



The India-Israel Forum

India-Israel Relations in a Global Age

2-3 September 2008, New Delhi

Proceedings



Confederation of Indian Industry



TEL AVIV UNIVERSITY
The Harold Hartog
School of
Government and Policy

The India-Israel Forum

‘India-Israel Relations in a Global Age’

2-3 September 2008
Long Champ, Taj Mahal Hotel, New Delhi

Conference Proceedings

EXECUTIVE SUMMARY

Natural partners India and Israel are increasingly focusing on the economic component to boost the bilateral relations. In a short span of less than 17 years since the diplomatic ties were established in 1992, both countries have taken strident steps to forge strong trade and investment ties, setting ground for the next level of bilateral engagement that will involve the signing of a free trade agreement (FTA) which is under discussion, greater cross-border private sector collaborations and investments that leverage Israel’s strengths in production innovation and India’s record in process innovation and scale, engagement of governments in providing risk cover for joint ventures, and institution of bilateral funds to promote exchange of academics and young professionals and students. Non-diamond bilateral trade is expected to increase in the wake of these initiatives.

Terming the First Forum Meeting a runaway success, the delegates recommended that the meeting should become an annual event to promote India-Israel relations. They also expressed hope that the meeting will pave the way for high-level interaction between Tel Aviv University and the academia in India. The young brigade should progressively steer the bilateral engagements which will mean Young India will have to work closely with young Israel organizations (TAU Alumni).

It emerged that India has also become a competitor for Israel in attracting VC funding. But collaborations could help both sides to leverage each others’ strengths and attract global funding. Some of the promising areas of cooperation are

clean technologies, defence, space applications, software development, new pharmacology, medical devices, etc. Collaboration in the manufacturing spectrum in “embedded technologies” can also be highly rewarding. The challenge in business is to bring together an appropriate eco-system to make the collaborations work.

At the same time, the concern areas are:

- Lack of knowledge about each other
- Israeli suspicion about Indian IP regime
- General difficulties encountered by Indian firms to enter Israel and the legal framework there
- Sanitary and phyto-sanitary norms imposed by Israel in trade
- Lack of banking linkages between the two countries
- Perceived lack of security of technology in the case of a joint venture.

On the external trade front, the proposed FTA could take the bilateral trade to \$12 billion in four years though this projection was contested by some participants. The India-Singapore Comprehensive Economic Cooperation Agreement (CECA) was cited as a useful reference point for broad-based partnerships.

Israeli delegates recommended that India-Israel business collaborations should be based on systems integration rather than any outsourcing arrangement. Outsourcing is a mere cost arbitrage. Instead, businesses should look to establish direct customer contact across borders

through systems integration. Such an approach will also induce Indian companies to invest into highly innovative Israeli start-ups that are likely to hit the glass-ceiling.

The delegates also urged the two governments to consider setting up a bilateral fund to promote the exchange of academics and students between the two countries.

Also, the limited air connectivity between the two countries was seen to hamper movement of tourists and business people.

Over to the next Forum meeting in Israel in 2009!

DAY 1

INTRODUCTORY SESSION

Speakers: Mr Jamshyd Godrej, Chairman and Managing Director, Godrej & Boyce Manufacturing Ltd

Mr Stanley M Bergman, CEO & Chair, Henry Schein Inc.

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Stating that India-Israel relations make a strategic, technological and intellectual fit, Mr Jamshyd Godrej said that bilateral cooperation has made significant progress in areas like information technology, hi-tech, defence, aerospace, agriculture, etc. The growing physical and cultural links between the two countries have kept the bilateral engagements in good stead, he said.

Godrej noted with satisfaction the high-level participation of the Tel Aviv University delegation

at the Forum meeting. “Usually, we have a business partner for such conferences,” he said.

Describing his India visit as “terrific”, Mr Stanley Bergman said the Forum meeting was the culmination of efforts of more than a year and a half. He added that the Forum is a confluence of Indian and Israeli leaders as well as representatives of Indian and Jewish Diaspora.

Commending Vice President for Development and Public Affairs, Tel Aviv University, Dr Gary Susmann’s leadership in organising the Forum meeting, Mr Bergman expressed hope that the meeting will pave the way for high-level interaction between Tel Aviv University and the academia in India.

He recommended that the Forum meeting should be turned into an annual event to promote India-Israel relations.

Stating her views on the potentials areas of bilateral cooperation, Prof. Nili Cohen, Buchmann Faculty of Law & Former Rector of Tel Aviv University, remarked that India-Israel relations in the context of globalisation should not be limited to commerce but extend to infotech, knowledge industry and various other fields.

SESSION ONE:

UNDERSTANDING 16 YEARS OF INDIA-ISRAEL RELATIONS

Chairs: Mr Aharon Fogel, Chair of the Board, Ness Technology and Migdal Insurance



(L to R) Dr. Yoram A Turbowicz, Former Chief Staff of the Prime Minister of Israel, Mark Sofer, Ambassador of Israel to India and Non-Resident Ambassador to Sri Lanka, Tarun Das, Chief Mentor, Confederation of Indian Industry & President, Aspen Institute India, Stanley M. Bergman, Chairman & CEO, Henry Schein Inc., Jamshyd N Godrej, Chairman and Managing Director, Godrej & Boyce Manufacturing Company Limited, Aharon Fogel, Chairman, Migdal Insurance and Financial Holdings Ltd; Ness Technologies; Advisory Committee to the Bank of Israel, Navtej Sarna, Ambassador of India to Israel

Mr Tarun Das, Chief Mentor,
Confederation of Indian Industry

Presenters: Mr Mark Sofer, Ambassador,
Embassy of Israel

Mr Pramit Pal Chaudhuri, Senior
Editor, Hindustan Times

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The overriding goal of the Forum meeting was to establish a synergistic relationship between India and Israel. Stating this, Mr Aharon Fogel whose company runs operations in Bangalore, Hyderabad, Mumbai, Chennai and Pune said the objective of the conference was to ensure the outcome added up more than the sum total of efforts. Noting that areas like life sciences, infotech, real estate and financial services offer great opportunities for bilateral cooperation, he said that businesses from both sides needed to “look into each other’s eyes”.

Mr Fogel said he looked forward to the next Forum meeting in Israel, and added that the upcoming Zubin Mehta’s show in Mumbai in the second week of October marked another landmark in India-Israel cultural ties.

Recalling his early interactions with Israel’s first ambassador to India and the first visit of an Indian CEO delegation to Israel during which time he met with the then Israeli Prime Minister Yitzhak Rabin, Mr Tarun Das said his travels around the country were “most memorable”.

He said when Israel became the partner country for one of CII’s ‘Agritech’ fair, Indian industry became aware of the country’s technological advancements in the farm sector.

