

Indian Investment in the UK Rises 30%

Indian Investment in the UK Rises 30%, The UK Emerges as Europe's No. 1 Destination for Indian Businesses

Investment from Indian businesses into the UK jumped nearly 30 percent during the 2004-5 fiscal year, reaching a record level, said Mark Dolan, Deputy Director, Inward Investment, UK Trade & Investment on the release of the 2004-5 investment review report.

The rise demonstrates the UK's position as the leading investment location in Europe for businesses from India, one of the world's fastest growing economies. The UK is experiencing strong interest from Indian investors because there is a growing awareness of the UK as an ideal place for dynamic Indian businesses to grasp new opportunities, technologies and markets in an open and cost-effective environment. Globalisation and recognition of the UK as an ideal high-technology location for dynamic companies is driving Indian investments.

As the Indian economy continues to grow we have been able to attract investments from across a broad range of sectors - while ICT remains strong we have also had significant wins in food and beverages, pharmaceuticals and engineering segments," said Mr Dolan.

Commenting on the flow of Indian companies involved in off-shoring to the UK, Mr Dolan further added: "This is an important development for the growth of the industry in India. It demonstrates the strategic vision of Indian companies to provide a deeper and more sophisticated level of service and range of expertise for their international customers so that they can move up the value ladder. Certainly Indian companies are searching for excellence and discovering it in the UK. Everyone wins from this type of growth and investment.

As per the investment review report, Indian companies invested in 36 new projects into the UK in the year 2004-05, up from 28 the previous year. This is nearly a 30 per cent increase and the highest ever Indian investment inflow into the UK. Investments from India have been rising over the past five years, up from 21 in 2000-1.

A S Lakshminarayanan, Vice President and Country Manager, UK & Ireland, Tata Consultancy Services Limited said. The UK is a major market for TCS and we have found the UK a welcoming place to come and do business. Government policies towards it and outsourcing solutions are very positive. Its various agencies have also proved supportive and facilitated the procedures that led us to locate in the UK and continue to invest here.

In 2004-5, 1066 foreign companies from around the world have chosen to invest in the UK. This is a 31 percent increase from the previous year. The investment rate is significantly higher than in recent years, exceeding the last peak of 2000-1. The UK also welcomed around 300 expansion projects, more than ever before.

The UK's success in attracting foreign investment highlights its status as the best place in Europe for starting a business. Our strong, stable economy and our commitment to free trade play an essential part. Our massive investment in the science base makes the UK an ideal place to conduct research and development, said Alan Johnson, Secretary of State for Trade and Industry, and Jack Straw, Secretary of State for Foreign and Commonwealth Affairs in a joint statement.

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Significant projects from India include:

Avestha Gengraine Technologies Pvt. Ltd., (Avesthagen), based in Bangalore, is India's leading healthcare technology group focusing on the application of biotechnology in the areas of food and pharmaceuticals. Having expanded its presence worldwide it established its main European office in Cambridge, making it the first Indian biotech company in the UK

Ceramed Engineers Pvt. Ltd., based in Bangalore, is one of the leading names in the field of metal finishing in India. In 2003 it acquired ownership of the British company, Acton Finishing Limited and is now helping to introduce the new technology of centrifugal finishing through rapid expansion.

In 2001, HCL Technologies BPO Services, based in New Delhi, is one of India's leading global IT services and product engineering companies decided to tap into the European market by acquiring a 90% stake in BT's award winning Apollo contact centre in Belfast, Northern Ireland. The UK operation of HCL, accounted for more than 25% of its revenues in fiscal year 2003/2004.

Indo-European Foods Ltd, a subsidiary of Satnam Overseas, based in Delhi, manufacturers of a number of Indian foods but predominantly focuses on rice. Since 2000, Indo-European Foods Ltd has had a sales & marketing warehouse operation in Park Royal, London. In order to avoid the import duty on milled rice, in 2003 Indo-European decided to import un-milled rice from India and mill it in the UK. In May 2004 they selected a vacated warehouse in Langer Road, Felixstowe to install the rice milling facility. Satnam also plans to invest about \$10 million, which includes entry into the ready-to-eat product market.

Softspin UK Ltd., based in Mumbai, provides cost effective and efficient "Outsourcing to Offshore" solutions and services to global SME companies in the UK and EU in the areas of Software QA Testing Solutions & Consulting; Software Development for Mobile Computing & Hand Held Devices; Software based Engineering Services & Consulting was keen to expand its business in the European market and with initial market research data provided by then Invest UK was useful to decide entry strategy. In the 1st year of operation (July 2003_04), Softspin UK has successfully achieved its business goals even during challenging market conditions.

Arch Pharma Labs UK Limited, based in Mumbai, focuses on exports of Pharma products. It has anticipated that UK would be the gateway for ARCH to develop our pharma initiative in Europe. Moreover, similarity of legalities and language did help ARCH to zero in on UK as the best option in Europe. The company benefited from having a European presence with an Indian backend. As far as the UK economy is concerned, the company have seen successful turnaround situations and have turned around 3 troubled assets in India

Descon (UK) Ltd, based in Kolkata, was pleased with the outcome of their contact with the UKTI network that have added value to their investment decision process and to start up business functions in the UK.

The UK's scientific and technological know-how are proving a strong pull factor for investments particularly from the Asia-Pacific. Its science budget will be more than doubled in real terms to US\$6.6 billion by 2007/8 with the Government introducing a number of schemes to improve entrepreneurship in the science sector and incentives encouraging universities to transfer advanced knowledge to the economy.