

5TH India-Europe 29 Business Forum

20-21 November 2019

Concept Note



Confederation of Indian Industry



सत्यमेव जयते

Economic Diplomacy & States Division
Ministry of External Affairs

India-Europe 29 Business Forum 2019

Dates: 20-21 November 2019

Location: Hotel Taj Diplomatic Enclave, New Delhi

Countries covered: Albania, Austria, Bosnia Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, Greece, Hungary, Iceland, Latvia, Liechtenstein, Lithuania, North Macedonia, Malta, Moldova, Montenegro, Norway, Poland, Romania, Serbia, Slovakia, Slovenia, Sweden, Switzerland, Turkey and Holy See (Vatican City).

I. BACKGROUND

India and the Central & Eastern European region enjoyed close economic and political ties during the 1950s and 1960s. In recent years, both sides have shown renewed interest in expanding their economic relations.

The Indian economy is growing at 7% and has emerged as the fastest growing major economy in the world. It is expected to be one of the top three economic powers of the world over the next 10-15 years which is backed by its strong democracy and partnerships. It has been on a growth trajectory with impressive spikes in production, sales and exports over the last few years and is expected to grow rapidly in the coming years as well.

The CEE region is also expected to maintain a healthy growth rate. Consumer spending is expected to expand solidly, fueled by strong wage growth and tight labor markets. Similarly, growth in fixed investment is expected to remain robust. Central & Eastern Europe is projected to grow 3.3% in 2019.

In this scenario, both sides have renewed their focus on each other. The Central European countries have been important trade partners with India over the years. The volume of total trade between the two regions has grown exponentially over the years, even during the adverse global economic conditions at some points in time, as have investments. Despite historically strong growth in the last decade, the potential of India- Central Europe remains largely untapped.

The main continental CEE economies have significant expertise in industries like chemicals, pharmaceuticals, automobile, machinery, construction and mechanical and engineering goods. India's interest is also because of their technological know-how in niche high technology sectors. The CEE economies can certainly benefit from the rising demand for manufactured goods in India which can translate into increased trade and investment in India's industrial sector.

At the same time, the CEE region offers a host of incentives in the form of tax exemptions, greater market access as well as opening-up of sectors for foreign investments. These incentives focus on priority sectors such as R&D, infrastructure, construction, transport, communication, energy and in general, aim at improving services sector and attract more greenfield investments in the future. India can definitely benefit directly and indirectly from these

developments. The requirement of a well-structured IT industry as a base for various European industries can only increase its demand in the future, and this is where India's expertise in the services sector would be helpful.

Important initiatives announced by the respective governments in these countries may help Indian businesses to enhance their business interests in these countries and use them as a springboard for other parts of Europe. A closer look at the economic structure, government policies and future plans of these economies shows that both the regions have tremendous opportunities to enhance and benefit from their trade and investment relations. In addition to the obvious advantages that increased trade and investments would have on both the regions, one needs to also address the challenges and barriers that need to be overcome.

If one were to look at the Nordic countries, though India's economic engagement with them too goes back a long way, their socio-economic profile sets them apart from the rest of mainland Europe, and therefore, accelerating their economic engagement with India will require a slightly different focus. In recent years, Indian industry has begun to show an increased level of interest in understanding the various opportunities that are available in these regions. Investors from these regions are also optimistic about India's medium-term growth prospects despite specific challenges of infrastructure, manpower etc.

The Nordic countries are among the most innovative and sustainable economies in the world. While the overall base of companies is dominated by micro and small enterprises, the medium sized companies in Nordic countries are highly advanced as compared to similar sized companies in other nations of the world. There exist many opportunities for Indian industry to form partnerships/JVs/technology transfer agreements with Nordic companies.

Priority sectors that could be focused on for accelerating trade and investment between India and the region include API and pharma; medical technology/diagnostics; renewable energy and equipment particularly for hydro, wind and biomass; IT/ITeS; pharma/biotech, transportation equipment etc.

There are also a set of government Pension Funds / Sovereign Wealth Funds in the Nordic Region which can be targeted for attracting much needed capital into India

In recent years, India has taken several initiatives to enhance the political and economic engagement with the region. Several visits have taken place both ways at Head of State/Head of Government level and several more are planned. The CE countries have been exhibiting keen interest in partnering with several States and on several campaigns of the Government of India, where their expertise can be utilized to mutual benefit.

One of the most prominent suggestions that have come from businesses in the recent past is to create a platform for further interactions between the two business communities and to increase the pace of bilateral events and brand promotion activities across countries.

