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INDIA GLOBAL BUSINESS

Published by
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Yearend Edition 2017
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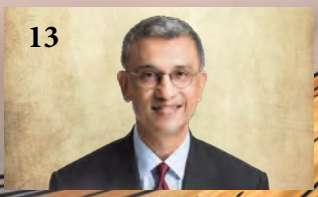
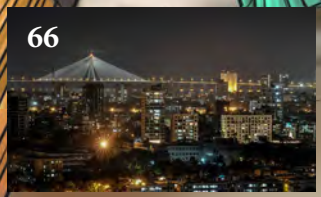
The Big Indian Clean-up





The Big Indian Clean-up

Indian Law Minister Ravi Shankar Prasad told Parliament recently that the Narendra Modi government has abolished 1,183 outdated laws since it came to power in 2014.

OThe clean-up of the entire Indian legal and economic eco-system that began three years ago, picked up considerable pace over the last year. Years of neglect and an almost macabre fascination with over-regulation had prompted past governments to erect complex systems that became choke points for the economy.

In this Yearend issue, we take a look at five far-reaching clean-up acts initiated by the Modi government during 2017 to bring about structural changes in the Indian economy and clear the way for easier business processes and faster growth.

The five initiatives are:
* Goods and Services Tax (GST)
* The effects of demonetisation
* Bankruptcy code
* Bank recapitalisation
* The Mid-term Review of the Foreign Trade Policy

Each one of them is a major economic reform by itself. Cumulatively, I dare say, they form perhaps the boldest steps ever taken to enable India's so-called Elephant Economy to learn to dance.

Mind you, the process has not been smooth at all. Nothing is in India's fractious and highly divided political landscape. GST, which received unanimous support of every political party in the hallowed precincts of India's Parliament and all the state legislatures, became the bone of contention between the Prime Minister's party, the BJP, and India's principal Opposition party, the Congress, in the just concluded elections to the Gujarat state Assembly. Likewise, demonetisation, which sucked out 86 per cent of India's currency in circulation, has been widely welcomed by the ordinary Indian. But India's Opposition politicians, ever keen to pounce on issues they can use to beat the government with, have used shrill and often un-parliamentary rhetoric on demonetisation to accuse the Prime Minister of damaging the economy.

Early evidence from polling patterns in Gujarat, a state with a disproportionately large number of business people and traders, suggests that these two issues, which the Opposition claims has derailed the Indian economy, have cut no ice with voters, including the trading community – supposedly the main "victims" of these allegedly poorly conceived and badly executed initiatives.

Even the Bankruptcy Code has met with fierce opposition from large business houses, long used to running their businesses with state largesse, that now stand to lose control of companies they have set up and then milked for their personal benefits only. In one swoop, this Code has dealt a massive blow to the malaise of crony capitalism that has ailed the Indian economy since Independence. I urge readers to note that previous governments have shied away from such measures – because of fear that various special interest groups – called "vote banks" in India – would be hit, thus, hurting the prospects of the ruling parties in elections.

I AM WILLING TO TAKE A WAGER THAT IN TIMES TO COME, 2017 WILL COME TO BE REMEMBERED IN INDIA AS THE YEAR OF THE BIG CLEAN-UP.

But Prime Minister Modi is known to take bold decisions even when these are considered politically risky. That is what he has done with these initiatives and his political instincts have been rewarded – the BJP has just won two state elections, in his home state of Gujarat, albeit by a smaller margin than before, and in the northern hill state of Himachal Pradesh. But in politics, a victory is a victory; there are no consolation prizes for the loser.

Each of these five initiatives will have a far-reaching impact on the Indian economy and the way India's business community runs its businesses. I am not a betting man, but I am willing to take a wager that in times to come, 2017 will come to be remembered in India as the year of the big clean-up.

This edition explores the clean-up in greater detail as part of the Cover Story, besides a general wrap of India's impact on the global economy throughout the year. As I sign off, I would like to wish all our readers a very Happy Christmas and New Year.

Manoj Ladwa
Publisher & CEO, India Inc.
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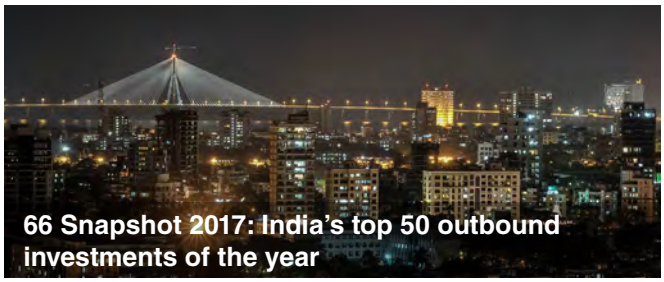
CONTENTS

The edition to mark the end of 2017 delves into the big clean-up undertaken by the Indian government and some of the early signs of how that is likely to unfold in the New Year. A special Rewind 2017 segment takes a look-back at some of the year's major 'India Global Business' coverage, besides a range of exclusive columns and analyses to kick-start 2018.

INDIA & THE WORLD



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'Winning Partnership' is a collection of essays on what a modern India-UK partnership could mean.

The book comes at a critical juncture in global affairs. India and its engagement with the world is being transformed under the leadership of Prime Minister Narendra Modi. Whilst the United Kingdom, one of the most prosperous nations in the world, is going through tumultuous change following its epic decision to leave the European Union.

CLEARING THE PATH TO HIGHER GROWTH

Structural reforms are painful in any situation – and the discomfort gets more accentuated when it relates to the economy, and especially to issues of daily bread and butter. But in the Indian context, such reforms are necessary to lay the ground for sustained higher growth rates.

In the past, governments have spoken half-heartedly about embarking on such changes but have backtracked in the face of the potential political costs. After all, it is never easy to tell people, who are doing well, to undergo economic hardship for an even better tomorrow.

But without such structural reforms, India cannot even hope to reach and sustain 9-10 per cent GDP growth rates for an extended period of time.

Indian Prime Minister Narendra Modi has put all his political capital on the line and bitten the bullet on this issue. His government has initiated several major steps to clean up the cobwebs clogging India's growth path and set the stage for taking India's GDP to a higher trajectory.

For the purpose of this yearend report, India Global Business looks back at the following five major clean-up acts undertaken by the government:

* Goods and Services Tax (GST)
* The effects of demonetisation
* Bankruptcy code
* Bank recapitalisation
* The Mid-term Review of the Foreign Trade Policy

Together they represent, arguably, the largest clean-up act in any one year in the history of India's economic liberalisation programme. That's why we've decided to label 2017 as the year of clean-ups.

A year of wholesale clean-ups

by India Inc. Staff

As 2017 draws to a close, we look at a number of steps taken by the Narendra Modi government to clean up processes and lay out a roadmap for faster growth.

It is never a wise thing to look back upon, and label a year when there's still half a month to go for the New Year. Having got that caveat aside, it would be fair to call 2017 the year of clean-ups – when the Narendra Modi government decided to clean up the choke points that were hindering the economy from moving into a higher, more robust growth trajectory in the years to come.

For the purpose of this year-end report, India Incorporated looks back at the following five major clean-up acts undertaken by the government:

- Goods and Services Tax (GST)
- Demonetisation
- Bankruptcy code
- Bank recapitalisation
- Mid-term Review of the Foreign Trade Policy

Individually, each of them constitutes a significant reform initiative. Taken together, they signal a determination to re-engineer and re-imagine the basic structure of the economy. The process has not been entirely smooth – nothing as ambitious as these programmes can be painless – but the good news is that the economy has started showing signs of responding positively. Note the second quarter growth rate of 6.3 per cent – the first rebound after five straight quarters of slowdown.

AT ONE GO, INDIA WAS TRANSFORMED – FROM 29 DISCRETE MARKETS EACH WITH A PLETHORA OF LOCAL TAXES AND LEVIES INTO ONE COMMON MARKET.

Goods and Services Tax

At the stroke of the midnight hour on the intervening night of June 30 and July 1, while the world slept, much of India was wide awake, watching President Pranab Mukherjee and Prime Minister Narendra Modi formally launch the much awaited Goods and Service Tax (GST). At the stroke of the midnight hour, India was transformed – from 29 discrete markets each with its own labyrinthine tax laws to one common market. A long held dream – of one nation, one tax – shared by every political party and many experts became a reality on the intervening night of June 30 and July 1 this year when as many as 17 taxes and 23 central and state cesses were merged into a single national levy called the Goods and Services Tax. At one go, India was transformed – from 29 discrete markets each with a plethora of local taxes and levies into one common market.

Sure, the rollout process hasn't

been entirely without glitches. Many companies and several traders' bodies are still trying to figure out the full impact of the new tax on their fortunes and some businesses have been adversely impacted. But this was to be expected. The government has proved itself as being alive to the problems being faced by the business community and has already taken several measures to mitigate and resolve the issues involved with the rollout of GST.

For example, it recently cut the rates of about 212 items in the various tax slabs, including 180 items in the highest 28 per cent bracket. Other measures are also on the anvil to sort out the remaining issues.

Finance Minister Arun Jaitley has been holding regular meetings with his counterparts in the states to sort out the teething troubles faced by this new tax and Finance Ministry mandarin Hasmukh Adhia has said he expects all outstanding issues related to GST to be resolved over the next few quarters.

Despite the initial problems, the assumptions behind the launch of GST still hold.

US ratings agency Moody's Investors Service said the new tax regime will be positive for the country's credit profile as it will increase the government's revenues through improved tax compliance.

"It will support higher government revenue generation through improved tax compliance and administration. Both will be positive for India's credit profile, which is constrained by a relatively low revenue base," a statement released by Moody's said.

Moody's expects GST to contribute to productivity gains and lead to higher GDP growth over the medium term by improving the ease of doing business, unifying the national market and boosting India's attractiveness as a foreign investment destination. This is largely in line with the expectations of experts and analysts who have forecast a 1.5-2.0 percentage point rise in GDP growth rates over the next two-three years as a result of GST.

A CRISIL Research report estimates that "the rollout of GST will bring down the logistics costs of companies engaged in the production of non-bulk goods by as much as 20 per cent. Savings will accrue as a result of gradual phasing out of the central sales tax, consolidation of warehouse space, faster transit of goods since local taxes will be subsumed into the GST and as state level check posts will be dismantled."

The same report adds: "Indian corporates spend an average of 6-8 per cent of sales towards logistics. GST is expected to lead to a cost savings of 1.0-1.5 per cent of sales over a three-four year period. Eliminating delays at check posts will yield additional savings of 0.4-0.8 per cent of sales, which will take the overall logistics costs savings to up to 1.5-2.0 per cent of sales for companies. These cost savings are, however, more likely to be gradual and back ended as corporates will have to realign their supply chain while ensuring minimum business disruption."

