

### Davos 2009

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### My fourth Davos - What has changed and what hasn't

It's true, I'm becoming a veteran participant of the events that are organized or co-organized by the Confederation of Indian Industry (CII) and the India Brand Equity Foundation (IBEF), as well as the private receptions and parties that take place alongside the World Economic Forum. So I'll allow myself to make an assessment based on the trends observed in recent years and in particular on the much-reported so-called contrast between 2008 and 2009. True, the "gloomiest Davos in years" made headlines the world over, but quite frankly the downbeat didn't carry over to the events I witnessed. The mood among the Indian participants wasn't exactly one of outright euphoria, but rather of guarded, balanced and objective optimism for "Shaping the Post Crisis World", the theme of this year's World Economic Forum.

CEOs quizzed Indian policymakers on Satyam, exchanged notes on the impact of the global economic downturn summed up by a report released by PricewaterhouseCoopers, while the consulting firm's global CEO winged his way to India to assess the fallout from the IT firm's case on its operations in the country. The head of the Indian delegation, commerce & industry minister Sri Kamal Nath, said the India story was far more broad-based than evident from the Satyam affair. He recalled the performance of the economy over the past decade to point out the huge investments from the US and Europe. Parrying questions on the Satyam scam, Nath said investors were not looking at the episode as a red flag. He said some 60% of Fortune 500 companies are invested in India due to the confidence they have in the country. The minister insisted that India would not be hit as badly as other nations by the financial crisis. To a question concerning FIIs pulling out USD 13.5 billion from Indian stocks in 2008, Nath said it was "not because of India's fundamentals nor because India was no longer attractive". "(The pullout) is a tribute to the Indian financial governance sector that when they needed cash, the best way they could raise that cash was by selling Indian securities, not with a hit, but with a profit," he said. Nath said the UPA government would, in the next couple of months, kick-start a USD 4-billion stimulus package for the infrastructure sector.

Mr Nath added that global manufacturing majors can benefit from Indian markets which offer competitive resources by setting up production facilities in India. "The financial situation has eased somewhat and liquidity is accessible in the domestic market, he added. "India is still a low-cost high-quality competitive manufacturing environment. It may be more cost-effective to set up production facilities there". According to the minister, India's recovery from the impact of global turmoil would be much faster as compared to the rest of the world. For example, the November 2008 figure for industrial growth was positive at 2.4 per cent despite the decline in October, Nath said. He added that India's economic growth would be in the range of 7 to 8 per cent in the 2008- March end 09 period. Further, he added that the country's GDP growth was "fairly robust" at 7.8 per cent in the first six months of the fiscal. Nath also said the government and the Reserve Bank of India have announced fiscal measures involving five billion dollars to mitigate the effects of the global economic crisis on the country's economy. The RBI has already injected almost USD 81.68 billion since September 16, 2008 to improve liquidity by taking measures including reduction in the cash reserve ratio (CRR) and key policy rates.

India is a growth engine even in a slowing economy. Once the financial crisis settles, India will continue to grow at a pace of at least 7%. This was the unanimous view of the high-powered panel at the Deutsche Bank-CII breakfast session on Slowing Global Economy - Challenges and Opportunities for India Inc., held on 29 January 2009 in Davos. While the Indian economy is facing many challenges with some sectors facing a serious slowdown, the long term growth story is robust. Speakers included Eric Mindich, Chief Executive Officer, Eton Park Capital Management, USA, Sunil Mittal, Chairman and Group CEO, Bharti Enterprises, Anand Mahindra, Vice Chairman and Managing Director, Mahindra and Mahindra, and Mr Arif Naqvi, CEO, Abraaj Capital, UAE.

The keynote speaker at the session was Dr Montek Singh Ahluwalia, Deputy Chairman of the Planning Commission. According to him, the rebalancing of growth potential has imposed certain challenges on India, particularly certain sectors. The session was moderated by Anshu Jain, Head of Global Markets and Member of the Goup Executive Committee, Deutsche Bank AG. Over 70 CEOs and board level executives attended the event.

The annual CII-IBEF reception was as lively as usual. The CII delegation included K V Kamath, President, CII and CEO, ICICI Bank; Mukesh Ambani of Reliance Industries, Nandan Nilekani and Kris Gopalakrishnan of Infosys, Kumar Mangalam Birla of the Aditya Birla Group, Baba Kalyani of Bharat Forge, Deepak Puri of Moser Baer, Malvinder Singh of Ranbaxy, Adi and Jamshyd Godrej, Chandrajit Banerjee of CII, Vineet Nayar of HCL, Sunil Mittal of Bharti, Ashwin Choksi of Asian Paints, Rahul Bajaj of Bajaj Auto, Anil Ambani of Reliance ADAG; Rajendra Pawar of NIIT, Y C Deveshwar of ITC, Uday Kotak of Kotak Mahindra, Vijay Mallya of UB, Azim Premji of Wipro; S Ramadorai of TCS, Dhruv Sawhney of Triveni and KP Singh of DLF; R S Sharma of NTPC; GV Prasad and Satish Reddy of Dr Reddy's Labs, among others. Conspicuous by their absence this year were the Raju Brothers, Ramalinga and Rama, of Satyam notoriety.

Many delegates and participants ended their evenings at the Cabana Club, invitees of the CII and WIPRO Bollywood Nite. Bhangra was in full swing by the Indian and international partygoers, who forgot for a few hours all about "Shaping the Post Crisis World"...[Click here](#) for the photo gallery.

To wrap up, yes Indians see challenges ahead, but overall India seems in better shape to face them than many other countries represented in Davos in 2009.

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