

India rated as fourth safest business haven

New Delhi: India has been ranked as the fourth most attractive business location for European business houses, by the fifth annual European attractiveness survey by global consultancy company Ernst & Young. 30 per cent decision-makers among the 834 who responded to the survey, found India attaining more investor confidence and developing as a more preferred business destination compared to the US and Russia.

China topped the list with 47 per cent votes, followed by Central Europe (42 per cent) and Western Europe (33 per cent).

The US and Russia were preferred by 21 per cent. Termed as "an open world", the European attractiveness survey aimed at identifying the prospects of different business locations and the standards expected by the respondents.

According to the findings, the most important factor for foreign direct investors was accessing new markets, and as the European economy is showing the signs of slowing down, investors are looking for thriving economies and competitiveness in other markets.

"The survey findings further highlighted that business leaders today see the investment world as multi-polar and including destinations such as China, India, Russia and West Asia. These relatively recent global players present viable competition to the developed world in the eyes of potential investors searching for investment locations", it stated.

"The world is becoming a level playing field when it comes to businesses' perceptions of their cross-border investment options," said Marc Lhermitte, Partner, Ernst & Young, France, who headed the European attractiveness survey.

"The developed markets of Western Europe and the US are being challenged by competing equals. As they look ahead, businesses are chasing growth through Asian consumers' spending power. But Europe and the US still remain vastly diversified and powerful markets."

As almost half of the European businesses are still in the stages of developing their activities across European borders, investors will continue to go ahead with projects in Europe in the near future, even as they will be also starting complex, longer-term investment projects in Asia.

On the whole, 47 per cent of the business leaders plan to develop activities in Europe, although 16 per cent say they will move all or a part of their projects outside the region.

22 per cent respondents voted India as the second most preferred global location for relocating projects. China was the most preferred destination, with 36 per cent votes.

21 per cent investors voted India as one of the top three most innovative countries ahead of UK, France, Finland and Sweden.

The most innovative countries were the US with 50 per cent votes and China with 34 per cent votes, followed by Germany and Japan with 31 per cent and 29 per cent respectively.

With the high ranking of China, Japan and India, the survey places Asia at the top of the most preferred geographical locations because of its level of innovation.

Source: IBEF, 06/08/2008