Mr Das said that India and Israel are “natural friends” and the strength of the relationship is felt in every interaction between the two countries. He recalled his last visits to Jewish places of pilgrimage in Israel and called them a “great spiritual experience”.

To broadbase the bilateral partnership, the CII Chief Mentor proposed to connect the Israeli delegation with the India America Council which includes members like Mr Sam Pitroda who is Chairman of Government of India’s Knowledge Commission.

He felt that the bilateral engagements should be progressively steered by the young brigade. He said the Young India team should be linked with Young Israel. And, for this, he sought the assistance of Ambassador Mark Sofer.

Describing the Forum meeting as a beginning of a process of cooperation, Mr Das said like the US-India Forum which emerged as a solid platform after a stormy debut in 2002, the India-Israel Forum too will exert considerable influence on the bilateral ties in days to come.

Israel holds a key position in India’s strategic and national security frameworks, he said in conclusion.



(L to R) Rakesh Bharti Mittal, Vice Chairman & Managing Director, Bharti Enterprises, Dr. Yoram A. Turbowicz, Former Chief Staff of the Prime Minister of Israel, Mark Sofer, Ambassador of Israel to India and Non-Resident Ambassador to Sri Lanka, Tarun Das, Chief Mentor, Confederation of Indian Industry & President, Aspen Institute India, Stanley M. Bergman, Chairman & CEO, Henry Schein Inc., Jamshyd N Godrej, Chairman and Managing Director, Godrej & Boyce Manufacturing Company Limited, Aharon Fogel, Chairman, Migdal Insurance and Financial Holdings Ltd; Ness Technologies; Advisory Committee to the Bank of Israel, Navtej Sarna, Ambassador of India to Israel, Pramit Pal Chaudhuri, Senior Editor, The Hindustan Times

Underlining the importance of the Forum meeting titled 'India-Israel Relations in a Global Age', Mark Sofer, Israeli Ambassador to India, said the visiting Israeli delegation was one of if not the highest ranking economic delegation ever to visit India since the formal diplomatic ties were established in 1992. Noting that cross-border investments had risen appreciably in recent years, he said that opportunities for bilateral cooperation are growing in multiple sectors including agriculture and defence. India is the second biggest purchaser of defence equipment from Israel.

Mr Sofer said the turnaround in the relations was indeed remarkable considering that before 1992 the ties were indeed "negative". He said while the political constraints in the bilateral relations have not changed much, the economic component was helping both countries to build the partnerships in a major way. India, he said, has adopted a two-pronged strategy when engaging Israel. At the bilateral level "sky is the limit", whereas at the multilateral level, the country has taken a more nuanced approach, keeping its interests in the Arab world intact.

Mr Sofer said the bilateral defence cooperation should not be taken to be a strategic partnership since India cannot afford to overlook its priorities in the Arab region. Instead, the constraints and India's relative disengagement from the Middle East Peace Process meant that India was able to maintain "normal relations" with Israel. Israel maintains its largest embassy in Asia in India and is one of the only countries in the world with two commercial attaches.

Stating that the constraints have not "disappeared", he said that since India has a sizeable Muslim population (~15%), the government stance on the Arab world would be positioned in a way as not to upset the minority group. "We understand the situation," he said, adding that though France has a similar percentage of Muslim population, the two socio-cultural settings are not comparable. "Muslims

are an integral part of Indian culture and society," he said.

Mr Sofer drew parallels between the historical experiences of the two countries. Both India and Israel were born in the same decade, having experienced partition after the colonial powers withdrew from their respective territories. Both countries are islands of stability in seas of instability, surrounded by difficult neighbouring states. Today, both are faced with threats of global terrorism.

"As such, we are not always happy with the Indian statements on strategic issues," he said but added that India no longer sponsors any political stand against Israel. Instead, India has given its support toward the peace process in the Middle East, he said.

The ambassador said that bilateral trade which stands at \$3.5 billion could go up to \$12.5 billion in four or five years should the two countries enter into a free trade agreement (FTA). He cited a major study commissioned by Israel which makes this assertion. Israel-EU trade stands at over \$24 billion now.

Stating that preliminary talks have begun in order to discover whether bringing oil to India from Turkey via Israel would be a feasible project, Mr Sofer said that collaborations like the Inter-Governmental Work Plan in Agriculture (signed on May 10, 2006) have demonstrated Israeli government's firm commitment to strengthen economic cooperation with India. For the record, the Work Plan provides for collaborative research in fertigation, soil less culture for growing high value horticulture crops, cooperation in development and evaluation of energy efficient greenhouse structures, studies on recycling of domestic wastewater for irrigation, post-harvest management and value addition for fruits, vegetables and dairy products, dairy development through genetic improvement utilising germplasm from Israel, training and visiting facilities in respective institutions of the two countries, collaboration in exchange of genetic material of

scientific and commercial potential, and promoting private sector collaboration

Mr Sofer said, “This meeting is the pinnacle of what Israel and India should be doing together.”

Mr Pramit Pal Chaudhari, Senior Editor, Hindustan Times, said in his presentation that regardless of the opposition from the Left parties, India’s relations with Israel had gained a certain momentum. In fact, the level of cooperation, especially in defence, is amplified by the fact that India has become more dependent on Israel for defence supplies, and Israel is becoming more dependent on Indian market for selling defence equipment.

He felt that an India-US-Israel partnership will be a formidable one and that Indian-Americans have worked on relations with the US with the aid of the Israeli lobby in the US.

Stating that the socialistic mindset and NAM had influenced India’s negative approach to Israel for much of the 20th century, Mr Chaudhari said the right wing-led Indian government that came into power in 1977-79 to normalise diplomatic ties with Israel but a press leak disrupted Israeli leader Morshe Dayan’s likely visit to India. The Congress and the Left parties were in those days disposed towards the Soviet Union.

As the Soviet bloc began to collapse and the balance of payments crisis hit India, India under then Prime Minister Narasimha Rao looked for alternative sources for defence equipment and spare parts supplies. Relations with the US were far from cordial. The Indian leadership took a gamble to firm up ties with Israel and the “costs proved to be remarkably tiny”. Mr Chaudhari said the Indian Muslims “did not care” about the changes in the foreign policy. Interestingly, even the Arab world came out its state of complacency to seek meaningful partnerships with India.

Mr Chaudhari said that while India supported the Palestinian cause in public, relations with Israel improved rapidly.

He noted that India was obsessed with the “sovereignty test” and hence moved very cautiously initially when dealing with Israel. “If you involve India in any sovereignty debate, the country won’t move forward,” he reckoned.

He said that two key developments underlined India’s strong ties with Israel:

- Ariel Sharon’s visit to India in 2003
- UPA Government’s adherence to building strong ties with Israel regardless of the opposition from the Left allies.

