



An Overview

Irish - Indo Entrepreneurship

By



An Enterprise of JVD Group

Index

Sr. No	Contents	Pg. No.
1	Ireland & India... Strategic Business Alignment	3
2	Ireland & India... Basic Facts at a Glance	4
3	Ireland & India... The Present Business Ties	5
4	Ireland & India... Existing Companies	6
5	Ireland & India... Business Destination Concerns for SME	7
6	Ireland & India... The Most Problematic Factor for Doing Business	9
7	Ireland... Existing Irish Joint Venture with Indian Partner	10
8	India... Value Addition at a Glance	11
9	The Indian Path... Departments / Authorities Involved	12
10	Ireland Europe India... Success Story	13
11	Notes	15

Ireland & **India** ... **Strategic Business Alignment**

Ireland is a small, open, trade-dependent economy. It constitutes around 1.8% of the overall output in the Euro Area. Its openness is reflected in the high levels of foreign direct investment - over €171 billion, mainly from the USA, and its high level of external trade - high ratio of exports (57%) and imports (34%) to GDP. The Irish economy has been transformed from being agrarian and traditional manufacturing based to one increasingly based on hi-tech and internationally traded services sectors as a result of the operations of the MNCs.

India on the other hand is a diverse developing economy encompassing traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services. Services are the major source of economic growth, accounting for more than half of India's output with less than one quarter of its labor force. The economy has posted an average growth rate of more than 7% in the decade since 1996, reducing poverty by about 10 percentage points. India achieved 8.5% GDP growth in 2006, significantly expanding manufacturing. India is capitalizing on its large numbers of well-educated people skilled in the English language to become a major exporter of software services and software workers.

Ireland and India have many striking similarities despite varying political ethos and culture. To start with Ireland, it is a country striving toward a knowledge-based economy based on information communication technology in a highly globalized context. In terms of sustainability for economic growth and development, Ireland like India recognizes the critical role of their local enterprises and indigenous industry in general and entrepreneurship in innovative and creative activities, in particular. Ireland, as developmental state, have favorable government intervention including the all-important aspect in human resources development and entrepreneurship education and training at the university level in pursuit of sustainable growth. Faced with a more competitive and highly volatile global economy, India and Ireland may learn lessons from each other and share experiences with other economies in their respective regions on entrepreneurship or enterprise development.

Ireland & India ... Basic Facts at a Glance

Ireland

- Ireland is currently the fastest growing economy in the European Union.
- The telecoms market has now been fully deregulated and other traditionally state monopolies are being privatized.
- The corporate taxes are amongst the lowest in Europe.
- Ireland is now the second largest exporter of computer software in the world.
- Ireland is now the European headquarters and/or principal manufacturing base for many of the leading US computer corporations including Apple, Microsoft, Intel, Dell, and Gateway to name but a few.
- Ireland is a leading producer of pharmaceuticals and indeed Viagra is made there.
- Ireland now has one of the fastest expanding financial services centers in Europe.
- Private enterprise was actively encouraged through a series of tax breaks.
- The excesses of the trade unions were curbed and wage inflation brought under control through a series of national agreements. That boosted confidence and overall inflation started to be tamed.

India

- Indian middle class is 300 million strong.
- Personal consumption makes up 67% of GDP in India, much higher than China (42%) or any other Asian country.
- India offers a 14 billion USD luxury goods market.
- India has a real and deep private sector, a clean well-regulated financial system and a sturdy rule of law
- Against just 3 shopping malls in 2001, India had 100 in 2005 and will have 345 by 2007.
- Over 54% of Indians are less than 25 years old making India one of the youngest countries in the world.
- Over 2 million students graduate from India's universities every year out of which 350,000 are engineers.
- India's GDP is expected to grow at around 8% this fiscal.
- Over the last 15 years, India has been the second fastest growing country in the world after China, averaging above 6% growth per year.
- By 2040, India will be the world's third largest economy. By 2050, it will be five times that of Japan.
- India is set to become one of the largest markets in the world for mobile handsets.
- India is the world's 2nd largest producer of fruits and vegetables.
- India is among the top 5 producers in the world for food grains, pulses, poultry and first in milk.