The combined effect of these measures as well as the resultant improvement in the ease of doing business will take GDP growth higher. Billionaire investor Rakesh Jhunjhunwala has predicted, in an interview to a leading financial daily, India's GDP growth will touch double digits by 2019-20.

Demonetisation

Technically, demonetisation took place in 2016, but its effects were felt most strongly in 2017. And now that the pain of going cashless is behind us, the gains are slowly beginning to show.

Demonetisation

The Prime Minister's shock announcement on November 8, 2016 that his government was withdrawing all Rs 1,000 and Rs 500 notes, constituting 86 per cent of the currency in circulation in India, as legal tender was met with shock and consternation in some business and political circles. There were long queues at banks as people lined up to withdraw money up to the permissible limit while the Reserve Bank of India (RBI) set about replenishing the country's currency stocks with replacement notes.

A year later, the net effect of demonetisation is becoming visible. Unaccounted or black money, which has been the bane of the Indian economy, has been partially controlled. This is evident from the

fact that currency in circulation, which was at a high of 12-13 per cent a year ago, compared to 4-5 per cent in developed economies, is down to about 10 per cent, a drop of more than 2 percentage points, according to figures released by RBI.

Then, digital transactions have seen a marked rise. After zooming 300 per cent in the immediate aftermath of demonetisation, it has settled at levels that are about 80 per cent higher than a year ago. This is three times the average growth of about 25-30 per cent in the period prior to demonetisation.

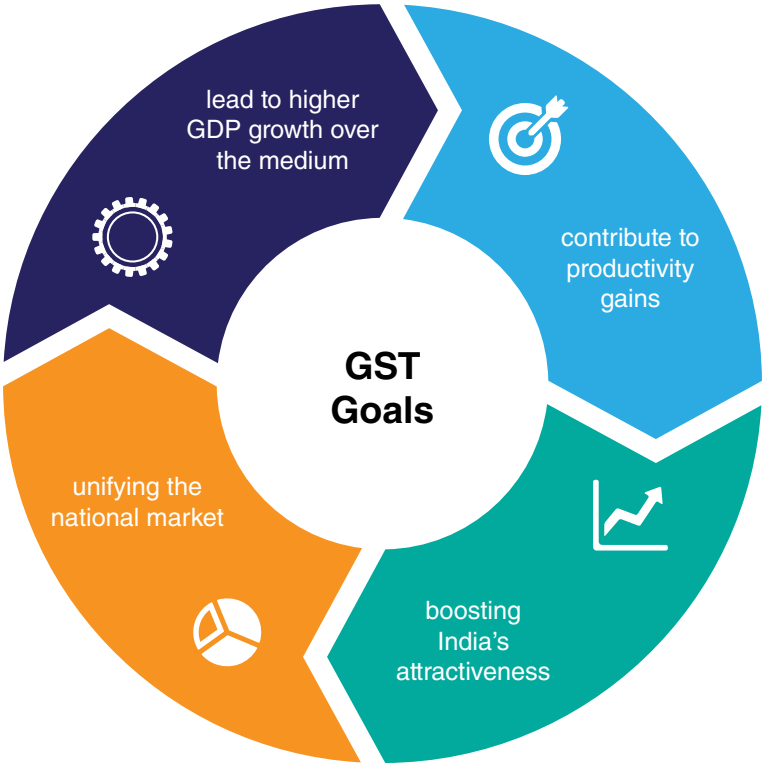
Result: as much as $36 billion in currency notes that were earlier in circulation, is now deposited with banks.

The results are tangible: real estate prices, which were earlier propped up with unaccounted cash flows, have corrected by 10-20 per cent in most major cities, resulting in a direct benefit to the ordinary Indian, who now finds housing more affordable than before.

Bankruptcy code

The government had brought in an Insolvency and Bankruptcy Code to ease the process for creditors to recover their dues from borrowers. Under this new law, a defaulting corporate borrower would have to resolve its outstanding loans within 180 days – extendable to 270 days in exceptional but clearly defined circumstances – by way of bringing in a new promoter and fresh capital or face winding up and the sale of assets.

THE NEW INCENTIVES ANNOUNCED FOR BOOSTING EXPORTS FROM LABOUR INTENSIVE AND SERVICES SECTORS UNDER THE REVISED FTP WILL COST THE GOVERNMENT AN ADDITIONAL $1.3 BILLION.



This issue was important as many of India's largest companies had taken hefty loans from banks and then defaulted in repayments, resulting in a major bad loan crisis in the Indian banking system that has choked credit supply in the Indian economy. Till the enactment of this new code, India's antiquated banking system had been going around in circles trying to recover loans from delinquent corporate borrowers. The extent of the problem: as much as 10 per cent of all outstanding loans.

As a first step, banks have seized 12 top companies that account for almost a quarter of all outstanding bad loans and have set in process measures to sell them to new promoters.

But a loophole remained: the law as it was worded did not disallow existing promoters from buying back their companies – after forcing lenders to take large haircuts.

This was a moral hazard that no democratic government could afford. Hence, the law has been amended to plug this loophole and bar promoters who have been tagged as wilful defaulters – defined as those who have not repaid loans despite having the capacity to do so – and those who have siphoned money out of their companies.

This is expected to bring Indian insolvency resolution laws at par with the best in the world and improve India's rank in the World Bank's Ease of Doing Business Index.

Bank recapitalisation

To tackle the problem of bad loans in the banking sector, which has severely hampered its ability to lend funds for fresh investments, the government has announced a $35 billion programme to recapitalise public sector banks.

The goal: stimulate the flow of credit to spur private investment.

Of the promised amount, about 65 per cent will be financed through the sale of recapitalisation bonds while

the remaining $12 billion will come via budgetary allocations and market operations.

Indian banks have a stressed asset portfolio of about $150 billion, of which more than 75 per cent have already turned delinquent.

Further details of the scheme have not yet been announced.

The issue of recapitalisation of bonds will not affect the government's fiscal deficit target. According to Arvind Subramanian, Chief Economic Adviser to the Finance Ministry, International Monetary Fund (IMF) treats such recaps as "below the line", meaning it is not part of the fiscal deficit.

"But under our own accounting practices, it is above the line and part of the deficit. The reason it is below the line is because when you recapitalise, you don't directly add to the demand for goods and services, which is what the deficit measures. So in that sense it is not going to be inflationary, et cetera et cetera," he said.

According to RBI figures, the banking sector's credit growth stood at 7 per cent year-on-year. This is expected to improve following the initiation of this new programme.

Foreign Trade Policy

In December, the government announced several measures to revive foreign trade and ease disruptions caused by the implementation of the Goods and Services Tax (GST).

The goal is multi-fold: increase exports, provide a boost to employment generation in sectors such as leather and leather products, garments, gems and jewellery, handicrafts and agriculture that are highly labour intensive and kick-start GDP growth with a ground-up approach.

The government has raised incentives under the Merchandise Exports from India Scheme by 2 per cent to exports from labour and MSME dominated sectors such as gems and jewellery, leather and leather products, carpets and agriculture. It had earlier done the same for ready-made garment exports.

The services sector, which makes up 60 per cent of the Indian economy and accounts for a large volume of exports has also been given a similar 2 per cent increase in incentives.

The ministry also launched a new initiative to use trade analytics to identify new markets for its products and new products for existing markets.

India's Foreign Trade Policy (FTP) had proposed a hefty rise in the country's merchandise and services exports to $900 billion by 2019-20. But sluggish global conditions, a bad loan crisis plaguing domestic banks and, over the last few months, teething troubles faced by GST, have combined to slow down export growth.

Minister Suresh Prabhu also unveiled several measures to improve the ease of doing business for exporters by cutting red tape and automating more processes.

The new incentives announced for boosting exports from labour intensive and services sectors under the revised FTP will cost the government an additional $1.3 billion.

While the incentives are expected to provide an immediate palliative to exporters, the government has addressed longer term structural issues faced by exporters by creating an enabling eco-system to shore up their competitiveness and productivity by streamlining the supply chain by ironing out the glitches in the implantation of the GST and also by improving the ease of doing business within the country.

It will do so by setting up a single point of contact at the Directorate General of Foreign Trade for exporters and importers.

The revised policy also increases the validity period of duty-free credit scrips to 24 months from 18 months to enhance their utility under the GST regime and also removes GST on these scrips.

The review aims to promote exports by simplifying processes, boosting support to high-employment sectors and leveraging the benefits of GST, apart from helping double farmers' income, India's Commerce Minister Prabhu said and assured exporters that the policy will be constantly reviewed.

"We do not need to wait two-three years to make changes," he said.

Bankruptcy Code:

New Law: A defaulting corporate borrower would have to resolve its outstanding loans within 180 days – extendable to 270 days in exceptional but clearly defined circumstances – by way of bringing in a new promoter and fresh capital or face winding up and the sale of assets.

Bank recapitalisation:

$35-bn programme announced to recapitalise public sector banks; of which:
1) 65 per cent will be financed through the sale of recapitalisation bonds
2) $12 billion will come via budgetary allocations and market operations

Foreign Trade Policy:

Goals:

- increase exports
- provide a boost to employment generation
- and kick-start GDP growth

INDIAN AVIATION IS GROWING AT ENVIABLE NUMBERS

Vinay Dube is the Chief Executive Officer (CEO) of Jet Airways, India's leading private full-service international airlines. The aviation industry veteran took time out for 'India Global Business' during a recent London visit to explain what made Jet launch its fourth direct flight on the London-India circuit, future growth ambitions and plans to acquire as many as 150 new aircraft over the next five years.

What prompted Jet to launch its fourth direct flight in the UK?

In October, we introduced our third daily, non-stop service between London Heathrow and Mumbai. The new service will offer an unparalleled choice in the form of more than 1,000 seats daily, on this rapidly growing route. The new service complements our existing daily operations from London Heathrow to its hubs in Mumbai and Delhi.

Whenever people in India think about travelling abroad, the very first city that comes to mind is London. There is a sense that if you haven't been to London, you haven't really been anywhere as far as most Indians are concerned.

At Jet Airways, we try and follow our customers. The aim is to make it convenient for Indians who want to come to London and take Londoners to India as well, and play our part in bringing India and the UK closer together.

Dube with London Mayor Sadiq Khan

How important is the UK market for Jet?

Within Europe, I would say the UK is the most important. If you look at our capacity, we fly four flights from India into the UK and that is more than any other European destination. Most Indians aspire to visit London and I would say that London will continue to be at the centre of our European operations.
That is true for Jet but also holds true for the country as a whole. People feel at home in London, they like to visit the UK, where we have an incredibly large diaspora. The foreign direct investment (FDI) between the two countries is also growing by leaps and bounds. So, in every respect, the connectivity between India and the UK is thriving.