The 5th India-Europe 29 Business Forum has been, therefore, conceived as a platform that will focus on high level exchanges highlighting specific opportunities and projects in pre-identified sectors to derive the maximum outcomes. A focus on pre-identifying specific projects in the identified sectors can help in making the Forum a platform to forge real business partnerships onsite.

II. FOCUS SECTORS

The Indian economy has strengths in the primary sector and services industries, while the E29 economies are more dominant in the industrial and manufacturing sectors. The strengths and expertise of one can be combined with the needs and opportunities of the other to increase the level of trade and investment activity.

- Artificial Intelligence
- IT & ITeS and Start-ups
- Smart Cities – Urban infrastructure, transportation
- Renewable Energy and Clean Technologies
- Pharma

Artificial Intelligence

Artificial Intelligence is a potent technology, with its power growing exponentially when combined with technologies such as analytics, blockchain and internet of things (IoT). The technology will have disruptive effect on businesses (both start-ups and established enterprises) across every sector by constantly being a transformative industry. This profitable industry offers many opportunities for investment at the ground level along with potential to shape future application growth.

Usage of AI in various industries:

1. *Automotive*: Develop mechanism to avoid accidents, software solutions for electric vehicles (EVs).
2. *E-commerce*: Product search, personalised recommendations, demand forecasting, fraud protection and warehouse fulfillment.
3. *Energy and Utilities*: Load forecast (Load, Day/Intra-day, Generation and Price) and many more.
4. *Fintech*: Banking - Re-design fraud detection and anti-money laundering, Investment firms – Trade and Manage Portfolios.
5. *Healthcare*: Clinical care, imaging diagnostic, drug discovery application etc.
6. *Information Technology*: Software, cloud backup, data analytics and many more.
7. *Social Media*: Email, web content, mobile testing and its optimization, behavioural data pattern recognition and ID of “best” and disenfranchised customers, slack bots, text mining and marketing automation.
8. *Telecom*: Select retail locations, enhance field services, detect network issues, mapping signal strength etc.

India's Strengths

- Large tech talent pool, in the process of upskilling to AI
- 3rd in terms of high-quality AI research and publications¹. More than 400 start-ups working in AI and Machine Learning

- Indian companies 3rd highest early adoption of AI²
- Government support: NITI Aayog guides AI R&D through National Artificial Intelligence Portal
- Model International Centre for Transformational AI set up by NITI Aayog, Intel and Tata Institute of Fundamental Research with focus on application-based AI research in healthcare, agriculture and smart mobility
- Huge opportunities and tremendous growth potential in all sectors listed above.

(Sources: 1. Itihaasa research, quoted in The Hindu, 18 January 2019; 2. BCG study² 2018; 3. Accenture Survey)

Potential

- AI essential for Industry 4.0, eGovernment Services and social services like healthcare, agriculture, education, etc.
- Potential to add USD 957 billion to the Indian economy by 2035³

(Source: 3. Accenture Survey)

Business Opportunities for E29 companies

- Tap India's huge AI market and use India as a hub to service global clients including emerging economies
- Partner with Indian academic institutions and companies for joint R&D efforts

IT & ITeS and Start-ups

India is the topmost offshoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, the sector now offers an entire new gamut of opportunities. Indian IT industry is growing at a much faster pace in Europe, especially in Central and Eastern Europe.

Industries under IT and ITeS Sector:

- Business Continuity & Disaster Recovery
 - Business Intelligence
 - Cloud Computing Services
 - Delivery Centres
 - E-commerce
 - Infrastructure management and system integration
 - Online Media
 - Packaged application and its maintenance and development
 - Tech – Startups
- and many more

India's Strengths

- Largest (56%) Global Outsourcing market in the world. US \$ 180 billion + Revenues
- 75% of global digital talent in India
- More than 1000 Global Delivery Centres in 80 countries set-up
- World's third largest Tech start-up hub
- 200 + Indian companies expanding globally

Potential

- US \$ 350 billion by 2025
- Cost saving BPM Services: 5 – 6 times cost effective than global players

Business Opportunities for E29 companies in India

- IT spending in India increasing owing to Digital India
- Additional Mobile Connectivity in India: US \$ 20 billion

Business Opportunities for India in E29

- Europe's IT & ITeS spending in 2020: US \$ 400 billion⁴
- India's current share: about 24% (US \$ 32 billion)⁵
- Huge opportunities in Software and ITeS

(Sources: 4. & 5. Gartner)

Benefits of E29:

- Cost effective amongst peers
- Customer focus
- Language skills
- Telecommunications
- Time zones

Indian start-ups raised \$12.68 billion in equity funding, plus \$1.14 billion in debt funding in 2018 and India has emerged as the 2nd largest global market for start-ups. With less than 400 start-ups during the year 2010-11, India today is home to over 18,363 start-ups recognised by DPIIT of various sizes. India ranked 17 among 100 countries, based on the strength of its start-up ecosystem.

