

19 February 2009

Synopsis of Developments regarding Canada-India Economic Relations

Economy

Special Measures for Infrastructure Sector

India Infrastructure Finance Company (IIFCL), which has already been authorized to raise Rs.10,000 cr. through tax free bonds by 31.03.2009 for refinancing bank lending of longer maturity to eligible infrastructure bid based PPP projects, will access the market for raising the first trench of the amount. This will enable the funding of mainly highways and port projects on hand of about Rs.25,000 crore. To fund additional projects of about Rs.75,000 crore at competitive rates over the next 18 months, IIFCL is being enabled to access in trenches an additional Rs.30,000 crores by way of tax free bonds once funds raised in the current year are effectively utilized.

Support Measures for Exporters

Exporters are especially hit by recessionary conditions globally. To support exports a number of steps have been taken. As a further measure:

(i) Taking into account the fact that the rupee has appreciated nearly four per cent against the dollar since November 2008, it has been decided to restore DEPB (Duty Employment Passbook) rates to those prevailing prior to November 2008. In order to provide predictability and stability of regime in the short term for future contracts, the DEPB Scheme would be extended till 31.12.2009.

(ii) Duty drawback benefits on certain items including knitted fabrics, bicycles, agricultural hand tools and specified categories of yarn are being enhanced. These changes will take effect retrospectively from September 1, 2008.

(iii) Exporters have raised a number of procedural issues where modification of procedures could reduce delays faced by exporters. To consider these and similar problems, Government has decided to constitute a Committee under the chairmanship of the Finance Secretary including Secretaries of the Departments of Revenue and Commerce to look into and resolve these issues on a fast-track basis.

(iv) Export-Import Bank of India (EXIM Bank) has obtained from RBI a line of credit of Rs.5000 crore and will provide pre-shipment and post-shipment credit, in rupees or dollars, to Indian exporters at competitive rates.

Important Bilateral Meetings

Period January -mid February 19, 2009 witnessed following important official visits from Canada to India:

- Hon'ble Jason Kenney, Minister for Citizenship, Immigration and Multiculturalism visited India (Delhi, Chandigarh and Mumbai) from 07-17 January 2009.
- A delegation led by Hon'ble Deepak Obhrai, MP and Parliamentary Secretary including Senator Consiglio Di Nino, Hon'ble Patrick Brown, MP and Hon'ble Ruby Dhalla, MP visited India for Indian Diaspora Day in Chennai and 'Vibrant Gujarat' event in Ahmedabad.
- Hon'ble Gerry Ritz, Agriculture Minister of Canada from 10-14 January 2009.
- Hon'ble Ron Stevens, Deputy Premier and Minister of International and Intergovernmental

Relations from 12-14 January 2009.

- Hon'ble Stockwell Day, International Trade Minister of Canada from 17-21 January 2009.
- Mr. Don Stephenson, Assistant Deputy Minister and Chief Trade Policy Negotiator and delegation from 16-21 January 2009.

During his stay in India, Hon'ble Gerry Ritz had a busy schedule meeting Indian Ministers and senior officials, business people, visiting institutions, etc. The most important event of the visit was the signing of India and Canada's first MoU on Cooperation in the field of Agriculture and Allied Sectors by Indian Agriculture Minister Sharad Pawar and Hon'ble Gerry Ritz.

Hon'ble Ron Stevens, Deputy Premier of Alberta address Petrotech Conference and met Mr. Murali Deora, Minister for Petroleum and Natural Gas and Mr. Nalin Surie, Secretary (West) in the Ministry of External Affairs. During the meetings, discussions were held on areas of mutual interest, particularly cooperation in energy sector.

Hon'ble Stockwell Day had a busy schedule during his stay in India meeting PM Dr. Manmohan Singh, Mr. Kamal Nath, India's Commerce and Industry Minister, Mr. Kapil Sibal, Minister for Science and Technology, Mr. M.K. Narayan, National Security Adviser, attending CII's Partnership Summit at New Delhi meeting business people, visiting institutions/business organisations, etc. He also officially opened Canada's Trade Office in Hyderabad and visited Mumbai for business meetings at Taj Hotel. Industry Minister, Tony Clement, was in India last week to promote bilateral trade and investment. While in Mumbai and New Delhi the Minister met with business leaders and government officials.

ICCC lead a delegation for participation in PBD 2009 held from 7th to 9th January, 2009 in Chennai. Its theme was: **India as an Emerging Power: The Diaspora Factor**. ICCC also organized a Roundtable discussion with CII on Canada-India Economic exchanges. A regional session on Canada was also organized in which several prominent Indo-Canadians including President of ICCC made several specific suggestions for improving Canada-India bilateral relations and for strengthening the role of the Indian Diaspora in Canada for building partnership between two countries. The President of ICCC had a meeting with the Minister of Overseas Indian Affairs (MOIA) Shri Vayalar Ravi. The Minister confirmed to President ICCC that they would welcome a proposal from ICCC to organize a PBD Canada event in 2010 in Toronto. CII too has agreed in principle to participate. A detailed project will be worked out and then sent to MOIA and CII.