There are plenty of Indians who reside or study at universities or have businesses in other cities of the UK. Manchester and Birmingham are two obvious choices that we keep looking at. When we feel the demand is robust enough, we will launch from there too.

There is a wide spectrum of travellers who are flying Jet. It's a mix of everything and every aspect is growing.

Is Brexit a worry from an airline industry perspective?

Nothing that keeps me awake at night. The UK is very important to us. So, we want to see a strong and robust UK and whatever creates that is good for us. At this point in time, my view is that almost any scenario that plays out in either end of the Brexit debate will not impact UK to India traffic to cause pain for Jet Airways.

Our flights today are doing well and going full, including the new flight. We have a thousand seats now and we will be able to absorb that no matter which end of the spectrum this debate will play out.

What sets Jet Airways apart in the global market?

Jet is known for its warmth, its culture of service, attention to detail and we are doing everything we can to promote that warmth and hospitality. That is part of our DNA.

Aviation is an extremely addictive industry because it is an industry where we take immense joy and pride in connecting people and bridging gaps. Even within India, we are creating bridges to bring people together.

What are the plans for acquiring more aircrafts?

We hope to finalise an order for an additional 75 before the end of our fiscal year in March 2018. These will be narrow bodies. The delivery will be over the next five years, so between 2018 to 2023 we should take delivery of all 150. The first 75 will be delivered in 2018.

These are not all coming as net additionals. The 150 will be a replacement of the 75 and growth for the remaining. The routes will be everything that we fly today and then some.

The Indian aviation market is growing at numbers that would make any

other country jealous. We will not have a shortage of places to fly our aircraft to.

Is the policy framework in India supporting growth for the industry?

A business-friendly, economy-friendly environment helps improve the robustness of the economy. All over the world air travel demand is closely co-related to growth in GDP and other economic indicators. Whenever you have growing economies, it typically spells good news for aviation in general.

The population is growing, the economy is growing; Indians want to fly everywhere and people from everywhere are looking at India.

Has the Goods & Services Tax (GST) made an impact?

From an aviation perspective, it has had no adverse effect in any shape or form. In theory, GST will create a much more robust real economy which will drive air traffic growth. Over the long run, it is going to be better for the economy and therefore better for aviation. But we need time for that theory to play out.

How important are your global tie-ups for business?

At a holistic level, all partnerships are extremely beneficial for Jet. They all can and will co-exist and make Jet stronger and also make our respective partners strong.

Etihad own 24 per cent of Jet Airways. It's been an incredibly useful partnership for Jet. We will continue to find ways in which we will further grow and mould it, as a partner and certainly as an equity owner as well.

THE POPULATION IS GROWING, THE ECONOMY IS GROWING; INDIANS WANT TO FLY EVERYWHERE AND PEOPLE FROM EVERYWHERE ARE LOOKING AT INDIA.

The good news is that we have got partnerships that we continue to deepen – with Air France, KLM, Delta and Virgin Atlantic. They will be extremely good for business and for consumers by providing greater connectivity. That has been part of the catalyst for growth over time.

What are your growth plans for the coming years?

We have just launched three new routes into Europe – Chennai to Paris, Bangalore to Amsterdam and the third Mumbai to London. That is quite a lot of capacity and so our first priority is to absorb that and make sure it performs well. And, then look to further growth in these markets. Overall, we foresee growth in the next five years as we grow from 75 to 150 narrow bodies. We hope to grow the airline at a CAGR of about 10 points for the next five years and that growth will include domestic growth as well. The Indian market is thriving and we will participate in that and do it in a manner that is good but has an element of capacity discipline to it as well.

It will be a new fleet type so training of pilots certainly will continue. We will have to not only train for a new aircraft type but also for our growth. We are well ahead of the curve. We have known for a long time that these aircraft are coming, we have been planning for it and we are ready for it.

Jet Airways is in it to create a strong, healthy airline which we are proud of in terms of the service we provide our consumers and the strength of our balance sheet. Our strategy is very clear and we will continue on a platform of differentiated service, which is part of our DNA.

British Indians punch above their weight

by Jitesh Gadhia

The UK's first-ever 'Race Disparity Audit' commissioned by British PM Theresa May threw up some interesting facts about the Indian diaspora this year.

When Prime Minister Theresa May assumed office in July 2016, she expressed her personal passion and commitment for making Britain a great meritocracy, a place where advantage is based on merit not privilege; where it is talent and hard work that matter, not where someone was born, who their parents are or what their accent sounds like. It was a noble mission and provided music to the ears of 1.5 million British Indians whom this approach would benefit the most.

Theresa May followed through promptly – and the one of the first acts of her premiership was to commission a comprehensive audit of how people of different backgrounds access public services and identify racial disparities for the 13 per cent of the UK population belonging to Black, Asian, Mixed or other ethnic groups. She promised to act on the findings – however, uncomfortable these might be.

In October this year, the results of this Race Disparity Audit were finally released and, intriguingly, took the form of a comprehensive data mining exercise across a range of economic metrics and social indicators. The Cabinet Office released a dedicated website revealing "Ethnicity Facts and Figures", which have since been poured over by a wide range of commentators and stakeholders. As the saying goes: sunshine is often the best disinfectant, so transparency about the performance of various groups in society was intended to highlight areas of persistent inequality and prejudice requiring further intervention and remedy.

From the perspective of British Indians, far from showing them as a disadvantaged minority, this benchmarking exercise actually served to demonstrate their outsized contribution across many walks of British life, ranging from business to medicine; finance to charities; and teaching to culture – ranking the community top for economic and educational attainment.

Many official reports over the years, including most recently by Dame Louise Casey in 2016, have highlighted the integration challenges that the UK still faces as a country. However, British Indians provide an inspiring role model for how a community can integrate successfully and embrace the very best British and Indian values: hard work, enterprise, responsibility, and the importance of education, family and community.

One of the most eye-catching data points from the 'Race Disparity Audit' was a breakdown of household income, revealing that 35 per cent of British Indians earn £1,000 or more per week compared to a national average of 24 per cent in the same top income bracket. Similarly, Indians earned the highest average hourly pay levels of any community, 15 per cent above the average for the working population as a whole and 38 per cent above the lowest income communities.

The Indian diaspora has invested heavily in education and the results are evident here too. Department of Education rankings show that Indian pupils, alongside Chinese, have the highest attainment throughout school, make the most progress and are the most likely to stay in education and go to university.

Arguably the most significant revelation, though, was one which many had previously, instinctively, assumed but was now backed by concrete evidence. Namely, a staggering 32 per cent of Indians work in professional industries compared to an average of 20 per cent across the population. Indians therefore provide the human capital engine of large parts of the British economy. These sectors are intrinsically driven by meritocracy and have provided a powerful route for social mobility.


PM Modi at Wembley Stadium during his UK visit in 2015

For example, figures from the General Medical Council (GMC) show that out of 280,000 registered doctors in the UK, 12 per cent are of Indian origin – five times the representation of British Indians in the population. For pharmacists, this figure approaches almost 20 per cent and judging from the admission profile to colleges of medicine and pharmacy this disproportionate contribution looks set to increase yet further in years to come.

We also see similar patterns repeated for dentists, opticians and nurses. It is therefore no exaggeration to say that without the talents of the British Indian community, the UK's cherished National Health Service (NHS) would ground to a halt.

However, this large exposure to services, whilst perhaps not surprising, also raises its own challenges particularly as Britain prepares to leave the European Union (EU). Services make up 80 per cent of UK GDP and if the Brexit negotiations fail to secure the right deal for trading in services, it would be a major setback for British Indians.

Nor should we view these findings through rose tinted spectacles. British Indians have often battled against the odds and broken glass ceilings to secure these achievements. There remain certain protected bastions where Indians have yet to break through in sufficient numbers. For example, the recent report by Sir John Parker into the ethnic diversity of UK public company boards showed that only 85 of the 1,050 directors of FTSE 100 companies are from ethnic minorities. Of more concern, only 2 per cent of directors are ethnic minorities, who are UK citizens, and 51 companies of the FTSE 100 do not have any ethnic minority representation on their boards whatsoever. Sir John Parker has therefore proposed a target that each FTSE 100 Board should have at least one director from an ethnic minority background by 2021. It would be reasonable to expect a large proportion of these positions to be filled by British Indians.

BRITISH INDIANS PROVIDE AN INSPIRING ROLE MODEL FOR HOW A COMMUNITY CAN INTEGRATE SUCCESSFULLY AND EMBRACE THE VERY BEST BRITISH AND INDIAN VALUES

There are also other areas where further work is required. Despite their significant economic contribution, the Cabinet Office data shows that Indians do not share the same patient-user experience and access to health and social services as the rest of the population, which is of increasing concern as the first generation grows older and requires greater support.

Indians have a proud history of self-reliance which has minimised their call on public services but hard-working professionals also need help looking after their elderly parents. There is also wariness about relying on the state, which often provides services insensitive to the community's cultural needs. Other communities who manifestly pay so much in taxes would have demanded more back from the state but Indians are not inclined to beg for help. Having made a disproportionate contribution to the exchequer, they deserve proper support and dignity in their old age.

In conclusion, for a Prime Minister battling with the significant challenges of Brexit, it is welcome to see that she remains determined that every person, regardless of their ethnicity or background should receive the same public support and be able to fulfil their maximum potential. It is a cause that Theresa May is right to have championed and must now see through to actionable policies; in doing so she can secure a legacy that endures beyond Brexit.

Lord Gadhia, an investment banker, is Conservative Party peer in the House of Lords.

India is a major Brexit trade priority

by Tim Hewish

A London-based policy expert weighs up the challenges and opportunities thrown up by Brexit to strike a stronger India-UK dynamic.

Talk of Brexit is never far from the headlines in the UK press. Theresa May triggering Article 50 signaled the start of the process. This presents significant challenges and opportunities for Commonwealth countries, with India being a prime example.

New research from my organisation, the Royal Commonwealth Society, reveals an overwhelming majority of British businesses want to see the Government prioritise trade deals with the Commonwealth. It is significant that nearly three quarters of all UK businesses want an Indian trade deal. India is in fourth place as a priority for the UK's business community for trade opportunities with Commonwealth countries post-Brexit.

As many as 72 per cent of British businesses think that the Government should prioritise trade with India. Australia tops the rankings on 90 per cent. India climbs the rankings to a strong second with businesses in the Midlands, the North, and the South East of England as well as those in Scotland. This priority is also reflected with large UK companies.

