sharma invited participation of Belgian companies, especially in the fields of training and research.

He also suggested that owing to India's strength in the pharmaceutical sector, Belgium could consider outsourcing some of the research and development work to the laboratories in India.

Mr. Sharma also called for institutional linkages between the Antwerp World Diamond Centre (AWDC) and the diamond facilities in India, specifically in grading and sorting, R&D, certification, cutting and polishing.

Trade between the countries is dominated by the gems and jewellery sector which accounts for about 69.84 per cent of the bilateral trade. In 2011, bilateral trade stood at \$17.75 billion.

Belgium is an interesting country in Europe, known for diamond, perfume and population learn at least four to five languages, French, Italian, German, Flemish, English I met lots of students traveling to Indonesia found them well traveled Intelligent know world first hand by travel-though they have care taker government for last five years or so but it is stable that tells much about maturity of that nations population.

I think best contribution Belgium can make is in Cultural inter action with India, we should allow Indian students to their universities and their to ours- this will naturally lead to business propositions beyond your imagination because like GUJARATI THEY THE BELGIANS are well known for their trade.

German firm zeros in on Sabarmati riverfront in Gujarat

The Sarbarmati riverfront project which promises to dramatically change evenings in Ahmedabad — has now caught the fancy of a German architecture major. Kling Consult, a Germany-headquartered architectural consultancy and design firm, wants to build iconic towers on the Sabarmati riverbank.

Managing director, Kling Consult, Gerhard Reichert, said "The towers will become the face of modern Ahmedabad. However, floor space index (FSI) is an issue and we are talking to government officials about how the project can be taken forward. We have even got a Dubai-based financier for the project." Reichert's company has built football stadiums and hi-end business parks for several governments and

private firms in Germany, Dubai and other countries in the Middle East. Reichert and his team member Bhavik Dandanayak have met officials from Ahmedabad Municipal Corporation and senior state government officials about their plan. The company even wants to set up its first office in India at Ahmedabad.

Recently, global advisory firm KPMG included Sabarmati Riverfront Development project in the 100 most innovative projects towards urban regeneration that make cities livable and sustainable. It was one of the six urban infrastructure projects in the country selected by KPMG.

"The aim is to transform the stretch of river from a geographical divider in the city, to a focal point for leisure," the firm said.

"After Germany's sluggish market we expanded and set up an office in Dubai. From there, in the last eight years, we have undertaken several billion-dollar projects in the Middle East. Like many other global architecture firms coming to India, we too decided to expand here and zeroed in on Ahmedabad," said Reichert.

"The city needs a modern icon, which we want a 25-storey building along the Sabarmati bank to be. Most modern cities across the world have riverfront projects and the social life revolves around the landscape. It will be the same with Ahmedabad," said Reichert.

Along with the riverfront, the metro rail project has also attracted the firm. Metrolink Express for Gandhinagar and Ahmedabad (Mega) Co Ltd, which is executing the Ahmedabad-Gandhinagar metro project, has received proposals from 28 national and international construction giants from Turkey, China, Malaysia, Spain and Russia.

India's telephone subscriber base swells to over 951 million as of end-March 2012

The number of telephone subscribers in the country increased to 951.34 million at the end of March 2012, from 926.53 million at the end of December 2011, recording a growth of 2.68 per cent against the 2.16 per cent growth posted in the previous quarter, ie, quarter ended December 2011.

The overall teledensity in India has reached 78.66 as of 31 March 2012, the Telecom Regulatory Authority of India (TRAI) said in a release.

Subscription in urban areas grew to 620.52 million at the end of March 2012, from 611.19 million at the end of December 2011, taking the urban teledensity to 169.55 from 167.85.

Rural subscription base increased to 330.82 million, from 315.33 million while rural teledensity increased to 39.22 from 37.48. The share of rural areas in total subscription has increased from to 34.77 per cent as of March 2012, from 34.03 per cent at the end of December 2011.

Urban areas accounted for about 37.61 per cent of the total net additions during the quarter compared to 49.87 per cent in the previous quarter. Rural subscription growth rate increased to 4.91 per cent during the quarter ended March 2012, from 3.22 per cent in the quarter ended December 2011.