Other Highlights

World Economic Form in Davos

On 29 January 2009, addressing the Breakfast Session at the World Economic Forum in Davos (Switzerland), Mr. Kamal Nath, India's Minister for Commerce and Industry, stated that India's GDP would be in the range of 7 to 8% in 2008-09. He added that GDP growth in real terms in the first half of the current fiscal year has been at 7.8% which is fairly robust. He said that India's path to recovery will be faster than for the rest of the world. After industrial downturn in October 2008, the figure for November 2008 was positive at 2.4%. The financial situation has eased somewhat and liquidity is accessible in the domestic markets. He further said that India is still a low-cost high quality competitive manufacturing environment and with falling shipping rates, it may be most cost effective to set up production facilities in India. He informed that FDI inflow has maintained its pace with inflow of US\$ 19.7 billion during the period April-November 2008. During the financial crisis, an inflow of more than USD 1 billion took place in November 2008. He spelt out measures taken by the Indian Government recently to mitigate the effects of global economic crisis.

Civil Aviation Sector

India's Civil Aviation Minister Praful Patel said that the Government of India may allow foreign airlines to pick up a minority stake in domestic airlines in a bid to shore up the civil aviation sector which is reeling under the impact of global economic slowdown and low volume of passengers. Talking to reporters last month, he said that the Cabinet would decide on the policy of allowing foreign direct investment (FDI) in the sector. At present, foreign airlines are debarred from holding a direct or indirect stake in domestic carriers. Key officials in the Civil Aviation Ministry said the government might allow foreign airlines to pick up "20-25 per cent" stake in domestic carriers to help them tide over the current crisis in the sector. There was a five per cent drop in passengers carried in 2008.

Developments in Indian Economy

The Economic Advisory Council to the Prime Minister (EAC) revised India's GDP downward from the projected 7.7 per cent to 7.1 per cent for the current fiscal year giving clear indication that Indian economy was slowing down under the impact of international meltdown and recession. EAC Chairman Suresh Tendulkar said that the slowdown caused by the painful adjustment to abrupt changes in the international economy resulted in making changes in the growth projections. He added that the economy is facing a crisis of confidence among consumers, investors and bankers. However, these concerns or crisis are not justified for lower projection since Indian economy is still growing at a reasonable rate. He said the information rate was projected to be around 5 per cent by end March 2009. He hoped that in the third quarter of 2009-10 the economy will see a growth and revival and it should grow at 7 – 7.5 per cent.

The telecom sector in India continued with its robust growth with the wireless market growing at 9.91 per cent generating revenues worth Rs. 371 billion (US\$ 7.5 billion) for the second quarter ending September 2008 with the addition of 28.44 million subscribers.

The Hilton family of hotels plans to have 50 hotels in India by 2015. Twenty of these hotels are in various stages of development, with three (in Delhi, Chennai and Bangalore) slated to open in 2009. These will be business and mid-market hotels that will sport brands such as Hilton, Hilton Garden Inn and Homewood Suites by Hilton. India is the second most important market for Hilton in the Asia-Pacific region after China, and accounts for 17 per cent of the 300-odd new hotels it plans to add in Asia-Pacific by 2017. Hilton expects India to account for 15-20 per cent of its revenues in the Asia-Pacific region by 2015.

Biotechnology – An important Sector for Foreign Direct Investment in India

India has made tremendous progress over the last two decades in the field of biotechnology, emerging as a driving force in some areas and a strong contender in others. According to a survey conducted by Ernst & Young, India is one of the five emerging biotech leaders in the Asia-Pacific region, the others being Singapore, Taiwan, Japan and Korea. The Indian biotechnology industry ranks third after Japan and Korea in Asia-Pacific region. The biotech industry in India registered 30.98 per cent growth in 2006-07 over the previous year clocking US\$ 2.08 billion in revenues. Exports accounted for almost 58 per cent of the total revenues generated by the biotech industry in 2006-07.

Investment Opportunities

Biotech Industry in India offers many opportunities for investment particularly in the following areas:

- Agriculture and plant technology
- Medicinal and aromatic plants
- Animal biotechnology
- Aquaculture and marine biotechnology
- Sericulture biotechnology
- Stem cell biology
- Bio-informatics
- Human genetics and genome analysis
- Environmental biotechnology
- Microbial and industrial biotechnology
- Healthcare
- Bio-fuels
- Bio pesticides
- Software support

Foreign Direct Investment (FDI)

100 per cent Foreign Direct Investment under the automatic route in the biotech sector is permitted.