A NOTE OF CAUTION, AUSTRALIA, CANADA, AND NEW ZEALAND HAVE TRIED TO BROKER TRADE AGREEMENTS WITH INDIA WHICH HAVE STALLED ON THE BACK OF LABOUR MOBILITY. MANY OF THESE DISCUSSIONS HAVE CONTINUED FOR FIVE YEARS WITH LITTLE RESOLUTION. THE UK MAY FIND ITSELF IN THE SAME POSITION WITHOUT FACTORING IN THIS ISSUE.

We have had positive feedback from a number of countries, such as Singapore, stating that these findings will be useful when engaging the British Government. I encourage the Indian Government to do the same.

I have also made the case in a joint pamphlet on Commonwealth trade with British MP James Cleverly and supported through a foreword by the former Australian Prime Minister, Tony Abbott, that India is one of the major Brexit trade priorities. As of last year, India was the UK's largest Commonwealth export destination and twinned with its 1.4m diaspora spread across every city in the UK - the personal, cultural, and economic ties run deep.

There is also published evidence which estimates that two-way trade would increase by 26 per cent through the cutting of tariffs with the authors suggesting that an India-UK deal would be easier to negotiate than the current EU-India discussions.

However, conversations I have had often note the issue of greater visa liberalisation for Indian nationals as a stumbling block to any trade deal. This is encapsulated in the new Indian High Commissioner to the UK's statement that: "For India – mobility is key".

That is why, in partnership with other leading aviation and tourism groups, we have recommended that Indian visitors to the UK be given the same special deal as Chinese tourists – a two-year visa costing £87. The UK-Indian Year of Culture, launched at Buckingham Place last month, provides the opportune time to introduce such a scheme. This would help generate further goodwill and signal British intent on the seriousness of its attempts to court India.

Addressing the falling international Indian student numbers heading to Britain is of equal importance. Much has been made of this decline notably from the University of Birmingham's Chancellor, Lord Bilimoria.

There is a booming market supply of young Indians keen to study at elite global universities. This will continue to grow with 41 per cent of India's billion plus population under the age of 20. The UK will lose out in educating Indian talent and the economic and social values this presents if reform does not take place.

Policy solutions acceptable to the Home Office will need to be found to counteract this reverse in a post-Brexit era. The now Foreign Secretary, Boris Johnson, offered one such idea in 2015 when he called for a Commonwealth student visa for Indian nationals allowing them to work for two years post-study. Therefore, he can do so again from a senior Cabinet position. An offering of visitor and student work visas can help grease the gears of a future bilateral trade deal. There must also be more voices championing India in the Cabinet as this is whether the decisions will be won and lost.

A note of caution, Australia, Canada, and New Zealand have tried to broker trade agreements with India which have stalled on the back of labour mobility. Many of these discussions have continued for five years with little resolution. The UK may find itself in the same position without factoring in this issue.

UK Chancellor Philip Hammond with Indian External Affairs Minister Sushma Swaraj

Furthermore, in the UK we often see how Brexit can benefit us; however, we should pause to think how India can gain in a partnership of equals. Clearly India has global ambitions. The UK presents India with an opportunity to complete a deal with a Permanent Member of the UN Security Council and its first agreement with a western member of the G7, so far it only as an FTA with its regional neighbour Japan. This is political and diplomatic prestige that India desires. Britain can be the country which helps India enhances that level of esteem.

However, perception is crucial in politics. In his review of Shashi Tharoor's book, 'The Times' columnist Matt Ridley is astute in identifying that Brexit can present an opportunity to renew UK-Indian relations as: "More than almost any other country, India will matter to Britain in the coming years: as a market, an ally, an innovator, a source of talent and — despite everything — a friend."

What is clear is that a trade deal is there for making. British business have shown demand but the UK Government must make an offer mindful of the historic ties, which delivers a meaningful contemporary and lasting relationship that enables the connections of our two peoples working together.

Tim Hewish is Director of Policy & Research, Royal Commonwealth Society.

AN ORGANISATION WITH INDIAN ROOTS CAN PERFORM AT A GLOBAL STAGE

Abhishek Lodha is the Managing Director of the Lodha Group, a Mumbai-headquartered developer which made its global foray with high-profile projects in the UK. 'India Global Business' caught up with him to get an update on this international vision, plans for the group's luxury London developments and the Brexit effect on the property market.

What was the motivation behind the Lodha Group's expansion to the UK?

We started in London in December 2013, early 2014 and the idea was to establish a business which builds on our success and learnings in India and allows us to operate as an Indian multinational by operating in one of the most competitive, most expensive as well as the highest quality markets in the world.

Over the last three years, we are developing two of London's most prestigious developments – No. 1 Grosvenor Square, which was the Canadian High Commission and before that the American Embassy, and Lincoln Square, which is close to the London School of Economics and Royal Courts of Justice. What we are trying to achieve is world-class quality. We have put in a lot of effort and money into the design, into the marketing content, brought in the best names from across the UK as well as internationally.

How has this UK expansion panned out?

Now we are the stage of delivering the products. At the site at Lincoln Square, the core is up to the fifth and sixth floor now and Grosvenor Square concrete has started to be poured. We are doing well on sales. Lincoln Square is pushing at £150 million of sales in the last 12 months and Grosvenor Square has done about £50 million, so together we are close to £200 million on the sales of the two sites. And, this is in a very difficult external environment in the aftermath of the Brexit referendum last year.

An Indian company by origin, we formed a very successful UK operation, we have a great management team here which operates independently with over 40 people working here right now. We are very proud of how much we have been able to do so far and we look forward to growing on this success and building out our business.

WHAT WE ARE TRYING TO ACHIEVE IS WORLD-CLASS QUALITY. WE HAVE PUT IN A LOT OF EFFORT AND MONEY INTO THE DESIGN, INTO THE MARKETING CONTENT, BROUGHT IN THE BEST NAMES FROM ACROSS THE UK AS WELL AS INTERNATIONALLY.

What impact is Brexit likely to have on the UK property market?

Quite frankly, we are very confident about London and its attractiveness as a great place to live and work. If you ask Londoners, how many have bought a place here or decided to work here because the UK is part of the European Union (EU) – I think the answer would be a very small percentage. People live and work in London because it's a place which is very well connected, its time zone, language, great infrastructure, social amenities, culture, education and healthcare. Those are very constant and growing.

To me, London is the finest city in the world and it will continue to be a huge magnet for talent and business for many, many years to come – irrespective of whatever short-term impact on account of the referendum.

What made you choose the UK as the Lodha Group's first international market?

we, as a company, wanted to showcase ourselves on the international stage and when we evaluated many different markets, including New York and Singapore, we felt London was the right market for us to enter for many reasons – the size, as it is a very big housing market; and there are very few large developers so there was a big opportunity for us to come in and become a large development company here.

The quality of work in London is the best in the world. It is much better than what New York or other countries have. So it's really a place where we can learn a lot to take back to our Indian business but at the same time we can showcase that an organisation with Indian roots can perform at a global stage.

What is the kind of buyer your properties in London are attracting?

The buyer is someone who has very strong roots in London – somebody who works or has a business here or somebody with family connection or studied here. It means that people who know the city well are buying with us, which means that our product must really be among the best products in the city.

Indians constitute about 15-20 per cent of the buyers. It's a very diverse audience but the common theme is very strong roots in London.
We have seen a few families buy homes for children who plan to study in London, there are alumni who are buying because they know the area and love the area, there are people who work with law firms or other professional services firms in the nearby area.

What is the kind of housing in demand in London?

The focus is on the need for more affordable housing in London and that is something we are very supportive of. Over time, as these two projects mature and we have more higher level of sales, we will grow the business across different price points. We don't only want to be segmented or focussed on the top end of the market. We want to be doing large scale schemes at lower price points.

But at the moment we are focussed


Lodha Group development at Lincoln's Square, London

on these two projects, with Lincoln's Square completion in 2018 and Grosvenor Square ending in 2019.

What sets your group's developments apart?

Our focus on design and quality of product I believe are not really common. As an organisation, we are very focussed on making sure that we do all that we can to deliver world class design and exceptional quality in everything that we do, besides the point what the price point may be. The idea is to make sure that we deliver exceptional quality and exceptional design.

One of the interesting things about development and construction is the fact that when you do something, it is going to be around at times for centuries and often decades. That ability to make a difference to people's lives by doing it well – you can do it badly and it will be there and you can do it well and it will be there – and through generations people enjoy, get a superior quality of life and work environment and that makes them more productive, makes them happier. That impact you can have on people's lives by doing real estate well, is quite phenomenal.

Do you feel the group's projects are contributing to the India-UK relationship?

The UK-India relationship is a very is a very old one. It is one which has many aspects to it and the fact is that UK companies go to India and do business there and help strengthen the relationship. Equally, when an Indian companies like us come over here and generate employment, it definitely strengthens the relationship.

I think commerce and business relationships are a key cornerstone of any strong international partnership.

What is it like being a developer in a reformist India today?

India is going through very important change. The leadership of the Prime Minister will go down in history books as transformative for our country and GST (Goods and Services Tax) is just one such step.

Whether it's GST or RERA (Real Estate Regulatory Authority) or demonetisation, he is taking very bold measures which he thinks will make the country a better place – a place where there will be more opportunities for people, where the economy will support a larger percentage of the people and poverty will reduce.

Being a developer in India today is very interesting, because all these things are strengthening the economy, they are causing demand to grow and at the same time, it makes it incumbent upon you to be better managed, more efficient and do things in a more transparent fashion.

All this is good for a company like ours because we are at the top end of the pyramid.

We found RERA to be very welcome. Now that we have studied it in great detail, and also registered our projects, we found that we were already doing all those things. But it is good now that the whole industry has to do them, because it will separate the men from the boys and will reduce the credibility deficit. This bill is good because it will stop affecting the credibility of the industry as a whole.

How would you want people to view your projects?

We would want them to want it. After seeing it they should feel that this is really the very best that they can have. Whether they buy it or not, because that is governed by many different reasons, at least they should really deeply want it.

Green bonds lead the way for India-UK ties

A series of green bond listings on the London Stock Exchange to raise funds for Indian infrastructure projects dominated the bilateral relationship in recent months.

India, UK to ink pact in urban transport sector

India and the UK will sign a pact soon for cooperation in policy planning, technology transfer and institutional organisation in the urban transport sector.

India's Transport Minister, Nitin Gadkari, met UK's Transport Secretary Chris Grayling in London recently and discussed a draft memorandum of understanding (MoU) in this regard, the Ministry of Road Transport and Highways said in a statement.

The draft MoU seeks to facilitate cooperation in the transport sector and enable the sharing of expertise and latest technology to promote efficient mobility solutions. The statement said it is also expected to usher in policy reforms that can transform the transport sector through improved customer service/data analysis and better use of IT systems.

The pact will also help in promoting digital transactions and induction of high capacity diesel/electric vehicles in India, it said adding, this MoU will also establish the terms on which such assistance can be provided.