Urban subscription growth rate declined to 1.53 per cent during the quarter ended March 2012 from 1.63 per cent in the quarter ended December 2011.

With 25.33 million net additions during the quarter, total wireless (GSM + CDMA) subscriber base increased to 919.17 million at the end of March 2012, from 893.84 million at the end of December 2011, recording a growth of 2.83 per cent over the previous quarter.

Wireline subscriber base, however, declined further to 32.17 million at the end of March 2012, from 32.69 million at the end of December 2011, bringing down the wireline teledensity to 2.66 at the end of March 2012, from 2.71 at the end of December 2011.

The number of internet subscribers increased to 22.86 million at the end of March 2012, from 22.39 million at the end of December 2011, recording a quarterly growth of 2.10 per cent. Top 10 ISPs in India together hold 94.94 per cent of the total internet subscriber base.

The number of broadband subscribers increased to 13.81 million at the end of March 2012, from 13.35 million at the end of December 2011, posting a quarterly growth of 3.44 per cent and year-on-year growth of 16.18 per cent.

The share of broadband subscription in total internet subscription decreased to 59.6 per cent at the end of March 2012, from 60.4 per cent at the end of December 2011, About 85 per cent of the broadband subscribers are using digital subscriber line (DSL) technology.

At the end of March 2012, the total number of permitted private satellite TV channels registered with ministry of information and broadcasting stood at 831. There are 168 pay TV channels in existence, as reported by 26 broadcasters/their distributors at the end of the quarter ended March 2012.

Apart from All India Radio and Prasar Bharti, there are 245 private FM radio stations in operation at the end of March 2012.

Besides the free DTH service of Doordarshan, there are 6 private DTH licensees, offering their services to the DTH subscribers. As of 31 March 2012, their reported subscriber base stood at 46.25 million.

The number of set top boxes (STBs) installed in CAS notified areas of Delhi, Mumbai, Kolkata and Chennai increased to 9,05,343 at the end of March 2012, from 8,53,737 at the end of December 2011.

Reliance to invest \$1 billion in aerospace

Reliance Industries Limited (RIL) plans to invest close to \$1 billion over the next few years and hire around 1,500 people in its new aerospace division.

In a report, The Economic Times said the details were confirmed to it by executives close to the matter who spoke on condition of anonymity.

The Mukesh Ambani-led company, had early this month, submitted an application for an industrial licence to the Department of Industrial Policy and Promotion to "design, develop, manufacture, equipment and components, including airframe, engine, radars, avionics and accessories for military and civilian aircraft, helicopters, unmanned airborne vehicles and aerostats". The company's decision follows the creation of two new entities - Reliance Aerospace Technologies Pvt Ltd and Reliance Security Solutions Ltd.

The creation of the new businesses gathered momentum a over year back with the creation of an entity called "new business" and hiring of the then Boeing India chief, Vivek Lall, for launching its aerospace and homeland security divisions.

According the report, RIL had stated in its application to DIPP that the "the company will also undertake research and produce new aerospace technologies, materials, components and equipment and test and carry out their certification". RIL will also join hands with global players to bring in sophisticated civil and military aerospace technologies into the country, executives close to the matter said. It will also prioritise research and development and testing and certification of new aerospace technologies, materials, components and equipment, the report added.

RIL's application showed Nashik as the headquarters of its aerospace division and the likely centre of the proposed manufacturing hub. The newspaper quoted the executives of the company saying more manufacturing units would be set up across the country with the aim of making India a global hub in aerospace manufacturing.

The company would also align with smaller players and train them to produce high-quality products for the airline industry. RIL would be looking at the creation of synergies to start with, until it developed

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technologies - and aircraft - on its own. According to the report the company is in advanced talks with global aircraft majors for joint ventures and strategic collaborations.