The Nodal Point

The Department of Biotechnology in the Ministry of Science and Technology, Government of India, is the nodal department for the biotech sector India framing policies, establishing various agencies and taking initiatives for this important and fast emerging sector in the country. It lays considerable emphasis on **Public Private Partnerships (PPP)** in biotech sector. The main features of this initiative are:

- Special emphasis on small and medium enterprises.
- The Small Business Innovation Research Initiative (SBIRI) has been launched with the aim of funding highly innovative early stage of pre-proof concept research with funds for venture capital funding.
- Ten national/regional technology transfer cells to be created over the next five years to provide high quality, specialized and comprehensive technology transfer services.
- Innovation grants for institutions to develop concepts into patentable and licensable technologies
- Biotechnology Industry Research and Development Assistance Council (BIRAC) to be set up within DBT to bridge the gap between the knowledge and product development.
- Industry platforms to be launched in association with Federation of Indian Chambers of Commerce and Industry (FICCI) to accelerate R&D through public-private partnership.
- Establishment centres of excellence: These centres are targeted towards re-engineering of certain institutes for greater innovation and focus.
- Innovation clusters: Promotion of regional biotech cluster concept. Potential new sites are Punjab, Delhi, Haryana, West Bengal, Gujarat and Orissa.
- Centers of excellence: 50 centers of excellence to be set up in priority thematic areas.
- Biotech research.

Trade

Latest Data on India-Canada Trade

[Figures in US dollars millions]

Description	Jan-Nov 2007	Jan-Nov 2008	Percentage change
Indian Exports	1709	1907	(+) 11.6
Indian Imports	1548	2049	(+) 32.4

[Source: Statistics Canada]

The total bilateral trade between India and Canada from January till November 2008 stood at US\$ 3956 million registering a 21.45% increase over the corresponding period last year. During the period, India's exports to Canada increased by 11.6% and imports from Canada by 32.4% over the same period last year.

Major items of India's exports to Canada during January-December 2008 were garments, diamonds and jewellery, rice, hosiery, chemicals, cotton, marble and granite, medicines, electrical equipment, carpets, etc.

Major items of India's imports from Canada included potash, pulses, newsprint, wood pulp, communication equipment, ores, asbestos, diamonds, machinery, scrap, etc.

Tourism

The Palace on Wheels Train

The Palace on Wheels is a unique train which provides tourists with splendid and fascinating journey through the bygone era of the erstwhile Maharajas in Rajasthan. Cruising along in a royal style, the train offers exquisite and exclusive luxury, the kind only the Maharajas of yesteryears could have perpetuated and enjoyed. Comprising of 14 fully air-conditioned deluxe saloons equipped with world class amenities to enhance the pleasure of travelling, the train has 14 coaches named after former Rajput states with aesthetical interior designs reminiscent of royal past. The train has two lavish restaurants serving Indian, Rajasthani, Continental, and Chinese cuisines and a well-stocked bar together with a good collection of books. The train takes the passengers to a 7-day journey which begins in New Delhi and proceeds to Jaipur, Jaisalmer, Jodhpur, Sawai Madhopur, Chittaurgarh, Udaipur, Bharatpur, Agra and ending the tour at New Delhi. For bookings and more details, please access the Palace on Wheels' Website: http://www.palaceonwheels.net/new/virtual_tour.htm

- Nakshatra, New Delhi [5-9 March 2009]
- Aahar–The International Food Fair (Food India & Hospitality India, New Delhi [7-9 March 2009]
- IT India Fair, New Delhi [26-29 March 2009]
- Delhi Spring Lifestyle Show (Furniture and Interior Show), New Delhi (26-29 March 2009)
- Aahar Food Festival, Meghalaya [Dates to be firmed]

Forthcoming Events in India

April 2009 – March 2010

- India International Maritime Logistics Expo, Mumbai [10-12 April 2009]
- Aahar–The International Food Fair (Food India & Hospitality India, Chennai [27-29 Aug 2009]
- Delhi Book Fair, New Delhi [29 August – 06 September 2009]