During his visit to London, Gadkari addressed a session of the International Maritime Organisation. He also addressed Indian business leaders in UK, urging them to cooperate in the Namami Gange project of the government.

PFC lists bond on London Stock Exchange

London Stock Exchange

India's Power Finance Corporation's (PFC) has listed its first international bond in almost two decades on the London Stock Exchange to finance renewable energy projects in the UK.

The 10-year dated green bond raised $400 million, paying a 3.75 per cent semi-annual coupon and is listed on London Stock Exchange's new International Securities Market (ISM).

Rajeev Sharma, Chairman, PFC, said: "The funds raised will help promote renewable energy projects across the country and aid in achieving the government's target of 175GW of installed renewable energy capacity by 2022.

"The bond issuance allows PFC to access a new offshore investor base and also diversify its funding sources."

The projects eligible for the funds will be identified within its Green Bond Framework, which was drafted in accordance with the Green Bond Principles, a global set of guidelines framing the issuance of green bonds.

The latest Climate Bonds Initiative certified bond is the seventh green bond listed on London Stock Exchange in November 2017, and the fifth green bond by an Indian issuer in London.

Nikhil Rathi, CEO of London Stock Exchange Plc, said: "PFC is unlocking and promoting green finance across India, enabling the country to achieve its ambitious climate change targets set out under the COP21 agreement.

Number of Indian students in UK rises

The number of visas granted to Indians to study in the UK has seen its first year-to-September increase since 2010.

Figures released by the UK Home Office revealed a 27 per cent rise in the number of long-term study visas granted to Indian nationals in the year ended September 2017, to 14,081.

It follows several years of declining numbers of Indians being issued study visas, with the falls being seen as one of the main consequences of the UK government's clampdown on student migration from outside the European Union.

Overall, the number of study-related visas, excluding those given to short-term students, went up by 8 per cent to 224,392 in the year to September.

James Pitman, a spokesperson for

Destination for Education, a group backed by providers of university preparation courses for overseas students, said: "The UK is lagging behind despite the government claiming they have a target to increase education as an export.

"It is time for the government to work collaboratively with the higher education sector so that we can promote the UK as a prestigious place to study and overcome the barriers that are dissuading prospective international students."

Wipro to expand operations in London

Indian tech giant Wipro Limited is going to expand its operations in London by setting up its third office in the UK capital.

Rajan Kohli, Senior Vice-President and Global Head, Wipro Digital, said: "Our latest Wipro Digital pod in London is a significant milestone in our continued growth journey, helping attract great design and engineering talent to serve clients in the United Kingdom and Europe."

David Slater, Director of International Trade and Investment at L&P, said Wipro is among a host of Indian tech firms to make significant investments in London.

He said the Indian tech businesses are expected to create over 400 new jobs in London this year and that London & Partners would set up an office here to explore the business potential for London as well as Bengaluru.

Slater said: "London and Bengaluru are hotbeds for innovation and creativity and we see a fantastic opportunity for UK and Indian tech companies to do business across the markets.

"Our decision to open a new office in Bengaluru will help us reach key decision makers in India and support our continued drive to help Indian businesses expand and internationalise in London."

IRFC lists green bond on London exchange

The Indian Railways' financing arm listed its first green bond on the London Stock Exchange with an aim to finance infrastructure for dedicated freight corridors and passenger transport in India.

Indian Railway Finance Corp. (IRFC) was set up in 1986 as the dedicated financing arm of the Indian Railways for mobilising funds from domestic and overseas capital markets.

The 10-year dated green bond raised $500 million with an annual yield of 3.835 per cent as it listed on the London Stock Exchange's (LSE) new International Securities Market (ISM).

S.K. Pattanayak, Managing Director, IRFC, said: "Our debut green bond is a significant milestone for IRFC, supporting the company's ambitious infrastructure green projects which includes procurement of rolling stocks for electrifying rail tracks across India.

"Not only was the bond subscribed three times but today we have also achieved our aim, through London, to increase our investor base across the EMEA (Europe, the Middle East and Africa)."

Sean Kidney, Chief Executive of the Climate Bonds Initiative, said: "This IRFC green bond and the previous issuance from the IREDA (Indian Renewable Energy Development Agency) and the PFC (Power Finance Corporation) are a sign of the enormous market opportunities for international investors in green energy, transport and infrastructure to meet India's intertwined climate, energy and development goals."

Hello Curry, FoodAdvisr announce partnership

Hyderabad-headquartered fast food chain Hello Curry and UK's FoodAdvisr announced a partnership and will jointly invest £2 million over the next two years.

Hello Curry and FoodAdvisr also said that they will launch an app in January next year, which will filter out food and restaurants based on allergy settings.

FoodAdvisr is a consumer app that caters for the dietary needs of people with food allergies and intolerances. It allows the user to set a range of personal needs - including their food dislikes and likes, fat, sugar and calories levels, and diet choices - and then use their personalised profile to check dishes for a perfect match to their needs.

Raju Bhupati, Founder and CEO, Hello Curry, said: "Hello Curry is integrating this ability into their own online ordering app, so that their customers can not only choose dishes, but also to be able to check that those dishes meet their dietary constraints."

Kieran Lees, CEO, FoodAdvisr, said: "This app will initially be launched in India and England and in due course will be taken to Canada, Australia and South Africa."

Hello Curry currently operates in Hyderabad, Bengaluru and Visakhapatnam and has plans to expand in the middle-east and United States in the coming months. Kieran Lees also announced opening of FoodAdvisr's technology development centre in Hyderabad.

UK INDIA WEEK 2018

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HCC

High Commissioners' Cup

The UK-India Week 2018 marks the transitional phase for both Britain and India. As Britain forges into a brave new post Brexit world, India steers to take its place as the world's fastest growing economy.

The two countries have a long history together, the origins of which emerged in trade. In addition to this special relationship, the two countries also share remarkable similarities in language, an appreciation of each others' culture and legislation.

Yet the potential for partnership between the two countries has merely scratched the surface. Its foundation lies in shared goals and interests from climate change to technology and innovation.

India Inc.'s UK-India Week 2018 is a collation of events that seek to explore the possibilities of collaboration between these two countries.

The 5th annual UK-India Conclave (20-21June) brings the brightest minds of the two countries together to deliberate and discuss the potential of the bilateral relationship. Held over two days in a luxurious countryside, this event will provide ample power networking opportunities.

Another area which the UK and India can work together is the revitalisation of the Commonwealth, and exploring the potential it holds for both countries. The High Commissioners' Cup (19 June) is a golf tournament designed with a view of reinvigorating old friendships and sparking new ones over a relaxing round of golf.

Amidst the debate of future partnerships that must be forged, it is also important to both acknowledge and celebrate the many achievements of the winning partnership between the two countries. The UK-India Awards 2018 (22 June) is specifically designed to celebrate these achievements and applaud the 100 most influential in UK and India through our landmark annual publication.

Putting trade and investment back into EU-India strategic partnership

by Arnaldo Abruzzini

The chief of Europe's leading industry body presents his view on how relations between India and the European Union will pan out in 2018 and the prospects of a long-pending free trade agreement (FTA).

This year marks the 55th anniversary of diplomatic relations between India and the European Union. And while that is an achievement in itself, the partnership has yet to produce an actual free trade agreement (FTA) between both regions.

Despite many agreements in areas like humanitarian aid, R&D, security and sustainable development, there has been a long-lasting lack of consensus on some elements of a prospective FTA, for which the talks were initiated in 2007. In view of the potential benefits, it is important for both sides to look beyond those differences.

Commonalities between India and the EU make them good candidates for a mutually-beneficial FTA. Besides being two of the largest democracies and two of the world's biggest economies, they share many core values like freedom, tolerance and the rule of law. Even without an FTA, bilateral trade in goods and services between India and the EU more than doubled during the last ten years, surpassing €100 billion a year, while also being rather balanced. The EU is currently India's biggest trade and investment partner, accounting for 13.5 per cent of its total trade volume.

COMMONALITIES BETWEEN INDIA AND THE EU MAKE THEM GOOD CANDIDATES FOR A MUTUALLY-BENEFICIAL FTA.

Combined with the fact that India has one of the biggest and fastest-growing markets in the world, there are clear incentives for creating – together with the EU – what would be the largest free trade area, covering nearly a quarter of the world's population.

The benefits of lifting trade barriers and facilitating investment are tangible for both sides. The implementation of a fair and comprehensive free trade agreement would open up access to the untapped potential in EU-India trade, promoting sustainable growth and development and creating jobs and prosperity across both regions. It would foster competition between Indian and European companies, as well as increase their competitiveness on a global scale. Indian businesses would have better access to European technical know-how and investment, while European businesses would benefit from better intellectual property protection in India and profit from easier market access to sell their products and services.

Following a four-year standstill, due to a mismatch of the level of ambitions, the Bilateral Broad-Based Trade and Investment Agreement (BTIA) has recently received new impetus. At this year's EU-India Summit, both sides "expressed their shared commitment to strengthening the

Economic Partnership between India and the EU and noted the ongoing efforts of both sides to re-engage actively towards timely relaunching negotiations for a comprehensive and mutually beneficial FTA.

EUROCHAMBRES welcomes these ambitions and stresses the importance of continuing to regularly consult business and civil society in order to include their views in the negotiation process going forward. This will ensure that the FTA's possible economic benefits are maximised and correspond to business realities, and that any concerns are dealt with as soon as possible. The BTIA is an ambitious initiative and the best tool to achieve significant market openings and improve the overall trade and investment conditions for EU companies in India and Indian companies in Europe.

While we would strongly welcome a swift conclusion of the BTIA, we also acknowledge the significant outstanding differences in the negotiations, as well as the Brexit challenge looming over the negotiations talks. To overcome these challenges both sides will need to take the necessary steps towards reaching a reasonable compromise without losing sight of the principles of effectiveness, transparency and a balance of interests. Equally, as in all trade negotiations, the high-quality standards for consumer and environmental protection must be kept, as business can have no interest in a regulatory race to the bottom. Rather we need concerted efforts to build an effective framework that will allow greater access to products and services that can match the needs and wishes of our citizens.

During the negotiations it will therefore remain important to keep in mind the main goal of stronger economic relations between India and the European Union, in order to foster trade and investment for the benefit of all. To this end, it will be highly beneficial for India to continue its process of economic reform and progressive integration with the global economy, reinforcing its commitment to fair, open, and inclusive global trade.

In this context, EUROCHAMBRES recognises the establishment of the Investment Facilitation Mechanism for EU Investments in India. It represents a first step to keep protecting the substantial EU investments in India and to facilitate future ones, but its level of ambition is not sufficient and it does not replace the bilateral investment treaties that India terminated in 2016. For our regions to be able to continue to build on a thriving investment relation, a worthy succession regime for European Investment in India must also be prioritised and secured swiftly.