Ireland & **India** ... **The Present Business Ties**

India and Ireland had economic ties of a long time but it is only recently with the setting up of various companies and signing of trade agreements that business between both the countries have gathered momentum.

In fact, Indian companies were the second biggest business investors in Ireland, after the US during 2005-06. First Source, part of ICICI Bank, Polaris Software Lab, and HCL-BPO pledged investments of almost £30 million in Northern Ireland to create over 1,000 new jobs. The major items of Indian export to Ireland and Irish export to India are as follows... Major items of Indian exports to Ireland include garments and clothing accessories, Textile yarn and medical and pharmaceutical products;

Major Irish exports include telecommunications and sound equipment, automatic data processing machines and miscellaneous manufactured goods.

Ireland & India ... Existing Companies

Irish companies in India

- CR2 and O'Briens Irish Sandwich Bars.
- Kindle Banking (Software) Systems (now name changed to International Financial Systems Pvt. Ltd.)
- IONA Technologies had also set up their business in India for outsourcing their requirements from some Indian companies.
- Tullow Oil PLC, who has been active in Indian oil exploration since 1998, had obtained three licenses in the onshore and offshore.
- The Independent group of Newspapers & Media in Ireland has recently acquired a 26% share in the 'Dainik Jagran' newspaper.
- Banking components software developer Eontec was one of the pioneers. It set up a parallel development centre back in the mid-1990s.
- PMI Software and Datalex, have subcontracted development work to Indian partners.
- Dublin-based Pace Software is another broker of linkages between the Irish and Indian software sectors.
- Recently McNamara International - With over 70 years experience in the construction industry now eyes on India with Power & Port project.

Indian companies in Ireland

- Ranbaxy Pharmaceuticals.
- Tata Consultancy Services.
- Perot Systems International (USA), which formerly had set up a joint venture with HCL India, maintain a subsidiary with a 70 (Indian) person unit in Ireland for providing IT services.
- TELCO launched two models of its commercial vehicles to Ireland in association with MG Rover of UK.
- ICICI OneSource has just become the first Indian company to set up a Greenfield operation in Belfast, with one in Londonderry to follow soon.
- HCL-BPO operates the biggest independent customer contact centre in Ireland, employing over 2,000 people at operations in Belfast and Armagh, while FirstSource has recruited over 700 of the 1,000 people it intends to hire.
- FirstSource operates two customer contact centres in Belfast and Londonderry.
- Polaris

Opportunities further exists for the Indian Companies to take advantage of the significant increase in demand for services across a wide range of sectors including business consultancy, senior homecare, childcare and home maintenance just to mention a few.

The Shannon Free Trade Zone, established in 1947 and located at the Shannon International Airport, is the world's oldest operating free zone. This facility provides an attractive international distribution and warehouse center serving Western Europe because it provides the unique combination of a custom-free industrial zone and direct access to air and surface transport to the United Kingdom and other European markets.

Ireland - India ... Business Destination Concerns for SME

Here we are going to understand what an Irish company knows and what they have to learn / know before entering in to India. Based on a Global Competitiveness Report by World Economic Forum in 2006, here we have tried our best to analyze the business scenario & position in India as compared with Ireland considering the fact of Small & Medium entrepreneur and exports in mind who can understand the ground level reality more efficiently and with practical approach. The variation between the two will be more logical if mentioned in terms of standard deviation but for the purpose of convenience and faster reference as an initial opinion we have used in Percentage (%) terms.