Mr Chaudhari marveled at Israel’s genius in innovation and advancement of technical education. He added that the Indian American lobby in the US has patterned itself on the style of functioning of the American-Israelis. This is an opportune time for the two communities to work in tandem, he said.

Interactive Session

Mr Harvinder Anand, President, Royce International, & Mayor of Laurel Hollow, Nassau County, Long Island, the US, felt perhaps Israel was concerned at India’s lack of response to Iran’s hardline posturing. “When will the loyalty factor cease to be an issue,” he asked.

Prof. Cohen said the economic component of India-Israel relations will help to iron out certain political differences that exist between the two countries.

Stating that a certain Israeli suspicion about India’s political stance cannot be ignored, Ambassador Rajendra Abhyankar, former Indian Ambassador to EU, said this fact would remain but India has managed the bilateral relations. Since former US President Bill Clinton visit to India, the Arab mindset on India has also changed, and they are looking for partnerships with the country. India-Israel relations are not “special” but “normal”, he said, underlining a certain pragmatism that rules India-Israel relations.

Mr Abhyankar explained that the Israeli suspicion on India's motives will remain since the Indian government's foreign policy will be influenced to some extent by the 150 million Muslims living in the country. Importantly, India has managed to preserve the positive aspects of bilateral ties with Israel.

Mr Abhyankar added that Israel's changed outlook on Pakistan also made the India-Israel relations "normal". Israel has preferred not to look at the Kashmir issue while India has also occasionally glossed over certain Middle East issues impinging Israel.

He advocated a keen focus on commercial ties as the political equations may not change soon, a sentiment echoed by Dr Giora Yaron, Chairman, ExaNet Inc., Qumrnet Inc., Prolify Inc., & Itamar Medical Ltd.

Mr Das said that building trust takes time but losing it takes no time. "We are building trust now," he said. Mr Fogel suggested that it would be a good idea for people on both sides to look into the future rather than occupy themselves with thoughts of the past.

Mr Sofer said the Israeli psyche as such it is not easily trusting of others. "We didn't start as wanted children, so the process is difficult," he said.

He said if India can have diplomatic relations with Pakistan, there is no reason why Israel cannot maintain ties with Pakistan which is an influential Muslim nation.

On the economic cooperation front, he said that initiatives like double taxation avoidance act and FTA will determine the progress of India-Israel economic relations.

Responding to a query, Mr T N Ninan, Editor & Publisher, Business Standard, said the level of income inequality in India (0.33% Gini co-efficient) was relatively low compared with many other developing societies but that is changing in the face of rising income levels. So, the challenge is to trigger upward mobility at both ends of the

pyramid, and to extend to all access to education and healthcare.

SESSION TWO:

RECIPROCAL OPPORTUNITIES DUE TO GLOBALIZATION

Chairs: Dr Orna Berry, Gemeni Venture Partners, Chair of the Israel Venture Capital, Association

Mr Sunil Kant Munjal, Chairman, Hero Corporate Service Ltd

Presenters: Mr Aharon Fogel, Chair of the Board, Ness Technology and Migdal Insurance

Ambassador Rajendra Abhyankar, Former Indian Ambassador to Belgium & Luxembourg

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Israel is living on stamina and perseverance with a natural ability to adapt and innovate. With a population of just 7 million including 1.5 million Arabs, the country can only be adaptive and not become a trendsetter, said Dr Orna Berry in her opening remarks.

Israel was initially focused wholly on collaborations with the West but gradually built close ties with Asian majors like India and China, she said in the context of growing India-Israel business collaborations.

Dr Berry said that India has also become a competitor for Israel in attracting VC funding. But collaborations can help since Israel is swift and India offers scale. She said that businesses in both regions need capital from external sources as domestic source of risk funding is rather limited.

Mr Aharon Fogel said that globalisation was not without challenges. He cited the cascading effect of the current oil price spiral to indicate how speculative activities could several impact countries' economic well-being.

Noting that the global financial crisis and oil crisis are all triggered by speculative activities, he urged



(L to R) Seema Sirohi, Deputy Foreign Editor, Outlook, Alon Globus, Consultant to B2B, T N Ninan, Editor & Publisher, Business Standard Ltd, Prof. Gadi Ariav, Head, Max Perlman Center for Global Business; Associate Professor of Technology and Information Systems Management, Tel Aviv University, N Kumar, Vice Chairman, The Sanmar Group, Dr. Orna Berry, Chairperson, Israel Venture Association; Venture Partner, Gemini Israel Funds, Harvinder Anand, President, Royce International, Mayor of Laurel Hollow, Nassau County, Long Island, US, Dr. Gary Sussman, Vice President for Development and Public Affairs, Tel Aviv University and Kiran Pasricha, Deputy Director General & Head US Operations, Confederation of Indian Industry

the two governments to come together and fight such tendencies. “If the banking and financial institutions were to intervene and control futures trading, crude oil price will dip below \$100 a barrel,” he reckoned. As many as eighteen financial transactions are linked to consumption of crude oil.

To foster collaborations, he asked industry on both sides “to get real”. He proposed a join fund to be set up by both governments which will actively promote small companies by providing risk capital. “Governments will not lose, whereas the private players will be encouraged to scale up business,” he said.

Mr Fogel identified life-sciences, infotech, real estate and financial services as areas that hold immense potential for India-Israel cooperation. He picked real estate as the most promising sector given the high entry barriers that meet general participants.

Noting that banking and project financing are other promising areas of cross-border collaborations, he said that Israeli expertise in managing long-term savings like pension funds, PF and life insurance funds will be found relevant in India.

Mr Abhyankar in his presentation said credit goes to Israel for maintaining close economic ties with India despite the Middle East politics. Noting that India-Israel non-diamond trade has grown steadily, he said that an FTA will further help the cause.

India provides the “demographic amplification of innovation” he said, underlining the inspiration for bilateral economic partnership.

Mr Abhyankar said India could offer clinical research expertise and low-cost markets to Israeli lifesciences and medical devices companies, respectively. India will be a good market for the 900 plus medical devices manufacturers in Israel. Similarly, Israeli auto component manufactures like lead acid battery and auto parts can find ready market and business collaborations in India, he added.

Some of the promising areas of cooperation that he listed were clean technologies, defence, space applications, software development, new pharmacology, medical devices, etc.

In the new model, technology will flow from Israel to India and then to the US, he reckoned.

The Israeli government procures a wide variety of domestic manufactures. Israeli companies would now look to reach out to Indian government agencies, he said.

As regards Indian investments into Israeli start-ups, he said companies midway through prototyping and commissioning are the ideal ones to be picked. He also said that Israeli companies could leverage India’s growing economic presence in African countries to tap emerging markets and to invest there.