Retail sector to touch \$675 bn in 2016

The retail industry will be one of the fastest growing sectors in the coming years and is expected to grow to USD 675 billion in 2016, Nokia India Senior Vice-President (IMEA) D Shivakumar said recently. Citing a study, he said the retail industry, which was valued at Rs USD 310 billion in 2006, grew to USD 470 in 2011.

"In 2016, it is expected to reach USD 675 billion at a CAGR of 7.5 per cent", he said at the Tamil Nadu Retail Summit organised by CII. The organised sector, which accounts for three per cent in the retail industry, is expected to reach 12 per cent by 2016, he added.

"Retail will be one of the emerging and fastest growing sectors in the coming years. Hence, adaptation to advance technology, improvement in power segment, retail space price and improvising on soft skills of retail executives will be the key areas for growth of the retail sector," Shivakumar said. Stating that there are about 5,380 cold storages in the country with a total capacity of 24.5 million tonnes, he said of the 24.5 million tonnes, 75 per cent capacity is for potatoes, while 96 per cent for the private sector. The capacity of cold chain is 60,000 tonnes.

He said mobile coupons, provision of retail application in smartphones are increasing footfalls in a retail outlet and added some sales in this segment are shifting from "offline" to "online". Google India-Head, Rajan Anandan said most retailers get 50 per cent of their business outside Tier I cities.

Observing that online businesses are outpacing offline retailers, he said about 800 transactions happen per day while monthly revenue reaches Rs 3.5 crore in an online fashion retail store. Nine out of 10 retailers in the US are offline players, he said, adding Amazon.com tops the list with sale of USD 34.2 billion.

Anandhan, citing a study, said there would be 90 million active online buyers by the year 2015. "There will be 300 million online users with 90 million active buyers," he said, adding India despite being considered the third largest internet populated country is not among the top 10 e-retail countries. "Currently, India's e-retail business is at 0.20 per cent of the total retail," he said.

"China is expected to be the biggest online retail player in 2015," he said, adding US and China have a share of 25 per cent.

"Internet is fast penetrating into Tier II and III towns in India. 48 per cent of internet users are from towns with population of less than 10 lakh. Businesses are likely to scale further as more people are shopping online. By 2015 there will be 90 million active online buyers in India," he added.

India seeks change in SME definition by European Union

India has asked EU to amend its definition of small and medium enterprises to accommodate the country's labour intensive small units, so that they qualify for fee concessions under the region's environment legislation, popularly known as REACH.

It has also asked the EU to allow Indian exporters of chemicals and other products, who have to comply with REACH regulations, to go in for direct registration of their products with the authorities instead of appointing EU-based 'only representative' to save on costs.

"Our industry has been struggling to keep pace with the fast-changing regulations under EU's REACH initiative, and are also taking a financial blow due to the heavy fees that have to be paid for getting chemicals registered under the programme," a government official told ET. "The least that the EU can do is to recognise our genuine SMEs and give them the due concessions."

Delhi raised the issue at a recent meeting of the World Trade Organisation's Committee on Technical Barriers to Trade. REACH, which stands for registration, evaluation, authorisation and restriction of chemicals, was implemented in 2007 to restrict the levels of specific chemical substances in all imported goods into the EU.

Under the programme, items that contain chemicals identified by REACH have to be registered in EU giving details of the levels of various substances in the product.

Indian exporters of chemicals, textiles, leather and toys are required to identify an OR to carry out the registration. Exporters not only have to pay registration fees but also the OR, which pushes up their costs. According to industry estimates, the cost of registering a chemical varies from Rs 350,000 to Rs 90 lakh, depending upon the hazardous nature of the chemical.

The cost of conducting toxicology tests to generate safety data is also prohibitive.

Although the EU offers steep fee concession to SMEs depending on their size as a medium, small or micro enterprise, most Indian small companies do not fall under these categories as they are labour intensive and employ more than the prescribed workers.

"The use of staff head count in addition to annual turnover and balance sheet ceiling would classify many of India's micro enterprises as large under REACH, despite meeting the annual turnover or balance sheet ceiling," the Indian representative said at the WTO meeting. "This goes against the spirit of the Technical Barriers to Trade Agreement as it creates unnecessary obstacles to a developing country."