The CEE startup ecosystem is making rapid advances. With over a billion euros of VC funding available, lower running costs and overall booming ecosystem, for local start up founders, there has never been a better time for starting a company and getting ready to scale it. For startup founders from other regions, it makes sense to think about moving some of their operations to CEE – the governments are very supportive with special schemes to cater to start ups and the talent is readily available.

Pharmaceuticals

India, the world's largest producer of generic drugs is called "pharmacy of the developing world". It is the major player in pharmaceutical manufacturing with 30-

40 percent lower cost in manufacturing formulations than E29 manufacturing hubs. The sector holds potential to achieve a turnover of US\$ 55 billion by 2020.

Industries:

- Active Pharmaceutical Ingredient (API)
- Contract Research & Manufacturing Services (CRAMS)
- Medical equipment and technology

India's Strengths:

- Indian market is 3rd largest in terms of volume, 13th largest in terms of value
- Largest supplier of generic medicines: 50% of global demand
- 4th largest medical devices market in Asia
- 3,000 + Pharma companies with over 10,500 manufacturing facilities
- ~55% of India's exports are to highly regulated markets like Europe, underlining India's product quality
- Low cost of production coupled with low R&D costs
- Large medical and medical-related talent pool, Innovative scientific manpower with excellent centres for clinical trials
- 5478 regulatory accreditations in Europe
- Highest number of USFDA approved Units

Business Opportunities for E29 companies in India

- US \$280 billion healthcare market by 2020. US \$ 200 billion on Healthcare Infrastructure
- Contract manufacturing and research services (CRAMS): leverage India's large patient population, wide genetic pool and cost-quality proposition (potential savings of ~30 – 40% compared to EU)
- Explore API production in India (currently, imported from China)
- Medical equipment: US \$ 8 billion opportunity for E29: India imports nearly 80% of its requirement.
- Bio-tech and bio-services sector: clinical trials, contract research, and manufacturing activities - Collaboration

Business Opportunities for India in E29

- India supplies 50% of the world's demand for generic medicines
- Indian drug prices are several times lower than western counterparts
- The market in these countries is expanding owing to aging populations and pressure on the health delivery systems. The gap can be filled by Indian companies.

Renewable Energy

In recent years, India has been leading a clean energy transformation and aims to have 175,000 MW of installed renewable energy capacity by 2022. The country has already installed just 55% of target renewable energy capacity in 2018–2019.¹ The renewable energy sector would cover Wind, Solar, Biomass, Hydropower and Geothermal. 60 Solar Cities have been announced, 50 Solar Parks (40 GW) announced. 100% FDI is allowed in Renewables sector

India's Strengths

- Doubled Renewable Energy Capacity in last 4 years
- 5th Largest Installed Renewable Energy Capacity in the World
- 4th Largest Installed Wind Capacity in the World
- 6th Largest Installed Solar Power Capacity in the World

Business Opportunities for E29 companies

Target by 2022: 175 GW: Current Capacity: ~ 75 GW

- Potential for new Manufacturing Technology beyond Photovoltaic for solar

- Potential for new Technology for low wind velocity
- India also needs: Grid Balancing Architecture; Storage Technology (National Energy Storage Mission developed)
- 30 GW of offshore Wind been planned in Coastal States – Tamil Nadu & Gujarat
- Investment Potential: 392 Projects worth US \$ 25.3 billion (Invest India)

1 <https://cleantechnica.com/2019/05/17/india-installs-just-55-of-target-renewable-energy-capacity-in-2018-19/>

Smart Cities, including urban transportation

Smart City is an urban development vision to integrate multiple information and communication technology (ICT) solutions to manage a city's assets. The overarching aim of a smart city is to enhance the quality of living for its citizens through smart technology. The Indian Government's Smart Cities Mission includes the following aspects:

- 100 cities identified
- Govt Budget: US\$ 30 billion
- 402 Projects commissioned worth US\$ 60 + billion
- France, Germany, Japan, US, UK, Spain, Israel, Sweden & Singapore are already Partners

Opportunities for E29 companies:

- *Healthcare*: Mobile health centres, teleclinics, imaging diagnostics and many more.
- *Power*: Smart meters, green buildings, auto adjustment of street lighting to improve security and save energy
- *Sanitation, including solid waste management*: Areas with high population of homeless individuals equipped with sensors to trigger sanitation, mobile showers and emergency services; monitored timely pickup of garbage and drop off at collection centres, Waste to energy & fuel, Waste water treatment, Recycling & reduction of waste.
- *Surveillance*: Securing High-crime streets through non-facial recognition technology that detects early warning signs of dangerous behavior or illegal activity, video crime monitoring
- *Urban mobility and public transport*: Mobile ticketing in bus and trains, smart parking service, arrival information of the next bus via SMS or USSD and get feedback via SMS intelligent traffic management, Integrated multi-modal transport
- *Water*: Continuous monitoring of access and quality of water information; last mile connectivity, Smart meters, leakage identification & prevention.