The below mentioned analysis is based on Global Competitiveness Report 2006 by World Economic Forum. Scale 1 to 7 (Towards 1 = weak / unfavorable / uncommon / inefficient / unsophisticated / limited & Towards 7 = strong / favorable / common / efficient / sophisticated / unlimited)

Following Parameters where Ireland has Advantage					
Description	Ireland	1st Rank	India	World Mean	% Difference Ireland - India
Soundness of Banks	6.8	6.8	5.6	5.4	21%
Impact of Rule on FDI	6.6	6.6	5.6	5.0	18%
FDI & Technology Transfer	6.4	6.4	5.1	4.7	25%
Business Cost of Corruption	6.2	6.8	4.3	4.4	44%
Judicial Independence	6.1	6.3	5.3	3.8	15%
Irregular Payment in Exports & Imports	6.1	6.7	4.1	4.7	49%
Efficiency of Legal Framework	5.6	6.3	4.7	3.8	19%
Venture Capital Availability	5.3	5.9	4.2	3.3	26%
Co-operation of Employee-Employer Relationship	5.2	6.3	4.6	4.5	13%
Ease of Access to Loan	5.0	5.4	4.1	3.3	22%

Major concern for Irish business community targeting India would be Business Cost of Corruption, Irregular Payment in Exports & Imports where India has very poor ranking on global scale and Irish business community would not have the relevant experience in their country.

In this regard we would like to suggest appoint an agency or a person or consultant or advisor who has very strong hold in India as Liaison & regulatory co-ordinator for you to avoid above mentioned hurdles a Foreign Direct Investment Consultant or agency having strong local business knowledge & execution finesse would be valuable resource for the whole business community.

Ideal they would be a part of your extended team for liasioning, regulatory co-ordination and market entry strategy in India.

Following Parameters where Ireland & India has almost equal advantage (Where variation is not more than ±5%)		
Description	Ireland	India
Recession Expected	6.1	6.4
Firm Level Technology Absorption	5.7	5.5
Local Supplier Quality	5.6	5.3
Prevalence of Foreign Technology Licensing	5.5	5.5
Buyer Sophistication	5.4	5.2
Extent of Marketing	5.4	5.3
Quality of Scientific Institute	5.0	5.1

Irish company can understand and estimate them self how to organize & target India for better perspective in future because Ireland and India is almost at par on Recession expectation, Firm level Technology, Local Supplier Quality, Buyer sophistication and Extent of Marketing.