While the BTIA would be a significant milestone in EU-India economic relations and needed to deepen our Strategic Partnership, it is certainly not a prerequisite to do business between both sides. In the absence of a free trade agreement with India, EU companies stand ready to take matters into their own hands to benefit from the substantial opportunities that the Indian market offers. Here effective economic diplomacy is the key in helping the day to day efforts of our companies in securing business partnerships and opportunities on both sides, thereby co-creating new solutions, for a global market. Profiting from experiences and networks from established European business interlocutors (such as Chambers, EBD, or the EBTC) in India and vice-versa will remain very important in driving new bilateral initiatives forward. With ample business opportunities present in the EU-India relations, it is up to government and business to make the most out of them.

Arnaldo Abruzzini is the Chief Executive Officer (CEO) of EUROCHAMBRES, the Association of European Chambers of Commerce and Industry since 1999.

Ireland makes a pitch for Indian investments

by Tanaz Buhariwalla

Ireland ranks 7th of 61 countries benchmarked in the 2016 IMD World Competitiveness Yearbook

Up from 7th place in 2015

Ireland has a strong proposition for any company choosing to do business in Europe. A part of the European Union (EU), the country's impressive offering includes large and small companies, MNCs and indigenous companies, universities and research institutes in the technology, ICT, life-sciences, financial services and advanced manufacturing sectors, not to mention access to over 500 million customers.

The common-law system, a robust regulatory track record, an attractive Double Taxation treaty with 70 countries, including India and the US, a convenient time zone location for Indian companies servicing US clients, and a Made in EU certification for products manufactured in Ireland, further enhance Ireland's appeal for investment. Brexit has also forced Indian companies servicing European clients from the UK to seek another location within the EU.

The reasons mentioned above and Ireland's proximity to the UK make Ireland a favoured location for Indian companies. India is today the fastest growing economy in the world and Ireland is the fastest growing economy in Europe. An increase in two-way trade has been observed over the last few years.

Ireland consistently ranks high among the best places to do business and the least bureaucratic countries. Forbes recently ranked Ireland as the fourth best country in the world to set up business in. Combine this with the fact that Ireland boasts one of the best demographics in the world: a young, flexible, and mobile work force.

In fact, it has the youngest workforce in the EU, with a median age of 35 years. A Eurostat 2014 report lists Ireland as one of the most productive economies in the EU, thus evaluating its labour productivity as one of the highest.

ICT

Ireland has a world-renowned and flourishing ICT sector. Nine of the world's top 10 ICT companies are located in Ireland. Moreover, the island is also home to the top six Indian IT Services companies and a host of smaller tech companies. Ireland also has strong clusters in niche areas like cybersecurity, fintech, IOT, cloud computing and traveltech. This availability of a robust eco-system and ready talent pool is a direct benefit to ambitious companies looking to achieve global growth. Ireland has become the global technology hub of choice when it comes to attracting the strategic business activities of ICT companies. This has earned Ireland the reputation for being the heart of ICT in Europe.

India's top six IT services companies besides some manufacturing, medtech, pharma, fund management and fast growing tech companies have made Ireland home. About 60 Indian companies have been successfully doing business in Ireland. Indian companies in Ireland perform a range of activities and have been growing their footprint.

Companies have established their EMEA headquarters in Ireland, centres for European supply chain logistics, manufacturing, warehousing, delivery and customer service, and business development. Indian companies in Ireland include TCS, HCL, Infosys, Tech Mahindra, Wipro, NIIT Ltd, Mind Tree, Deepak Fastners, Crompton Greaves, Wockhardt, SMT, Kellton Tech, NeSt Technologies and Zomato.

Most of the Indian IT services companies started by placing customer support and delivery centres in Ireland, to then move up the value chain in terms of their activities in Ireland. Infosys has set up its first R&D centre outside India in Ireland. NIIT have a large content creation centre, while TCS and stent manufacturing company SMT also have R&D centres in Ireland.

Tech Mahindra recently cast a vote of confidence to Ireland's offering by announcing a Centre of Excellence in Ireland.

Why invest?

IDA Ireland is the Irish government's foreign direct investment (FDI) agency and for a company looking to set up in Europe, IDA Ireland becomes its partner in its investment journey. We discuss the company's needs, analyse its growth plans on the continent and handhold the company to the extent it requires.

After helping the company confirm whether Ireland would be the right place for its European business operations, we ensure the company's success over time by providing continuous support to the company throughout the life cycle of its presence in the country. IDA has the expertise and the connections to facilitate assistance at every stage of the company's investment journey.

IDA helps the company obtain information, build networks, identify the right location to set up operations, find the right partners, besides offering financial assistance and grants to qualifying companies.

Tanaz Buhariwalla is Director – India at IDA Ireland, the country's FDI agency.

Foreign Direct Investment in Ireland- **Ireland has been chosen by**

9 of the top 10
Global Software companies

13 of the top 15
Medical Technology companies

9 of the top 10
USICT companies

9 of the top 10
Pharma companies

15 of the top 25
Financial Services companies

Source: IDA Ireland

In their words

Right from simple processes to more complex domains, we find people of all calibre. Also if you need specialists from elsewhere in Europe, people are open to moving. Yes, the cost of labour is high, but the productivity is pretty good too. It balances out between the two, so obviously if you want something that is very labour-intensive you won't go [to Ireland] but for anything that requires a combination of expertise and the availability of staff, it's a good place to go.

Atul Kunwar, CTO, Tech Mahindra

Ireland is home to one of Europe's best multilingual, tech talent pool and will act as our springboard to make inroads into the European market and beyond. As a pioneer of digital transformation, we are the market leaders in India with strong penetration in US. We are happy to extend our expertise to the EMEA market with Ireland as our base. We believe that this region is poised to emerge as our largest revenue-contributor outside of US.

Krishna Chintam
Co-founder and Managing Director, Kellton Tech

We were pioneers among Indian medical device companies to identify tremendous value in investing in research & development (R&D). Our core strength lies in our ability to excel in developing technologically complex products through focused teams. With this centre, we hope to tap into the excellent talent pool available in Galway to make further enhancements in existing products and to develop new and innovative products.

Gaurav Goel, Western European Head, SMT

Executive Board of Germany Trade & Invest: Dr Benno Bunse (left) and Dr Jürgen Friedrich (right)

Germany: India's gateway to the EU

by Benno Bunse

One of the European Union's (EU) leading economies sets out what makes it the right gateway to Europe for Indian companies.

Prime Minister Narendra Modi was only in Berlin for 24 hours on May 30, but the wake of his visit has left little doubt as to how important India is to Germany and the EU. German Chancellor Angela Merkel used a joint appearance in front of a business audience to emphasise that agreeing an EU-India free trade agreement (FTA) would be a priority.

Talks on such a deal broke down six years ago, with differences over agriculture, generic drugs and freedom of worker movement all standing in the way. But business leaders in Germany have been lobbying for Europe's strongest economy to lead the EU back into discussions, particularly in the wake of Brexit. The German Ifo Institute recently published a study which showed that a free trade agreement with India could double exports from the EU to India within a decade, while increasing imports going in the other direction by 87 per cent.

AN INVESTMENT IN GERMANY IS AN INVESTMENT IN A COUNTRY THAT STRIVES TO CREATE AND EXPLORE OPPORTUNITIES WITHIN EVEN THE SMALLEST NICHES.

As a trading partner for India, Germany is the top EU country (rank number six). Both countries rank in the top five attractive markets for investors in terms of quantity of new investment projects (for activities excluding M&A). There were 415 Indian companies in Germany at the end of 2016, employing 23,085 employees. The largest proportion of Indian FDI projects in Germany since 2010 have been in the ICT industry, while Germany primarily imports textiles, chemicals and machinery from India.

Yet this only scratches the surface of the opportunities the two countries represent to each other. This year alone, delegations will visit from India to Germany to look at industries such as bioenergy and cleaning management services, while German delegations will visit India to look at energy efficiency and sustainable waste management. As the two countries seek to pioneer innovations in their respective regions, the opportunities for synergies will only grow.

Memorandum of Understanding (MoU) agreements were signed on a range of industrial fields during Prime Minister Modi's visit, including digitalisation, cyber policy, vocational education and skill development, health and sustainable urban development. These lay the foundation for significant future mutual investment and cooperation between the countries, built on, as the two leaders agreed, a basis of shared values such as respect for human rights and fundamental freedoms, democratic governance, equality, the rule of law, and multilateral cooperation.

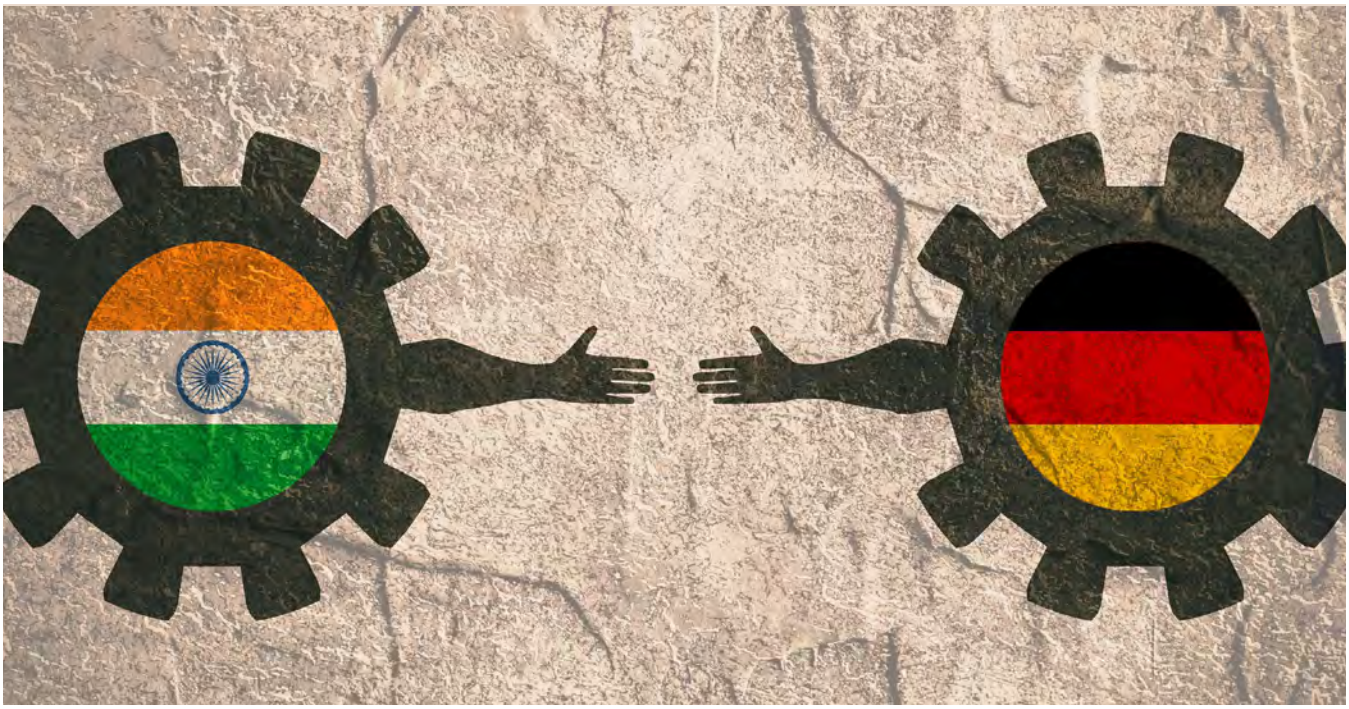
THE GERMAN IFO INSTITUTE RECENTLY PUBLISHED A STUDY WHICH SHOWED THAT A FREE TRADE AGREEMENT WITH INDIA COULD DOUBLE EXPORTS FROM THE EU TO INDIA WITHIN A DECADE, WHILE INCREASING IMPORTS GOING IN THE OTHER DIRECTION BY 87 PER CENT.