Some of the concern areas that he listed in furthering India-Israel business collaborations were:

- Lack of knowledge about each other
- Israeli suspicion about Indian IPR regime
- General difficulties encountered by Indian firms to enter Israel and the legal framework there
- Sanitary and phyto-sanitary norms imposed by Israel in trade
- Lack of banking linkages between the two countries
- Perceived lack of security of technology in the case of a joint venture.

Mr Sunil Kant Munjal in his presentation said the bilateral relations are not just 16 years old. Rather, they trace back to early diamond trading between the two regions. Overt relations are new but trading ties were established way back in time, he said, adding that joint initiatives in third country markets will be profitable for the participating entities.

Mr Munjal said the promising areas of collaboration in the manufacturing spectrum lie in “embedded technologies”. Stating that the Indian IPR regime is highly reliable, he said that 300 of the Fortune 500 companies have set up operations of some kind in India including R&D. He said that opportunities for risk capital lie at different levels, particularly at the mezzanine levels.

He added that since the development financial institutions (DFIs) in India have been phased out, there is huge scope for risk capital participation in the Indian business arena. Citing agriculture as an area of immense business potential, he referred to Israel’s widely-acknowledged technologies in the field. Financial services was also cited as a potential area of collaboration.

The Government of India’s ‘offset policy’ will encourage greater foreign participation in value-add manufacturing activities in the country, he said. Attractive areas are in this are: defence equipment manufacturing, CAD, design manufacturing, medical devices, etc.

Education and training too offer attractive options for collaboration, he said, adding that Israel has done exceedingly well in these fields.

Mr Munjal noted that India requires \$500 billion investment for building its physical infrastructure. A third of this will be funded by private domestic investors and FDI. This is yet another area of opportunity for Israeli investors. There are challenges too but therein lay true business opportunities, he said.

Mr Munjal explained that unlike China, India first developed its domestic markets before going global.

Interactive session

Responding to a query by Prof Gadi Ariav, Head of the Max Perlman Centre, for Global Business, Tel Aviv University, on political interference stalling business development, Mr Pramit Chaudhari said that governments in India tend to be risk-averse due to the anti-incumbency factor. But, the general direction the country has taken is towards liberal economic policies.

Mr Anjan Das, Senior Director & Head - Technology, Innovation, IPR and Life Sciences, CII, said that India has signed the IPR protocol with few countries. Perhaps, India and Israel should sign a similar protocol, he said. He underlined the need for a strong IPR enforcement mechanism to protect business.

Mr David Cohen said the success of an enterprise would depend much on how true entrepreneurial talent is unearthed. If managed well, VC funding will work, he reasoned.

Mr Harshwardhan Neotia, MD, Bengal Ambuja Housing Development Ltd, said in the real estate sector big opportunities lie in the non-metros but the farmer has woken up to the belief that there is lot of money to be made in land-deals, leading to politically vitiated scenario in land development initiatives.

Mr Gopal Srinivasan, CMD, TVS Capital Funds Ltd, expressed his deep admiration for the

mechanisms laid down by the Israeli government in promoting science and technology and business. “The challenge in business is to bring together an appropriate eco-system,” he said. He identified technology, lifesciences and strategic electronics as promising areas of investments.

SESSION THREE:

INDIAN-ISRAELI COOPERATION: TAKING STOCK

Chairs: Dr Orna Berry, Gemeni Venture Partners, Chair of the Israel Venture Capital, Association

Mr N Kumar, Vice Chairman, The Sanmar Group

Presenters: Prof Gadi Ariav, Head of the Max Perlman Centre, for Global Business, Tel Aviv University

Dr Giora Yaron, Chairman, ExaNet Inc., Qumrnet Inc., Prolify Inc., & Itamar Medical Ltd,

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Governments should be encouraged to provide risk capital for business and create the easy of maneuvering for the private players, Dr Orna

Berry contended in her opening remarks. Stating that both countries have deep respect for knowledge and democratic traditions, she said it takes just three successful projects to forge close business ties.

Prof. Gadi Ariav said while he did not want to play the “party pooper”, he felt the big story has not arrived on the scene with regard to India-Israel engagements, partly because the state of equilibrium reached in business may not be the optimal solution for society. Describing such a scenario as “market failure”, he said there is need for a deeper analysis of the complementarities the two countries share. He nevertheless agree that 16 years was too short a time to judge the bilateral engagements.

Noting that non-diamond bilateral trade was not “impressive”, he asked if any government intervention was needed to improve the trade volumes. There is a role for educators in enhancing information about India in Israel, he said. He felt that trilateral partnerships like India-Israel with the US will work to the advantage of both sides.

There is a need to think afresh and develop new business structures instead of leaning on



(L to R) Seema Sirohi, Deputy Foreign Editor, Outlook, Alon Globus, Consultant to B2B, T N Ninan, Editor & Publisher, Business Standard Ltd, Prof. Gadi Ariav, Head, Max Perlman Center for Global Business; Associate Professor of Technology and Information Systems Management, Tel Aviv University, N Kumar, Vice Chairman, The Sanmar Group, Dr. Orna Berry, Chairperson, Israel Venture Association; Venture Partner, Gemini Israel Funds

outsourcing options, he said. Israel's strengths lie in product innovation, whereas India has excelled in process innovation, he stated.

Mr T N Ninan, Editor & Publisher, Business Standard, asked if the complementariness between the two economies were obvious, why they have not manifested.

At the same time, with Indian outbound investments growing (\$17 billion at last count) rapidly, he wondered if investors from both countries could jointly invest in third countries.

Noting that India is the largest foreign investor in Britain and Indian companies are aggressively establishing global footprints, he said that Indian companies could provide scale to Israeli start-ups facing sell-outs due to limited market access. "Bilateral business and not just market access should be the focus in such cases," he said.

Citing agriculture as one key area where Israeli expertise would be highly welcome, he asked if the Inter-Governmental programme on agriculture had reached the envisaged goals.

Mr Ninan said he was not sure if he proposed FTA could take the bilateral trade to \$12 billion in four years as "in our experience none of the FTAs that India has signed has delivered such results".

On a different tack, Dr Giora Yaron said that India-Israel business collaborations should be based on systems integration rather than any outsourcing arrangement. Outsourcing is a mere cost arbitrage. Instead, businesses should look to establish direct customer contact across borders through systems integration, he said, adding that this approach will induce Indian companies to invest into highly innovative Israeli start-ups that are likely to hit the glass-ceiling.

Israeli products combined with Indian capabilities to touch customers will be an unbeatable combination, he said.

Mr Mark Sofer reasoned that "market failure" may not be a right assessment of India-Israel business ties since many big Israeli firms are already operating in India in sectors like infotech, real

estate, pharma, etc. But, he asked why only large companies are present in India, and not SMEs. The challenge is to bring the SMEs into the loop, he said.