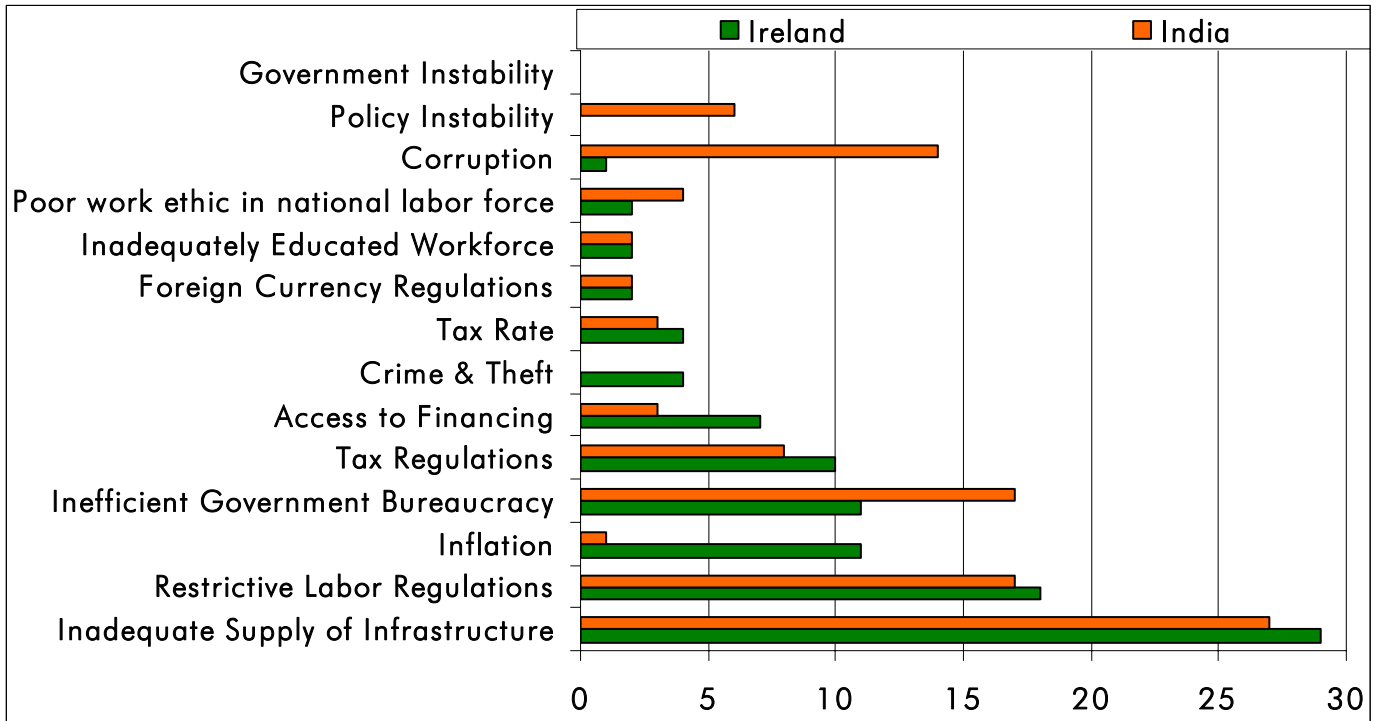
Following Parameters where India offers better option					
Description	India	1st Rank	Ireland	World Mean	% Difference Ireland - India
Equity Market Access	6.5	6.6	5.9	4.7	10%
Access to Credit	6.1	6.1	5.7	4.5	7%
Availability of Scientists & Engineers	6.4	6.4	5.4	4.5	19%
Intensity of Local Competition	5.8	6.3	5.1	4.7	14%
Railroad Infrastructure Development	4.2	6.7	2.8	3.0	50%

India may be better country if any company is having future vision of sourcing fund from equity market followed by better credit accessibility. India can be dream land for the high tech, Research Development or the sector need scientific & engineering back ground because India is having the largest pool of Scientist & Engineers.

Other Concerns		
Description	Ireland	India
No of Procedures required to start a business – Days	4	11
Time Required to Start a Business - Days	24	89

Apart from the above mentioned area of concerns here we would like to make aware of two major points related to business. Time require to start a business in India can be reduced by another 25% by appointing an efficient consultant or advisor who has better accessibility & experience with the regulatory authorities.

Ireland & India ... The Most Problematic Factors for Doing Business



Note: From the list of 14 factors, respondent were asked to select the five most problematic for doing business in their country. The bars in the figure show the responses weighted according to their ranking. (World Economic Forum – Executive Opinion Survey)

The foreign investment & project consultant you appoint, would have to possess...

1. A “Hands – on” knowledge of the India Economy.
2. Proximity to industries & financial hubs.
3. Management profiles & their partner network
4. Existing business relationships
5. Being Proactive, Accessible and Responsive are imperatives.

Ireland ... Existing Irish Joint Venture with India Partner

- ✓ CG-PPI Adhesives
- ✓ Iona Software
- ✓ Ennis-based XL Technology Services, which sources development services in India for western firms, is launching a joint venture with Softex of Trivandrum.
- ✓ SoftEXL Technology Services, will offer offshore development services to companies in the US and Europe from its base in Trivandrum's technology park.
- ✓ Tullow India
- ✓ Foran Chemicals
- ✓ Crompton Greaves also has a partnership with an Irish firm, PPI Adhesive Products in Waterford, called CG-PPI Adhesive Products.
- ✓ Biocon, an Indian biotechnology firm, whose Bangalore headquarters has had a partnership with Biocon Ireland in Cork since 1978.