- Stationery Fair, New Delhi [29 August – 06 September 2009]
- International Arogya Fair, New Delhi [18-21 September 2009]
- Sports Goods & Physical Fitness Equipment Exhibition, New Delhi [05-09 October 2009]
- Delhi International Leather Fair, New Delhi [October 2009]
- India International Trade Fair, New Delhi [14-27 November 2009]
- India Tech, New Delhi [14-27 November 2009]
- Energy Tech, New Delhi [14-17 December 2009]
- Signages, New Delhi [January 2010]
- India International Security Expo, New Delhi [27-30 January 2010]
- Arogya, Thrissur, Kerala [28 January – 01 February 2010]
- India International Leather Fair, Chennai [31 January – 03 February 2010]
- Tex-Styles India, New Delhi [24-27 February 2010]
- International Leather Goods Fair, Kolkata [26-28 February 2010]
- Nakshatra, New Delhi [05-09 March 2010]
- Aahar–The International Food Fair (Food India & Hospitality India, New Delhi [10-14 Mar 2010]
- IT India Fair, New Delhi [26-29 March 2010]
- Delhi Spring Lifestyle Show (Furniture and Interior Show), New Delhi (26-29 March 2010)
- Aahar – The International Food Fair (Food India & Hospitality India, Shillong [April 2010]
- India International Hardware Show, New Delhi [Dates to be firmed]
- East Himalaya Expo, Siliguri, Assam [Dates to be firmed]
- M.P. International Trade Fair, Indore, Madhya Pradesh [Dates to be firmed]
- India Book Fair, Mumbai [Dates to be firmed]
- India International Security Expo, Bangalore [Dates to be firmed]

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- International Arogya Fair, New Delhi [18-21 September 2010]
- Sports Goods & Physical Fitness Equipment Exhibition, New Delhi [05-09 October 2010]
- Delhi International Leather Fair, New Delhi [October 2010]
- India International Trade Fair, New Delhi [14-27 November 2010]
- India Tech, New Delhi [14-27 November 2009]
- Delhi Book Fair, New Delhi [11-19 December 2010]
- Stationery Fair, New Delhi [11-19 December 2010]
- Energy Tech, New Delhi [14-17 December 2010]
- Enviro Tech, New Delhi [14-17 December 2010]
- India International Security Expo, New Delhi [22-25 February 2011]
- International Leather Goods Fair, Kolkata [25-27 February 2011]
- Tex-Styles India, New Delhi [02-05 March 2011]
- Nakshatra, New Delhi [05-09 March 2011]
- Aahar–The International Food Fair (Food India & Hospitality India, New Delhi [10-14 Mar 2011]
- Delhi Spring Lifestyle Show (Furniture and Interiro Show), New Delhi (26-29 March 2011)
- Aahar–The International Food Fair (Food India & Hospitality India, Shillong [Dates to be firmed]
- Signages, New Delhi [Dates to be firemd]
- IT India Fair, New Delhi [Dates to be firmed]
- India International Healthcare Expo [Dates to be firmed]
- Arogya, Thrissur, Kerala [Dates to be firmed]
- East Himalyana Expo, Siliguri, Assam [Dates to be firmed]

- M.P. International Trade Fair, Indore, Madhya Pradesh [Dates to be firmed]
- India Book Fair, Mumbai [Dates to be firmed]
- India International Security Expo, Bangalore [Dates to be firmed]

For further information, ITPO's Website: www.indiaportaloftrade.com may be accessed.

Forthcoming Visits

From Canada

Hon'ble Lyle Stewart, Minister of Enterprise & Innovation, Saskatchewan Province, will be leading an official and business delegation to India (Mumbai, Ahmedabad and New Delhi) from 13-21 February 2009. During his stay he is scheduled to meet various Ministers including External Affairs Minister, Commerce and Industry Minister, Chemicals and Fertilizers Minister, etc., senior officials and business people and visit institutions and business organisations.

Ontario Chamber of Commerce is organizing an energy and infrastructure trade mission of about 10 to 15 companies to Mumbai and New Delhi, India. Those representing the energy sector will have the opportunity to visit the 3rd Power-Gen India and Central Asia Exhibition and Conference at New Delhi (19-20 February 2009). The main objective of the visit to meet the government officials, Indian businesses, and industry associations to establish contacts and develop them further to capitalize on India's market potential.

From India

As reported in December issue, Mr. Shantanu Consul, Secretary (Mines), India will be leading an Indian Mining Delegation comprising both of official and business representatives to the International Convention of the Prospectors and Developers Association of Canada – PDAC 2009, to be held in Toronto from 1-4 March 2009.

Deputy Chairman of Planning Commission, Dr. Montek Singh Ahluwalia is expected to lead Indian delegation to the Canada-India Energy Forum being organised by the Canada-India Foundation (CIF) in Toronto (April 15-17 2009).

Indian companies, both at public and sector level, will participate in AMERICANA International Trade Show and Conference in Montreal (17-19 March 2009). The focus of the event is on energy and environment.

Date	Programme
19 Feb, 2009	Golden Leaf India Awards – Final Tasting, Inaugural Session, Cultural Programme, Cocktails and Dinner
20 Feb, 2009	Business Sessions, Tasting Session, Networking, Cultural Programme, Cocktails and Dinner.
21 Feb, 2009	Golden Leaf India Awards, Business Session and Valedictory Session

[For further details, please access website: www.iitc2009.com]