Responding to this, Prof. Ariav said that "market failure was not really a failure." He explained that the equilibrium attained through market forces may not be an optimal solution for societies.

Mr Jamshyd Godrej said responding to Mr Ninan's observations on FTA that the right model of FTA would be one on the lines of the India-Singapore Comprehensive Economic Cooperation Agreement (CECA) which goes beyond trade to areas like services, HR training, etc.

He said that "nobody has found a way to bridge SMEs across borders. Our SMEs are tiny," he said. However, he said companies like Jain Irrigation have demonstrated how they can grow and even acquires companies overseas.

Mr Anand emphasised the importance of student exchange programmes and the resulting cross-pollination that promotes bilateral ties.

Mr Gopal Srinivasan said that SMEs operate in hubs, such as car hubs in Europe, ICT hubs in Taiwan, etc.

David Cohen said, "We need to look for champions, and train the executors. An ordinary MBA programme will not do. An EDP may be necessary."

Dr Rafi Hofstein, President and CEO, Hadasit Ltd, said that the vast multitude of Israeli lifesciences companies have come together to facilitate large funding. "We need to consolidate to get right investments," he said.

Dr Sudhir Kapur, Managing Director & CEO, Countrystrategy Business Consultants Pvt Ltd, said that SMEs by their very nature are short of funds. At the same time they will have to be innovative to compete on the global turf. Opportunities beckon SMEs in areas like energy efficiency, environment, water technologies, agriculture, etc., he said.

Dr Amit Kapoor, Hony. Chairman, Institute for Competitiveness, India, & Professor for Strategy & Industrial Economics, Management Development Institute, Gurgaon, India, said given India’s market size, an FTA can translate into \$12 billion trade in four years.

Mr N Kumar asked the members to set up a website to facilitate easier flow of information about each others’ capabilities and the business opportunities available in the two countries.

DINNER SESSION

Welcome Address: Mr Mark Sofer, Ambassador, Embassy of Israel

Speakers: Mr Rajan Navani, Managing Director, Jetline Group of Companies

Prof Nili Cohen, Buchmann Faculty of Law & Former Rector of Tel Aviv University

Mr T N Ninan, Editor, Business Standard

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Mr Mark Sofer said human capabilities are the foundation of the two societies. He alluded to the intellectual capabilities of both societies.

Mr T N Ninan said that India’s social indicators have all improved significantly, while the country’s infrastructure bottlenecks present opportunities for foreign investments.

Prof. Nili Cohen, Buchmann Faculty of Law, Tel Aviv University, emphasised the need to set up



(L to R) Rajan Ramesh Navani, Managing Director, Jetline Group of Companies and Mark Sofer, Ambassador of Israel to India and Non-Resident Ambassador to Sri Lanka



(L to R) T N Ninan, Editor & Publisher, Business Standard Ltd and Tarun Das, Chief Mentor, Confederation of Indian Industry & President, Aspen Institute India



(L to R) Dr. Gary Sussman, Vice President for Development and Public Affairs, Tel Aviv University and Jamshyd N Godrej, Chairman and Managing Director, Godrej & Boyce Manufacturing Company Limited



Amb Rajendra M Abhyankar, Former Indian Ambassador to EU, Belgium and Luxembourg

a bilateral fund to promote the exchange of academics and students between the two countries.

She also referred to the cultural contiguity of the

two regions that traces back to 1st millennium B.C.

Mr Rajesh Navani said he would like Israel to be part of every state of India. He spoke about the plans supporting India@75 initiatives.



Prof. Nili Cohen, Buchmann Faculty of Law, Tel Aviv University



(L to R) Jayadev Galla, Managing Director, Amara Raja Batteries Ltd and Gopal Srinivasan, Chairman & Managing Director, TVS Capital Funds Ltd & Founder & Director, TVS Electronics Ltd



(L to R) Gopal Srinivasan, Chairman & Managing Director, TVS Capital Funds Ltd & Founder & Director, TVS Electronics Ltd, Rajan Ramesh Navani, Managing Director, Jetline Group of Companies and Tarun Das, Chief Mentor, Confederation of Indian Industry & President, Aspen Institute India



(L to R) Stanley M. Bergman, Chairman & CEO, Henry Schein Inc., Dr Rama Mukherjee, Managing Director, Ara Healthcare Pvt Ltd and Mark E. Mlotek, Executive Vice President, Corporate Business Development, Henry Schein Inc.

DAY 2**SESSION FOUR (A):****FACILITATING AN ECONOMIC PARTNERSHIP: OPPORTUNITIES AND CHALLENGES**

Chairs Mr Amos Shapira, President and CEO, Cellcom, President, Israeli Friends of Tel Aviv University

Mr N Srinath, CEO & Managing Director, Tata Communications Ltd

Presenters: Mr Ran Croll, CEO, Etgal Holdings (Infrastructure) Ltd

(Technology) Mr Giora Yaron, Chairman, Exanet Inc.

Mr Vinay Deshpande, Chairman & CEO, Encore Software Ltd

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Mr Amos Shapira in his opening remarks noted that while in 1992 both India and Israel had 5 million cellular subscribers, today India adds 9 million cellular subscribers a month now. Israel has 100% market cellular penetration, while it is just 20% in India. Israel is thus in a position to help India to increase cellphone market penetration, he said.

He also pointed out that limited air connectivity between the two countries has hampered

movement of tourists and business people. He said there should not only be daily flights between the key cities in India and Israel, but the flight time too should be shortened by at least two hours.

He urged the two governments to set up a fund for exchange of students and faculty of universities in India and Israel.

In the realm of healthcare cooperation, Dr Naresh Trehan, Cardiothoracic & Vascular Surgeon, Apollo Hospitals and Global Health Pvt Ltd, said that people in the West who are out of loop of medical insurance, or are seeking special medical procedures, are coming to India for treatment. India offers first world care at third world costs.

He said the disease patterns in India are changing. India is becoming the diabetes capital of the world. The country needs investments of up to \$25-30 billion in medical infrastructure over the next 10 years. Of this, nearly \$10-15 billion is expected to come from private investors, including foreign investors. Therein lies an opportunity for India-Israel collaborations.

The tertiary healthcare segment is another area that invites high-level private investments, he said. Stem cell research is also a potential area of collaboration between India and Israel. Medical



(L to R) Ran Croll, CEO, Etgal Holdings, Dr. Giora Yaron, Chairman, ExaNet Inc.; Qumranet Inc.; Prolify Inc.; Itamar Medical Ltd., Vinay L Deshpande, Chairman & CEO, Encore Software Ltd, Amos Shapira, President and CEO, Cellcom; President, Israeli Friends of Tel Aviv University, N Srinath, Managing Director, Tata Communications Ltd

education too has thrown up interesting business opportunities, he observed.