Ireland ... The European Gateway for Indian

Why Indian companies should adopt the strategy for entering the European market through Ireland:

- ✓ A well-developed franchising sector
- ✓ Flexible workforce
- ✓ Plentiful supply of potential partners,
- ✓ Sharing the English language as good reasons to focus their resources on entering the Irish market before setting their sights on larger European neighbors.
- ✓ Ireland's tax regime and incentives to business are considered by some to be the most cost-effective in the world
- ✓ Ireland has the competitive advantage of being a member of the EU,
- ✓ The business interests in Europe may well be best served by the Irish partners who possess knowledge of EU directives, regulations, and distribution channels that will allow them to quickly expand their business throughout the broader EU marketplace
- ✓ Ireland also provides the advantage of its warehousing and free trade zones to expand into the markets in Europe.
- ✓ Ireland is a small open economy and as a result the introduction of products and services into the Irish market is relatively easy,
- ✓ Standard international marketing and distribution practices are widely utilized in the Irish market,
- ✓ E-commerce practices are being adopted by the Irish government and in the business community,
- ✓ Indian companies may see Ireland as a gateway to opportunities in the UK, as a natural location for distribution throughout the EU, or as a logical springboard for sales across Europe,
- ✓ Indian companies may further look for strategic Irish partners for contract manufacturing, joint ventures, transfers of technology, licensing, and logistics and value-added service agreements.

India ... **Value Addition at a Glance**

- ✓ India, whose huge population includes a significant urban minority with growing disposable incomes, also represents an attractive market for the Irish business community
- ✓ India is one of the world's top 10 largest economies, and the third biggest in Asia. Not only does the common colonial history of India and Ireland mean that India is an easier market in which to do business but the combination of its growth, population and human capital makes it an exciting trading prospect for Irish businesses.
- ✓ Availing of labour and the lower cost environments in India can help companies in Ireland to remain competitive with well-educated and skilled workforces, India offers promising opportunities for Irish enterprises seeking to maintain competitiveness by outsourcing or moving selected business processes offshore.
- ✓ Enterprises in Ireland can also benefit from the increased choice offered by suppliers in Eastern Europe and Asia, particularly India, who may be able to offer cheaper raw materials, supplies or sub-assemblies.
- ✓ From a foreign direct investment perspective, there are opportunities for Ireland to position itself as a European headquarters or sales management and marketing base for the growing number of multinational companies emerging from India.
- ✓ There are two main, distinct advantages why the Irish companies should invest in India - To access one of the biggest markets in the world which has the sustainable growth potential and to cut costs and gain access to key inputs. The interesting analysis of the strategies of Irish overseas investors comes from a survey of Irish chief executives carried out by corporate finance adviser's cfm Capital. The survey evidence suggests - Most Irish outward direct investment flows are aimed at market expansion rather than cost reduction and In contrast, the most important reason for making an overseas acquisition cited by Irish CEOs was to increase earnings. In addition, increasing market share and entry to foreign markets are also been cited as the predominant reasons.
- ✓ The dominance of market access and revenue considerations behind overseas acquisitions by Irish companies may suggest that Irish outward FDI is mainly of the horizontal type, i.e. firms invest abroad in order to penetrate new markets and expand horizontally. Lowering the cost base by creating a cross-border, vertically integrated, production chain appears to be a secondary, although still significant, reason for Irish companies to invest abroad.
- ✓ India is rapidly becoming a major location for back-office activities and, while most of the business process services in India are currently at the lower end of the market, it is also attracting higher value projects. For example, the IBM India Research Laboratory carries out research in eCommerce, supply chain management, media mining, web-services and other hosting services.

