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- DEG is the private sector arm of KfW Banking Group for Developing Countries and Emerging Markets. Our mandate is to foster the private sector in our partner countries by providing various types of long term financing and other services.
- We have been active in India for nearly 30 years. Until the late Eighties we financed primarily German Indian Joint ventures, thereafter our focus has been shifting to local companies.
- Due to the overall economical, regulatory and political framework our track record in India was not satisfactory at the beginning, major reasons being
 - Overregulated economy (planned, socialist type): mal-allocating license regime for most of the sectors, tight forex regime
 - No proper working insolvency law
 - No well working finance sector (term financing only from state owned, politically influenced Financial Institutions, not working according prudent banking practices)
 - No well working stock exchange regulations
 - Business partners/Promoters with doubtful understanding of “prudent business habits”
- With the beginning of the liberalization process initiated by Manmohan Singh India faced a change in its investment climate and hence we were able to achieve a substantial improvement in our portfolio, both in quality and quantity. Nowadays India is our largest country portfolio with total commitments of EUR 355 mln (40 % in mostly infrastructure – and housing – related Finance Sector, 36 % in Manufacturing and Services, 21 % in Infrastructure and 3 % in Agriculture). The portfolio has a very low level of non performing loans and distressed assets. However, the outcomes and spill over effects of the global financial turmoil have yet to be seen.

- Despite the current political and economical difficulties we see a promising perspective for India in the mid and long run. Factors like new generation of young, urban and well educated people eager to develop and prosper, growing middle class with increasing purchasing power, political strength through its position as regional and increasingly global power, potential benefits from deeper regional and international integration etc. will help India to emerge as the third strongest economic power in 20 to 30 years. However India is challenged by
 - Keeping the momentum and even accelerating the modernization and liberalization process under a democratic and hence sometimes slow working environment (legislation, approvals, bureaucratic measures, fair and efficient outbalancing of individual rights versus common interests etc.)
 - Increasing the efforts in implementing sufficient hard and soft infrastructure (key bottleneck for any development)
 - Reducing/Controlling the high level of debt in many states
 - Providing at least decent living conditions and sufficient income especially for the poor living in the rural areas in order to avoid uncontrolled mass urbanization

- India will continue to be one of the most important partner countries for DEG where we can play a role especially in long term financing in infrastructure, food processing, manufacturing and services. Whereas local companies will remain our core business we will increase our efforts to co-operate with German partners entering the Indian market and/or expanding their already existing business.