As the world ages, there will be higher incidence of heart failures. Heart transplants will increase. India is doing its research on artificial hearts, he said.

On the health of the sector, he said in 2000 the CII Committee on Healthcare commissioned McKinsey to conduct a reality check as India is a signatory to the Alma Ata Declaration for ensuring 'Health for all by 2000'. The study showed the country had achieved only 40-50% of the goals set in terms of availability of doctors, nurses, hospital beds, etc., per 1,000 population. However, social indicators like life expectancy, infant mortality rate, etc., had improved though they were still below that of many other countries.

Dr Trehan said that a weak health insurance system had undermined the growth of the domestic healthcare sector. And, the entry of private insurance companies into the arena was contingent on the government changing the rules to allow seamless private participation in the sector.

In the midst of the dismal state of affairs, centres of excellence came up in the areas of cardiac surgery, neurology, joint replacement and the like, Dr Trehan said. Ayurveda also gained world attention, both for its therapeutic value and detoxication, leading to a rise in inbound medical tourism. Business potential of medical tourism is now assessed at \$24 billion, he said.

Dr Trehan stated that the sector could grow three-fold in the coming years if the medical insurance system in the country matches the West. He is developing his own medicity with a vast network of medical institutes which will be operational in six months.

Coming to the subject of lifesciences, Dr Rafi Hofstein, President and CEO, Hadasit Ltd, said in the 1980s, Israeli lifesciences companies grew

by virtue of developing technologies for global majors. But, by the 1990s, the majors began to manage their R&D internally. Interestingly, the global MNCs found themselves short of ideas and came back to the Israeli firms. However, Israeli life-sciences companies, even as they are able to conduct research up to pre-clinical development stage, experience difficulties in phase 1 clinical trials. Big companies tend not to accept their research in the absence of human data. Government support enables these companies to get to the pre-clinical research stage but they need to do human trials to be able to grow in business. India could be the place where the research could be extended. Phase 2 and 3 clinical trials are also critical for business success. A collaborative approach will help, he said.

Stating that Israeli medical device manufacturers hold the highest number of patents in the world in the particular space, he said that Indian companies could provide the requisite scale for such companies and cash in on the global opportunities the collaboration would present. He added that Indian and Israeli lifesciences companies could jointly develop personalised medicines which are likely to be in high demand across the globe in the coming years.

Dr A K Mukherjee, Director General, Indian Spinal Injuries Centre, in his presentation said that India has come a long way in the healthcare spectrum. Life expectancy which was a mere 27 years at the time of Independence has reached 63 as per the last Census. India commands the second largest pool of trained healthcare professionals. The country is poised to leverage the demographic dividend by 2020, he said.

Dr Mukherjee said that private tertiary hospitals are matching world standards and conducting complex surgery at a fraction of what it costs in the West. Most such hospitals are also quality assured with due accreditations.

He said his centre is keen to collaborative with Israeli institutes in the area of human resources training.

Focusing attention on the Indian core sector development, Mr N Srinath, CEO & Managing Director, Tata Communications Ltd, said that within the power sector, reducing transmission and distribution losses requires fresh injection of expertise. The country requires to add 90,000-100,000MW to sustain the high economic growth.

In the petroleum sector, opportunities galore both in respect to upstream activities like E&P and downstream activities like refining. Roads and ports development too are open to FDI given the huge quantum of investments needed to meet the national targets, he said.

Referring to the domestic telecom revolution, he said the unfinished agenda for the sector includes limited rural market penetration, which if addressed will bridge India's digital divide to a large extent.

Mr Ran Croll, CEO, Etgal Holdings Ltd, said Israel is a leader in waste water management and desalination technologies. India presents a huge consumer market for these technologies. Nearly 70% of waste water is recycled in Israel and directed toward farms.

Mr Croll reckoned that Indian R&D and Israeli technologies with a global orientation will bring rich results for joint collaborations.

Mr Vinay Deshpande stated that Indian IT software development companies have progressed to design and product manufacturing, so the domestic industry is an ideal medium for product testing. When exploring collaborations, the right approach would be to develop solutions to meet unique local needs. This would apply both to the hardware and software segments, he observed. "Let us work together to develop technology solutions for the masses. India alone will have a 800-million strong middle class segment in the coming years. Add to that 4.5 million people in the developing countries. That's a large market to be addressed," he said, adding that a \$250 bilateral fund for development of

MSMEs in critical areas would be a significant step in cross-border collaboration.

He added that collaborations with Indian firms should be based on "value creation" and not "cost arbitration" if the true market potentials are to be realised.

Mr Giora Yaron said while Israeli companies in general are good at identifying technologies and markets, they seem to hit a glass ceiling. Many are sold out prematurely to large conglomerates. He said that Israeli companies in select sectors could breach the glass ceiling by collaborating with Indian partners. Cloud computing, he cited, as one area where companies from both regions will profit by adopting a collaborative approach. "Select a segment where we can make a dent," he said.

He emphasised the need for the governments to provide risk capital to seed powerful ideas. After all, the Internet was developed with the active of the US government.

He said that Israeli companies will benefit by collaborating with Indian companies who offer system integration solutions through which total solutions are given to customers.

Interactive Session

Mr Harpal Singh, Chairman, Ranbaxy Laboratories Ltd, said that water management, hospital management and community housing are some of the areas where Israeli expertise will benefit Indian industry immensely. He also said that other than financial services and real estate, the social arena calls for collaboration, especially in areas like environment protection, support for aging population, etc. India has 118 million people over the age of 60. This number will reach 300 million by 2050.

Mr Fogel asked the participants to commit themselves to find right partners to speak with. He reiterated the need for a bilateral risk fund to boost joint venture businesses.

Mr Srinath said that Israeli technologies would be relevant not just to the core sectors but also to ancillary industries. Mr Hofstein pointed to potential collaborations in contract research in the pharma and biotech sectors.

Mr Navani suggested that the delegates should look to form small working groups and identify the mechanisms for developing creative solutions that can be marketed to the world. He urged the Israeli companies to collaborate with young Indian entrepreneurs.

Mr Pramit Chaudhari said that improved cross-flow of information will help the Israeli firms to avoid the glass ceiling and instead seek out partnerships with Indian firms.

Mr Yaron attributed the ‘glass-ceiling’ phenomenon to the young Israeli entrepreneurs’ drive to attain financial independence at an early stage through sell-out. He said the solutions lies in creating the necessary conditions for late-stage funding for such businesses. Indian players can perhaps help Israeli companies to cross the rubicon through market validation.

Dr Orna Berry said systems integration between small companies will progressively appeal to VCs. “We would like to put the best of breed on the table,” she said.