Germany is the world's fourth largest economy and Europe's largest market. It is the world's third largest exporting nation. Many international studies, including the recent EY attractiveness study, attest Germany to be Europe's most attractive country for foreign investors, lauding infrastructure, the workforce, our stable socio-economic climate, the size of the German market and the R&D landscape. Industrial production still accounts for 22 per cent of Germany's gross value added, making it a crucial global industrial nation. The continued importance of the industrial sector is attributed to the high degree of diversification and specialisation in the German economy.

German companies large and small have always been key players within the global economy. However, competitive pressures created by increased globalisation have led to structural changes. Mass production of labour-intensive products has been eschewed for specialisation in research-intensive technological high-end products. This has created a unique national industrial landscape. Many German industrial companies are world leaders in their respective industry. They are often referred to as "Hidden Champions" – leaders of niche industries which rarely attract public attention. These companies' competitiveness relies on steady investments in R&D. No other European country spends as many resources into R&D as Germany does. More than 70 per cent of internal R&D expenditures are invested in traditional sectors in which Germany is known to play an important role worldwide. These sectors include: the automotive industry, the electronics industry, the machinery & equipment industry, the chemical and pharmaceutical industry. Apart from the classic industrial sectors for which Germany is renowned, we are also pioneering in more modern sectors. Berlin and Munich are two of Europe's biggest tech start-up hubs.

Germany remains a stable social, political and economic society. The workforce is one of the best-educated in the world. Our academic and vocational education systems make sure that academics and workers alike can achieve both a good educational foundation and freedom to work towards their specific qualifications – much of the

BERLIN AND MUNICH ARE TWO OF EUROPE'S BIGGEST TECH START-UP HUBS.



substance of Chancellor Merkel's and Prime Minister Modi's talks centred around a sharing of these skills and systems between the countries

Yes. A multitude of supporting government funds exist for foreign investors, particularly for R&D projects. Indeed, the one of the primary functions of Germany Trade & Invest is to help investors from abroad identify and access the correct funds to ease their path into Germany. An investment in Germany is an investment in a country that strives to create and explore opportunities within even the smallest niches.

When you invest in Germany, you acquire the skilled labour with which to take advantage of opportunities which will eventually arise. You acquire existing opportunities and solutions. And you can acquire and develop unique existing solutions for your company which cannot be found anywhere else. In Germany, you can create, grow, and consolidate. All strategies can be implemented there.

For all countries, regardless of nationality, Germany Trade & Invest is the primary partner for the investment process, helping them with information and proactive consulting on their initial steps into Germany as the new business location. Investing companies can further benefit from our outstanding and comprehensive in-depth knowledge about the German industry ecosystem and the tax, regulatory and legal frameworks. Our experts are sought after when it comes to identifying financing options, including European and German incentives. Together with associations for banking, private equity and venture capital Germany Trade & Invest also offers insights into alternative forms of investment.

Our service offering starts with conceptual and strategic support with a business plan, a market analysis, a financing concept and a project plan including all tax, legal and regulatory steps. Eventually, this leads to support for the client on the operational requirements and demands. This may include workforce qualifications, industry specific salary data, energy prices, logistics, size and stability of buildings, office prices by square meter and other aspects. All these services are free of charge. Germany has an economy where risk is minimised, and where the opportunities to add value are many. We have created a good location for Indian entrepreneurs and businessmen to invest in.

Dr Benno Bunse is the CEO of Germany Trade & Invest (GTAI), the economic development agency of the Federal Republic of Germany.

Indian companies take off in EU

The civil aviation sector was at the heart of the bond between India and the European Union (EU) in recent weeks.

India clears aviation MoU with Poland

The Union Cabinet of India, chaired by the Prime Minister Narendra Modi, has given its approval for signing the memorandum of understanding (MoU) between India and Poland for the Promotion of Civil Aviation Cooperation. The MoU, which will be for a term of five years, will be signed on behalf of the two countries after its approval by the two governments.

The objective of the MoU is to recognise the mutual benefit of Cooperation in the field of civil aviation, having particular significance in establishing and improving Regional Air Connectivity in India. Apart from this, both sides will recognise the mutual benefits of environmental testing or approvals, flight simulators monitoring and approvals, aircraft maintenance facilities approvals, maintenance personnel approvals and aircrew members' approvals.

This MoU will promote and facilitate mutual cooperation by providing support in the civil aviation market by reviewing any legal and procedural issues which may adversely affect cooperation between India and Poland.

It also looks at promoting exchange of information and expertise between the Ministries and respective civil aviation authorities related to aviation regulations, regional air operations, airworthiness requirements and safety standards to enhance safety and security of air transport, among other things.

Aurobindo Pharma eyes Eastern Europe

Hyderabad-based Aurobindo Pharma is looking at inorganic growth opportunities in Eastern Europe and other geographies for deeper market penetration and to secure newer technologies.

Apart from acquisitions, the company is also keen to expand its product portfolio in the US and Western European markets with high-value drugs.

The high-value products that are in the pipeline include oncology, hormones, depot injections, peptides, inhalers, patches and films, vaccines and biosimilars.

N. Govindarajan, Managing Director, Aurobindo Pharma, said: "Our acquisition strategy will be largely around two platforms. One is to penetrate markets deeper and the other to secure newer technologies and platforms. We always maintain that anything that can come across in Eastern Europe will be prioritised."

For FY18, it plans to spend about $130 million towards capex in vaccines and biosimilar.
The company has launched eight products, including two injectables in the September quarter and witnessed growth of 37 per cent, driven by new product launches and higher volume.

Govindarajan added: "Even though there is pressure, we still believe we would be able to grow our US business because there are lot of opportunities for growing the volume as well to launch some new products."

India, Greece to deepen energy, aviation ties

India and Greece agreed to deepen bilateral cooperation in a range of key areas including trade, investment and energy and inked a pact for launching the first direct flight service between the two countries.

Indian External Affairs Minister Sushma Swaraj and her Greek counterpart, Nikos Kotzias, held extensive talks covering the entire expanse of bilateral relations during which they resolved to take steps to further expand the ties.

Raveesh Kumar, External Affairs Ministry Spokesperson, said an air services agreement and another pact on cooperation in the field of new and renewable energy were signed after the talks.

He added that the discussions covered all aspects of bilateral relationship and that the two leaders reaffirmed commitment to further expand cooperation in mutually beneficial spheres.

At present there is no direct air connectivity between India and the European nation. The air services agreement will allow Indian airlines to operate to Athens, Thessaloniki and Heraklion. Similarly, the Greek airlines will also be able to launch flight services to major Indian cities.

India, Italy in medical infrastructure pact

India and Italy signed a memorandum of understanding (MoU) for enhanced cooperation in the health sector by pooling in technical, scientific, financial and human resources to upgrade infrastructural resources, medical education and research in both countries.

An official statement issued by the health ministry of India said the MoU recognises the potential for exchange in the health sector between the two countries, and the need to tap the capabilities and opportunities in a focused and comprehensive manner.

The main areas of cooperation include exchange and training of doctors and other health professionals, assistance in development of human resource and setting up of health care facilities and regulation of pharmaceuticals, medical devices and cosmetics.

It also includes promotion of business development opportunities in pharmaceuticals, procurement of generic and essential drugs as well as health equipment, collaboration in prevention of non-communicable disease (NCD) and in the field of climate change impact on communicable diseases and vector borne diseases, among others, the statement added.

LT Foods to invest $20mn for Europe expansion

Indian rice milling company LT Foods will be investing $20 million for branding and expansion in Europe, as it eyes a six times increase in sales from the branded segment over the next four years.

The company is extensively working on expanding its geographical footprint and product portfolio in these markets and plans to invest $20 million with increased sales from the current 5,000 tonnes to 30,000 tonnes.

LT Foods, which sells basmati rice under Daawat brand, has been focusing on Europe as the next growth region and has recently opened a new plant in Rotterdam, Netherlands to cater to both Europe and UK.

Vijay Kumar Arora, Chairman, LT Foods, said: "In the next two years, we are eyeing to gain 5 per cent market share in the branded segment of this region with distribution expansion and continuous brand investments. This will help to take the growth to the next level and achieve the aspired targets."

It will also introduce new packaging across all its Daawat rice variants for a fresh shelf presence by March 2018 in the region.

Indian firms in Germany on a high

Around 80 Indian companies in Germany employing a total workforce of 27,400 generated combined revenues of €11.4 billion in 2016, the Confederation of Indian Industry (CII) said citing its joint study conducted on the matter.

The study, done by the Bertelsmann Foundation, Ernst & Young (EY) and CII, showed that nearly 140 major investment projects by Indian companies have been initiated in Germany since 2010.

This includes FDI (foreign direct investment) announcements as well as M&As (merger and acquisitions). Between 2010 and 2016, Germany was the second-largest recipient of Indian FDI in Europe with 96 projects.

According to the study, the top sectors for investment include automobiles, metals and metal processing, professional, technical and scientific services, pharmaceuticals and chemicals, electrotechnics and machine building.

Indian companies in Germany currently generate nearly 70 per cent of their turnover in the labour intensive sectors of metals (40 per cent) and automotives (29 per cent). CCI said the Indian IT industry accounts for a revenue share of 9 per cent.

According to 80 per cent of the CEOs surveyed, access to innovation and technology are important factors that influence the decision to invest in Germany.