The Indian Path ... Departments / Authorities Involved

Sr. No	Subject Matter	Concerned Department	Website
1	Industrial Entrepreneur Memorandum for delicensed industries	Department of Industrial Policy and Promotion	http://dipp.gov.in
2	Approval for Industrial License / carry-on-business License	Department of Industrial Policy and Promotion	http://dipp.gov.in
3	Approval for Technology Transfer: (i) Automatic route (ii) Government approval (PAB)	Reserve Bank of India Department of Industrial Policy & Promotion	http://www.rbi.org.in http://dipp.gov.in
4	Approval for Financial Collaboration: (i) Automatic route (ii) Government approval (FIPB)	Reserve Bank of India Department of Economic Affairs	http://www.rbi.org.in http://finmin.nic.in
5	Approval for Industrial Park (i) Automatic route (ii) Non-Automatic route (Empowered Committee)	Department of Industrial Policy & Promotion	http://dipp.gov.in
6	Registration as a company & certificate of commencement of business	Ministry of Company Affairs (Registrar of Companies)	http://mca.gov.in
7	Matters relating to FDI policy and its promotion and facilitation	Department of Industrial	http://www.dipp.gov.in
8	Matters relating to Foreign Exchange	Reserve Bank of India	http://www.rbi.org.in
9	Matters relating to Taxation	Department of Revenue	http://finmin.nic.in
10	Matters relating to Direct Taxation	Central Board of Direct Taxes	http://incometaxindia.gov.in
11	Matters relating to Excise & Customs	Central Board of Excise & Custom	http://www.cbec.gov.in
12	Matters relating to Industrial Relations	Ministry of Labour	http://labour.nic.in
13	Import of Goods	Directorate General of Foreign Trade	http://dgft.delhi.nic.in
14	Matters relating to Environment & Forest clearance	Ministry of Environment and Forests	http://envfor.nic.in

Ireland **Europe** **India** ... **Success Story****1. Biocon**

India is an example of a successful collaborative private-sector venture from its inception. It was set up in 1978, in collaboration with Biocon Biochemicals of Ireland, to produce papain (a plant enzyme) and isinglass (a natural hydrocolloid from fish). India possessed these critical raw materials, used in brewing industries worldwide, while the Irish partner had a requirement for them, and initially provided capital funds for the venture. Because of restrictive Indian government regulations, Biocon Ireland's stake was limited to only 30 per cent in the venture, but the Indian partner offered other interesting advantages: a 10 per cent subsidy on high-tech investment provided by the Indian Government, substantial credit provided by public financial institutions, and a location advantage, namely Bangalore - a cosmopolitan city where several scientific research institutions and a good pool of trained personnel were readily available.

As its contribution, Biocon India had to develop the production processes to manufacture these products. The Irish partner, on the other hand, had a market for the products. Also, it provided the initial expertise in marketing and technical support to help Biocon India market industrial enzymes which it bought from Biocon Ireland. Today Biocon India has graduated beyond making papain and isinglass, replacing enzymes bought by the Biocon Group with in-house production. It has become a base producer of industrial enzymes, pharmaceuticals and natural colours - almost all the products being an outcome of its own research and development - and has generated sales of approximately \$150 million in FY 2005-06 with employee strength of over 1200.

In 1989, Biocon Ireland was acquired by Quest International, a subsidiary of Unilever, Holland. This launched Biocon India's second partnership and growth phase. Quest recognized Biocon India as a quality resource for cost-effective microbial research and initiated several joint research projects. Being a large transnational corporation, Quest imposed more formal agreements and bureaucratic procedures, but brought knowledge of international quality standards and access to substantial databases, and thus a high level of connectivity was achieved. This allowed Biocon India to continue to advance further in the field of biotechnology research. The resource person pointed out that inter-firm cooperation had allowed Biocon India to improve its quality control, and that this was not an easy skill to develop.

2. Volvo India

Established in Sweden in 1927, Volvo has today become a truly global company, with operations in over 20 countries, and nearly 90 per cent of its revenue coming from international operations. Volvo India Private Limited was established in 1998 as a fully-owned subsidiary of Volvo, Sweden. Set up with an investment of about US\$ 70 million, the plant today operates at 1000 units capacity in a one-shift operation. Increasing the number of shifts can further enhance this capacity.