SESSION FOUR (B):

FACILITATING AN ECONOMIC PARTNERSHIP: OPPORTUNITIES AND CHALLENGES

Chairs: Mr Harpal Singh, Chairman, Ranbaxy Laboratories Ltd.

Presenters: Mr Harshavardhan Neotia, Managing Director, Bengal Ambuja Housing Development Ltd

(Real Estate) Mr David Cohen, Chairman, REIT Asset Management

(Finance) Mr Gopal Srinivasan, CMD, TVS Capital Fund Ltd

Mr Eitan Raff, Chairman, Leumi Bank

Proceedings

Mr Harpal Singh in his opening remarks said the domestic economic reforms have opened up the financial services sector, creating fresh



(L to R) Dr Rama Mukherjee, Managing Director, Ara Healthcare Pvt Ltd, Jayadev Galla, Managing Director, Amara Raja Batteries Ltd, Jonathan Morris, Partner, Berwin Leighton Paisner, Harpal Singh, Chairman, Ranbaxy Laboratories Ltd, David Cohen, Chairman, REIT, India; President, the UJIA, Harshavardhan Neotia, Managing Director, Bengal Ambuja Housing Development Limited, Eitan Raff, Chairman of the Board of Directors of Bank Leumi le Yisrael Ltd

opportunities for foreign participation. He said that real estate is also at the threshold of offering greater opportunities for foreign engagements.

Mr Singh drew the attention of the audience to opportunities in the social infrastructure sector. India has 118 million people over the age of 60. This number will reach 300 million by 2050. The challenge of meeting the healthcare needs of this segment throws up business opportunities, he said.

On the topic of real estate, Mr David Cohen said that affordable housing is the most interesting segment of this industry. India needs to build 25,000 affordable houses a day. Growth in the top-end residential sector has however tapered as there is excess capacity there. Similar is the case with mall space. The industrial segment of real estate is also highly promising though there are certain limits placed on FDI. He said that to succeed in India one should adopt a long-term view.

Mr Cohen said the rising interest rates have impacted the business sentiment in the sector but the long-term prospects look good as the business practice are getting more sophisticated and transparent now, though local land laws tend to make the scenario somewhat fuzzy.

He said that operating in India is like participating in the 'Grand National'. "Just as you clear one set of hurdles, another one comes up. You need to understand the regional differences in the country and above all be patient," he suggested.

Mr Harshavardhan Neotia reminded the audience not to look at India as a homogenous whole. One should have different solutions for each region of the country, particularly in the real estate sector whose fortunes are linked to the local land laws.

Noting that the domestic real estate sector is merely "two years old", he said the pace of corporatisation has been hectic as some 30 real estate companies have got listed in this period.

He added that while transparency in real estate dealings has improved, litigations too have risen in number.

He said that quality concerns are there as cost considerations cause builders to put a lid on total mechanisation.

Mr Neotia said the land price correction that is seen now will continue for a couple of more years. He added that residential sector is not attractive from an effort to return perspective. He expressed hope that the domestic real estate regulatory mechanism will improve in time, opening new avenues for large scale investments. Today, a real estate project has to go through 30-40 clearances, he said.

He added that 5-star hotel properties take a long time to realise the returns whereas 3 and 4 star properties face problem of land costs. The IT story in the non-metros has also not translated into profitable real estate ventures, he observed.

Mr Gopal Srinivasan said Israel can be the China of Israel, like China was to Taiwan. He said that success of VC funding is contingent on adopting a suitable eco-system, which in turn will promote joint investments. He said he was impressed with the fund management architecture of Israel. Indian VC space is relatively unregulated.

Stating that both Indian and Israeli societies are highly capitalistic, he said the difference is that India is domestic-market oriented whereas Israel looks at overseas markets. The fact is, India is a very large market and "seven of the ten VC deals in the country happen for companies with a domestic focus".

Mr Srinivasan said Indian and Israeli companies could profit from joint R&D exports to world markets. Semi-conductor designing is one such discipline that offers this opportunity. He felt the proposed FTA when signed will help Indian technologies to leverage the Indian markets, leading to joint investments.

Mr Eitan Raff, Chairman, Leumi Bank, said that five big banks command 95% of the Israeli banking operations. “We have to grow out of Israel,” he said, indicating that some day soon his bank may look to operate in India. For now, expertise that can be made available to India is in the realm of management of long-term savings like pension, PF, etc., he said.

Mr Anjan Das, CII, said India will be a huge market in the coming years with 1,000 new cities and towns that will support the high GDP growth. He recommended the setting up of an Israeli centre for management of small companies in India.

Mr David Cohen said the India-Israel Forum through this conference has attempted to create a framework for understanding how the relations can be advanced, and how the two countries and the Jewish and Indian Diaspora can enter into a four-way engagement to further India-Israel partnership.

CONCLUDING SESSION

Chairs: Mr Stanley M Bergman, CEO & Chair, Henry Schein Inc.
Mr J N Godrej, Chairman & Managing Director, Godrej & Boyce Manufacturing Ltd

Proceedings

Stanley Bergman, CEO & Chair, Henry Schein Inc., expressed hope that the Forum would become an annual event, while Tarun Das, Chief Mentor, CII, proposed to connect the Indian-American Council, headed by Sam Pitroda, with the Forum. Mr Das appealed to the two governments to encourage exchange visits of young Indians and young Israelis. He said the Forum was the beginning of a process to deepen the friendship.

Mr Stanley Bergman said the proposed FTA will be relevant not just to the two countries but to US and Europe as well, while Mr Yaron said that a few additional scholarships for exchange of academics could pave way for significant business collaborations.

Mr Bergman thanked the Indian and Israeli delegates for their active participation and concluded by saying that the Forum would look to:

- Set up a bilateral macro risk fund
- Explore collaborations in promoting innovations such as development of an integrated medical device that will find ready market in India



(L to R) Tarun Das, Chief Mentor, Confederation of Indian Industry & President, Aspen Institute India, Aharon Fogel, Chairman, Migdal Insurance and Financial Holdings Ltd; Ness Technologies; Advisory Committee to the Bank of Israel, Ashwani Kumar, Minister of State for Industry, Government of India, Stanley M. Bergman, Chairman & CEO, Henry Schein Inc., Jamshyd N Godrej, Chairman and Managing Director, Godrej & Boyce Manufacturing Company Limited



(L to R) Jamshyd N Godrej presenting CII tie to Ashwani Kumar, Minister of State for Industry, Government of India with Stanley M. Bergman

- Promote networking between Indian and Israeli companies and with entities in third countries
- Identify an Indian academic counterpart to Tel Aviv University for the Forum activities
- Plan the next Forum meeting in Israel.

