India

* India is developing into an open-market economy, yet traces of its past autarkic policies remain. Economic liberalization, including industrial deregulation, privatization of state-owned enterprises, and reduced controls on foreign trade and investment began in the early 1990s and has served to accelerate the country's growth, which has averaged more than 7% per year since 1997. India’s population of 1.2 billion and below average GDP of $4 trillion, results in a per capita GDP of $3,339.00. CIA World Factbook ranks India as the 4th largest economy in the world.
* Little economic reform took place in 2011, largely due to corruption scandals that have slowed legislative work, earning India a score of -0.051 (out of 2.5) in control of corruption by Transparency International.
* The majority of the population perceives the government as corrupt, with a corruption perception index of 3.1 out of 10.
* India's medium-term growth outlook is positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. Transparency International scores India 4.3 out of 7 for global competitiveness due to government inefficiency and infrastructure weakness.
* The CIA World Factbook identifies many long-term challenges for India that it has not yet fully addressed, including widespread poverty, inadequate physical and social infrastructure, limited non-agricultural employment opportunities, scarce access to quality basic and higher education, and accommodating rural-to-urban migration.
* India’s regulatory framework is burdensome, lengthy (200 days), and costly (16x average income), resulting in a business freedom score of 35.5 out of 100, and world rank of 168th of 179 countries by the Heritage Foundation.
* Labor freedom has increased 7 points from 2010, to a score of 74.2 or 49th worldwide due to positive development of the labor regulatory framework, although the informal economy remains an important source of employment.
* Current foreign investment is $24.6 billion since foreign participation is limited in capital markets due to the unfavorable environment for new investment and the fact that the majority of banks are state owned. India earns an investment freedom score of 35, a trade freedom score of 64.1, and financial freedom score of 40 (all on scales of 100) by the Heritage Foundation.
* The judiciary of India is subject to political pressure, with the independence of the judiciary poorly institutionalized, resulting in a judicial independence score of 4.3 out of 7 by Transparency International.
* Corruption in India affects the ability to enforce property rights or contractual disputes. Their corruption perception index is a low 3.1 out of a high of 10. Transparency International scores their control of corruption a negative -0.51 out of a high score of 2.5.

**Dell takes swipe at Indian way of doing business,** By Anurag Kotoky, August 17, 2012

NEW DELHI (Reuters) - A combination of power blackouts, uncertain tax rules and contracts that are not honoured make India a difficult place to do business, a senior Dell Inc executive said on Friday in unusually blunt comments by a foreign investor.

India's economy is growing at its slowest pace in nearly a decade, with stubborn inflationary pressures and high interest rates.

But what global firms often find hardest is the red tape and the policy paralysis that has stalled major reforms.

"Doing business in India is difficult because the problem is there are too many decision makers," Amit Midha, president of Asia Pacific and Japan for Dell, told Reuters in an interview.

"And decision makers change quite often. New decision makers come and they don't honour the contract previously signed."

Irked by a lack of opportunities, Germany's Fraport - the world's second-biggest airport operator - recently decided to shut its development office in India, becoming the latest in a growing list of companies exiting Asia's third-largest economy.

"When a company is trying to leave India and that company is well respected, then clearly it suggests that there is something, this place is not easy to work," Midha said.

A lack of clarity in recent proposals aimed at targeting tax evasion, including retrospective taxation on foreign corporate deals involving Indian assets, panicked foreign investors. Those rules have now been put on hold.

"Policies like retroactive taxes...are a huge risk for us to make an investment. We just do not know how to assess our results and how to report our results globally," said Shanghai-based Midha during a visit to New Delhi.

"That sort of a set-up doesn't work for any global company for that matter."

Dell has operations in eight cities in India, where it has had a presence since 1996. With 27,000 employees, India is Dell's biggest employee base outside the United States. Chief Executive Officer Michael Dell told Reuters in July that Dell is bullish on India, along with China and Brazil.

Dell's experience in India has helped it deal better with the complications of doing business in a high-growth, but poor-infrastructure market, Midha said.

"From our experience, we tell people, in India, the initial gestation period can be hard, but once it's over, it can be a lot smoother," said Midha, who is also the chairman of Global Emerging Markets for Dell.

"If you don't have the resources, don't get into it. Because you need to make sure you have some staying power to go through the initial gestation period."

Midha said Dell had no plans to leave India and is now familiar with how to "navigate" in the country.

"There is a lot of progress made here in terms of infrastructure, but things like blackouts and other things doesn't give India a good position in the global stage," he said.

Hundreds of millions of Indians were left without power earlier this month in one of the world's worst blackouts when electricity grids collapsed two days in a row.

"I think the government is committed to promote investments in India, I see lots of signs of that," Midha said. "But, that said, proof is in the pudding." <http://in.reuters.com/article/2012/08/17/dell-india-business-idINDEE87G09420120817>