Volvo mainly produces heavy duty trucks that are over 16 tons. At present, the company sales its trucks in over 130 countries. Volvo has been doing business in India for quite some time. The first Volvo truck was produced in the company's Bangalore plant and went out for sales in 1998. In 2001, the company introduced its first bus model in India, Volvo B7R, thus moving closer to becoming a complete transportation solutions provider. In the last 5 years Volvo in India has introduced 4 new truck model platforms, a range of construction equipment and engines and recently upgraded the Volvo B7R bus.

Steady Growth:

Given the niche market it operates in, Volvo's volumes, as expected, have been low. But the company has been able to grow steadily in terms of sales turnover. Volvo is gradually becoming a stronger player in the Indian market. Last year, Volvo sold 600 trucks and 400 buses in India. The company's plant is situated in India.

Factors for success:

Volvo's slow and steady growth in India has been due to a combination of factors - a clear strategy that was meticulously executed, focus on customer training and education, a range of top of the line HCVs that aim at offering customers greater productivity levels and transport economy.

Customers, who had the loads in contract, find that with Volvo, they can do much more production, with far fewer trucks and operating costs. Since the time Volvo entered India, the fuel costs have escalated steeply. This has helped favour these fuel-efficient products (by concept & technology) in offering greater opportunities in improving the transport economy. The Indian government's focus on highways development can help make prospects even better and most importantly expand the niche segments that Volvo operates in today.

Government's Highway Projects:

Golden quadrilateral and the North-South and East-West corridors will aid Volvo's strategy to become even more effective. As road and port infrastructure improve, road transportation in India is expected to evolve into a hub-and-spoke model, where goods transport in bulk will take place between hubs. In this case, demand for higher capacity trucks and buses will go up, and Volvo will be one of the prime beneficiaries.

Leveraging India as a global source for components:

"Swedish commercial vehicle maker Volvo plans to increase the sourcing of components from India by 40 per cent this year. The company sourced components worth 70 million from India in the last calendar year. According to Mr. Eric Leblanc, Managing Director, Volvo India, the company was considering several new components that the company could start sourcing from India in the current year."

The Volvo Group is actively pursuing opportunities to outsource component supplies for its plants around the world. According to Ulf Nordquist, MD of Volvo India, "We have already set up a dedicated source for outsourcing forged components, cast parts and sheet metal segments for trucks. Some of the companies have already upgraded their facilities to meet our stringent requirements".

Leveraging India as a global source for software:

Apart from component exports, Volvo also sources software from India. Software development work from its IT division in India for its parent company and subsidiaries across the globe, in areas of transport solutions, maintenance and engineering. Revenues from IT outsourcing are expected to be over \$ 10 million in FY 2010.

Vision Volvo:

- The company has recently introduced select models from its FM range of trucks that were globally launched last year. It plans to maintain a dominant market share in the high-performing tractor-trailer market in India.
- Volvo proposes to take important steps in the next three years to expand its workshop and dealer networks, integrating Indian component vendors and also to export trucks and buses in the SAARC region and other select markets.
- The company has plans to take each of its business units: trucks, buses, construction equipment, engines, IT outsourcing and global sourcing on their logical growth path.
- Encouraged by the fast-paced construction on the North-South / East-West corridor and the Golden Quadrilateral, the company expects volumes to grow significantly in the next five to seven years.
- The next few years will also witness an increasing proportion of export volumes in the sales of its trucks and buses.

Swedish manufacturer Volvo is planning to launch two premium cars in India by the end of the first quarter of 2007. The first is a SUV (sports utility vehicle), the XC90 while the other is a luxury sedan, the S80. The cars are likely to be priced in the range of Rs 35 lakh (\$ 80,000) to Rs 1 crore (\$ 225,000) depending on configuration and trim levels. Both are extremely capable machines with an exclusive Swedish design and identity.

Volvo was awarded the 'Commercial Vehicle Manufacturer of the Year' 2007 award by Auto Monitor Magazine, during the third edition of the magazine's annual Awards Ceremony, held recently in New Delhi.