Various other industries related to Affordable housing, especially for the poor, city apps, e-Governance and citizen participation and many more.

III. PROGRAMME

Components

- Sectoral Roundtables
- Partner Country Sessions
- States' Participation
- Exposition/Interactive Tech Space
- B2B Meetings
- Start-up Connect/Hackathon
- Cultural and Dinner

Draft Programme Outline

DAY 1	1100 hours	Inaugural Session with European and Indian Heads of State/Government	B2B / B2G Meetings	Hackathon
	1200 hours	Inauguration of the Exposition		
	1330 hours	Partner Country Session (lunch hosted by Partner Country) (3 Partner countries expected)		
	1500 hours	Roundtables on <ul style="list-style-type: none"> • Artificial Intelligence • IT & ITES • Smart Cities • Renewable Energy • Pharmaceuticals 		
	1900 hours	Cultural and Dinner (hosted by a State)		
DAY 2	1000 hours	Thematic sessions/ roundtables continue	B2B / B2G Meetings	
	1200 hours	Valedictory Session, including Hackathon result and award		
	1300 hours	Lunch hosted by a Partner Country/State		
	1700 hours	Forum ends		

IV. PARTNERSHIP OPPORTUNITIES

Partner Country Proposal

Offer to the Partner Country

- Speaking & presentation slots for members of the Partner Country delegation at different sessions of the conference, to a maximum of 2 and for Ministerial/CEO level only.
- Free participation of select senior invitees (max. 15) in the conference sessions and in pre-slotted B2B & B2G meetings.
- Free participation (total up to 25 sq.m. built-up space) at the exhibition.
- Visibility of the Partner Country in all the Forum collaterals
- Access to a special Partner Country Lounge
- Option to hold a Partner Country focus session
- One media engagement to be organized for the head of the delegation of the Partner Country
- Assistance with official meetings at the highest levels for the Leader of the delegation.

Expectations from the Partner Country

- Prime Minister / President of Partner Country to lead a high-level and large official and business delegation (min. 25 members) to participate at the Forum.
- Prime Minister / President of Partner Country will be the Guest of Honor and will deliver a Keynote address at the Inaugural Session and inaugurate the Exhibition, together with the Indian counterpart.
- Provide inputs and suggestions on focus sectors of the Forum.
- Provide financial support of INR 10,00,000 for partially bearing the expenses for organizing the Forum. ~15 000 €

Partner State Proposal

Offer to the Partner State

- Speaking slots for members of the Partner State delegation at different sessions of the conference, to a maximum of 2 and for Ministerial/CEO level only.
- Free participation (total up to 12 sq.m. built-up space) at the exhibition.
- Visibility of the Partner States in all the Forum collaterals
- Access to a special Partner Lounge
- Option to hold a Partner State focus session on the opportunities in the State in the identified sectors
- Assistance with official meetings for the Leader of the delegation.

Expectations from the Partner State

- Delegation to be led by CM or Senior Cabinet Minister

- Ensure industry participation from State from the identified sectors
- Contribute INR 10,00,000 towards the Forum as a Partner State
- Share information on specific projects where foreign partners are sought
- Possibility of taking some of the delegates to the State to showcase the potential of the State before or after the Forum

Deliverables to Partner Country and Partner State

- Planning, designing and execution of the whole event and complete event management
- Finalization of program and speakers; exhibition and exhibitors; branding, designing, printing and set-up
- Mobilizing the government and industry counterparts for meaningful discussions and interactions
- On-line registration of delegates
- Setting-up and running the online B2B portal

V. KEY OUTCOMES

- Focus on tangible outcomes in terms of building new business partnerships by emphasizing on specific projects in both India and the E29.
- Bring together various stakeholders to facilitate dialogue.
- Chart out a roadmap for increased trade and investment by focusing on certain sectors, capitalizing on opportunities in those sectors and removing bottlenecks.
- Create a higher level of awareness of the business climate and incentives provided by each country.