LUNCHEON SESSION ON INDIAN ECONOMY AND INDUSTRY: WHERE ARE WE HEADED

Welcome Remarks: Mr Jonathan Morris, Partner, Berwin Leighton Paisner

Guest Speaker: Dr Ashwani Kumar, Minister of State for Industry, Government of India

Concluding Remarks: Mr Jaydev Galla, Managing Director, Amara Raja Batteries Ltd

Proceedings

Mr Jonathan Morris introduced Mr Ashwani Kumar to the delegates.

Complementing the organisers of the Forum meeting, which he called a timely initiative, Mr Kumar said that India's first attempt to establish diplomatic ties with Israel goes back to 1950 when the then Indian President wrote to the Israeli

leadership. However, the relations passed through a tumultuous period after that marked by political differences. The first signs of revival were seen when India supported the Camp David Accord and Israel supported the Simla Accord. "Bilateral relations never regressed thereafter," he said.

Mr Kumar said that India and Israel were often seen on the same side of the global order on a number of international issues, even before the formal diplomatic ties were established in 1992. He said India in its global role commit itself toward realising the aspirations of its partner countries.

Stating that both countries celebrate democratic traditions and pluralism, he said, "We commit our richness of thought towards making a better world." He said the Forum will act as a precursor for bilateral collaborative efforts to intensify as both economies aim to sustain high economic growth. India, for instance, will have a 581 million middle class by 2025 and become the third largest economy by 2035.

Mr Kumar said India was committed to economic reforms and regulations, which stem from the country's collective wisdom.

Mr Aharon Fogel urged the two countries to provide risk capital for joint businesses. He



(L to R) Tarun Das, Chief Mentor, Confederation of Indian Industry & President, Aspen Institute India, Stanley M. Bergman, Chairman & CEO, Henry Schein Inc., Ashwani Kumar, Minister of State for Industry, Government of India, Jamshyd N Godrej, Chairman and Managing Director, Godrej & Boyce Manufacturing Company Limited, Aharon Fogel, Chairman, Migdal Insurance and Financial Holdings Ltd; Ness Technologies; Advisory Committee to the Bank of Israel

apprised the minister of the felt need for a bilateral risk fund for promotion of innovative businesses.

Mr Stanley Bergman said the FTA when signed will impact not just India-Israel business partnerships but will have a bearing on India-Israel-US-Europe trade and investment flows.

Prof. Nili Cohen reiterated the need for a bilateral fund for financing exchange programmes for Indian and Israeli students and university faculty. Dr Yaron supported this view stating that such exchange programmes will also promote closer economic cooperation.

Prof. Gadi Ariav proposed joint problem-solving classes for Israeli and Indian students in select areas.

Mr Kumar said the Indian government will extend all possible support for joint endeavours in education. He asked CII to work out the modalities by entering into a dialogue with the domestic education players.

The minister said he appreciated the need for higher spend on pure sciences and commended the private sector for taking up the risks in promoting a science and technology revolution within the country.

Mr Mark Sofer said a team comprising academia representing Jawaharlal Nehru University, Jamia Milia Islamia, North East Hill University and

Calcutta University had visited Israel for promoting academia exchanges.

In his concluding remarks, Mr Jay Galla said the voice of Young India is being heard across the globe. “We hope to see India attaining a developed country status in our lifetime,” he said.

Young India has over 1,000 members, some of whom are from the rural areas. The organisation has representation both from major and small companies.

Referring to India’s demographics, he said 50% of India’s population is below 25 years and 70% below the age of 40. In this light, he proposed youth exchange programmes between India and Israel.

MEETING WITH MR KAPIL SIBAL, MINISTER FOR SCIENCE AND TECHNOLOGY AND EARTH SCIENCE, GOVERNMENT OF INDIA

Proceedings

Prof. Nili Cohen said that Indian studies are highly popular in Israeli universities. Israeli students are taking up studies in Indian philosophy, history, and linguistics. In view of this, she sought greater government support for promoting academic exchanges between the two countries.

Taking cognizance of the increasing need for

academic collaboration, Mr Kapil Sibal, Minister for Science and Technology and Earth Sciences, Government of India, said his ministry would support any education programme linked with scientific research. “We can even finance some of the PhD and post-doctoral scholarships linked to this,” he said.

Mr Sibal said the technology available in the West is neither appropriate nor affordable to the ordinary Indians. So, he urged Indian and Israeli entrepreneurs to work jointly to develop suitable technologies for the Indian market which will eventually find markets in all developing countries. “Think locally, source globally,” he said.

“We need to imbibe the internal strengths of Israelis,” he said, adding that there should be an institutional structure to harness the initiatives on both sides. He asked CII to come up with a suitable framework.

Mr Sibal said that Israel could contribute significantly to India’s Evergreen Revolution, adding that the areas of cooperation could extend to water management, nano-technology, biotech, bioinformatics and so on.

Dr Giora Yaron explained to the minister his concept of systems integration as a sustainable business model for India-Israel ventures. Mr Rafi Hofstein said the systems integration model will also help Israeli lifesciences companies to conduct clinical trials in India. “Together we can capture the world markets,” he told the minister.

Mr Kapil said that India is also fast catching up on innovations. He pointed to the domestic electric car Reva as an example of future transportation solutions. He said that Government of India’s CSIR has developed many innovative solutions like a solar-powered rickshaw that runs at 15-20 kmph.

Mr Sameer K Brahmachari, Director-General, CSIR, Government of India, invited Israeli investors to work with CSIR scientists to incubate business solutions.

Mr Fogel concluded the meeting by assuring the minister that his team will develop the framework for engaging Israeli companies with Indian partners for upscaling businesses and for technological collaborations.

MEETING WITH MR MONTEK SINGH AHLUWALIA, DY. CHAIRMAN, PLANNING COMMISSION, GOVERNMENT OF INDIA

Proceedings

Mr Montek Singh Ahluwalia said Israel means much more than the numbers say. He expressed satisfaction at the participation of academics from Israel in the Forum and hoped that the interaction will include academics from Indian universities as well.

Israel is an obvious source of technologies for water conservation, he said, but added that archaic land laws would limit Israeli companies from directly entering farming in India. Contract farming is the option available, he said. On direct foreign ownership of land, he said that people hold cultural links with the land and hence securing land rights in India will not be easy.

Pointing to the rising Israeli engagement in India’s primary sector, Mr Mark Sofer said that Israeli firms have been involved in setting up a dairy with 10,000 cows in Gujarat and plantation of 1 million olive trees in Rajasthan.

Responding to a query on freer movement of capital and FDI norms in India, Mr Ahluwalia said the government is taking to liberalisation in this sphere in a gradual way but there is no looking back. He said the soon-to-be-release Raghuram Rajan report will delineate the government policy on capital flows. “Those who bring in money will be able to repatriate it,” he said.

Mr Amos Shapira underlined the urgent need to improve air connectivity between India and Israel.

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