Cipla to sell Croatian subsidiary to PharmaS

Iyndia drugmaker Cipla Ltd is selling indirect subsidiary Cipla Croatia to Zagreb-based pharmaceutical company PharmaS.

The Netherlands-based Cipla Holding BV has entered into an agreement with PharmaS to sell its 100 per cent stake in Cipla Croatia for $1.1 million.
According to the agreement, the buyer will pay $550,000 upfront and the remaining amount will paid in two tranches, on the first and second anniversary of the closing of the deal.
PharmaS will also pay all outstanding liabilities and net working capital of Cipla Croatia as on the date of the closure, but will not exceed $2.5 million.

Cipla has changed its business model in most countries across Europe, moving from direct-to-market to the partnership-led B2B model. The move has significantly improved profitability of its European businesses, which would support stronger growth.
Cipla's European business contributes about 4 per cent to its overall revenues.

The company has also been streamlining its other business units, while looking to acquire companies that complement its focus areas, especially in the US market.

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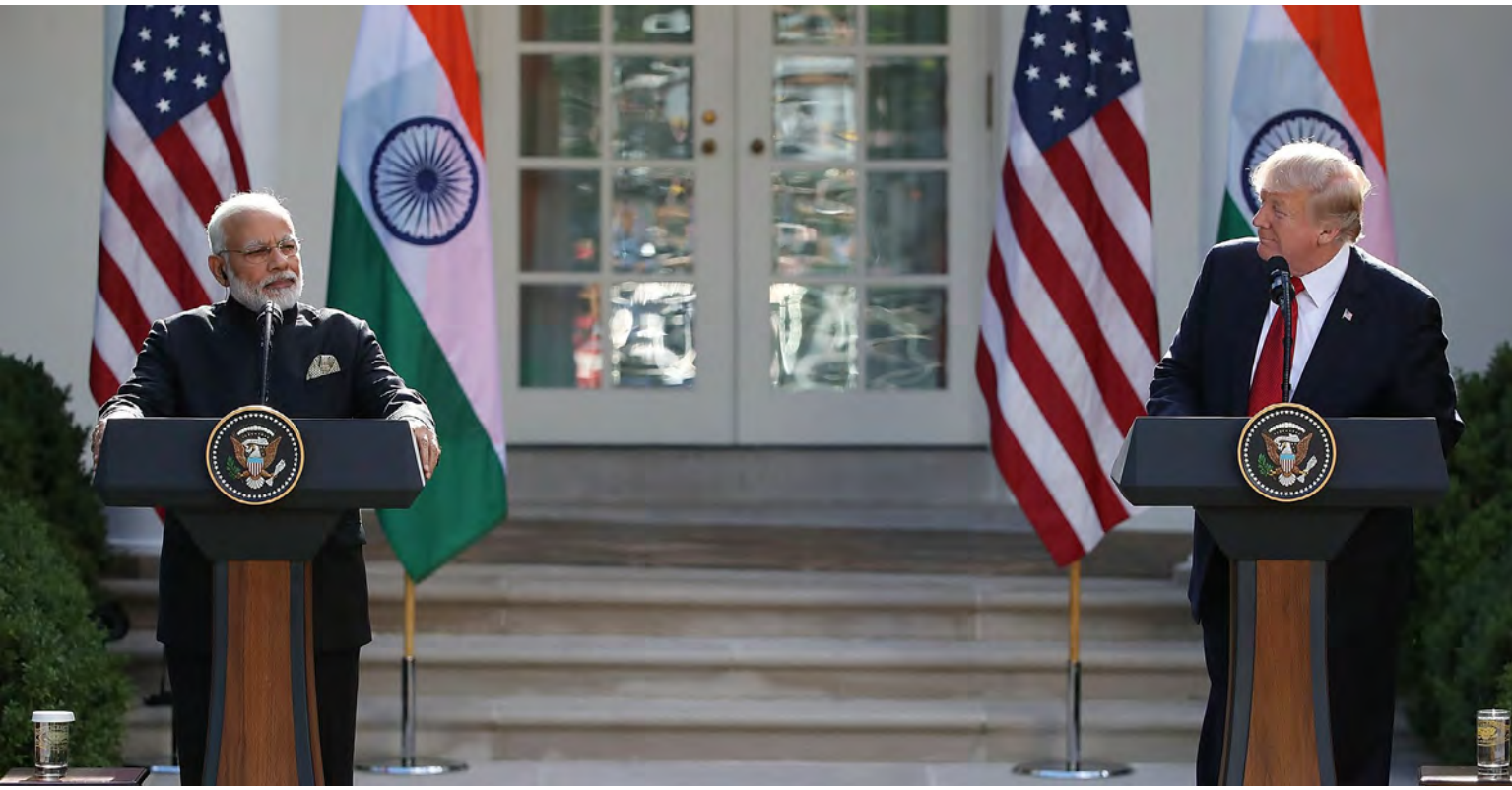
India-US: One step forward, half a step back

by India Inc. Staff



2017 will be remembered as the year in which India and the US came closer on a number of issues, yet it will also mark the year when the Trump administration frittered away some goodwill by blocking India's attempt at ensuring food security for millions.

The WTO negotiations in Buenos Aires were dead almost before they began. The main point of contention: US opposition to finding a permanent solution to the issue of India (and some other countries) holding large food stocks in order to ensure food security for millions of hungry people.

"India is surprised and deeply disappointed that despite an overwhelming majority of members reiterating it, a major member country has reneged on a commitment made two years ago to deliver a solution of critical importance for addressing hunger in some of the poorest countries of the world," a statement issued by Indian government said, adding that this posed "a severe threat to a successful conclusion of the conference as there was a ministerial for mandate for a permanent solution by the MC11".

Indian has been leading the campaign to find a permanent solution to the food security issue, which is crucial for lives of 800 million people across the world – many of them in India.

Media reports quoted Assistant US Trade Representative Sharon Bomer Lauritsen as saying that a permanent solution to the food stockholding issue – critical for millions of Indian farmers and other poor Indians in particular -- was not acceptable to America.

Yet, India is a "major defence ally" of the US, the overall economic relationship is vibrant, at least on the face of it, Washington has reiterated its support for India to be admitted into the Nuclear Suppliers' Group as a full member and public statements by senior government officials on both sides continue to exude warmth.

As we had said in an issue earlier this year, If India and the US were Facebook friends, then many in the Indian establishment would be justified in describing the relationship as "It's complicated."

Combating terrorism together

A meeting in New Delhi on December 12 between senior officials of the Ministry of External Affairs and the US State Department held preliminary talks on working out the modalities of designating organisations and individuals as terrorists and coordinating the positions of the two countries on this issue.

This meeting was important because such designations lead to an immediate ban on the travel of such individuals or representatives of organisation to most countries as well as a severe squeeze on their financial activities through denial of access to formal banking channels.

The talks followed discussions the Indian Prime Minister Narendra Modi had with President Donald Trump during his visit to the US in June this year on setting up such a consultative mechanism.

Some experts have questioned the usefulness of such a mechanism as most terror organisations and their masterminds as well as operatives rarely travel abroad and almost never use formal banking channels, preferring instead the utilise hawala channels – illegal, informal money transfer conduits – to finance their nefarious activities.

Despite this, the setting up of this Indo-US mechanism adds depth to the growing bilateral relationship and displays the rapidly growing convergence of interests between New Delhi and Washington.

Signals to China, Pakistan

The setting up of this mechanism also signals to China, which has been shielding Pakistani support for terrorist activities by blocking a UN resolution to designate Jaish-e-Mohammad Chief Azhar Masood as a global terrorist on flimsy technical grounds, that the US and India are serious about combatting terror, regardless of where it originates.

And coming, as it did, just weeks after the first meeting of the Quadrilateral – comprising India, Japan, the US and Australia – at the East Asia Summit, the meeting also sent important geo-strategic signals to China.

Geo-strategic concerns

India faces an increasingly assertive and often bellicose China, which has single-mindedly pursued a policy of keeping India pinned to the sub-continent in order to prevent it from playing a larger strategic role in Asia and the wider region.

A YEAR INTO THE DONALD TRUMP PRESIDENCY, THERE IS STILL A CERTAIN AMBIGUITY ON WHERE NEW DELHI STANDS IN THE US PRESIDENT'S SCHEME OF THINGS.

The Modi government has tried to circumvent this seeking increased strategic congruence with Japan and the US. Previous US President Barrack Obama's Pivot to the East aligned very well with Modi's Act East policy, which envisages closer cooperation with countries in South East Asia, East Asia and Australia on a range of issues, including strategic, security and defence relations.

All these moves aimed at countering China in the region rests on a basic assumption – unstinted support from the US.

Convergence of interests

The US, for its part, has elevated its engagement with India as part of its policy to maintain peace and tranquillity in the Indo-Pacific – a new designation for what was, till recently, referred to as Asia Pacific – and ensure free navigability through the South China Sea, which China claims in its entirety.

"As part of the free and open Indo-Pacific, we have elevated our engagement with India," US Secretary of State Rex Tillerson said recently. "We've long had a trilateral relationship in the Indo-Pacific between Japan, Australia, and the US, and we're now working towards whether this will become a quad relationship to include India because of the importance of India's rising economy as well and I think shared national security concerns that we have with India," he added.

"And we have differences, such as the South China Sea and China's building of structures, militarisation of these structures, and how that affects our allies in the region as well in terms of free and open trade. As we've said to the Chinese, we hope we can find a way to freeze this particular activity. Whether we can reverse, it remains to seen. But it is not acceptable to us that these islands continue to be developed, and certainly not for military purposes," he said.

Still wary

India conducts more military drills with the US than with any other country. And Tillerson's words should have reassured the Indian establishment. But New Delhi is worried that the very transactional US President Trump may turn his back on his "major defence ally" if President Xi Jinping offers him a deal to cut China's massive trade surplus and add a few hundred thousand jobs in the US.

Ambiguity remains

That's because a year into the Donald Trump presidency, there is still a certain ambiguity on where New Delhi stands in the US President's scheme of things. On the campaign trail, Trump did promise that if he were elected to the highest US office, India would have a true friend in the White House. He reiterated his statement and promised to redeem his pledge when Indian Prime Minister Modi visited Washington earlier this year. But concerns remain.

Angst over trade surplus

India enjoys a $20-billion trade surplus with the US and the Trump administration is keen on reducing this to a more manageable figure. "It is important that barriers be removed for the export of US goods into your markets and that we reduce our trade deficit with your

country," Trump had told Modi during their meeting.

"The United States and India plan to undertake a comprehensive review of trade relations with the goal of expediting regulatory processes; ensuring that technology and innovation are appropriately fostered, valued, and protected; and increasing market access in areas such as agriculture, information technology, and manufactured goods and services," the joint statement issued after Modi's meeting with the US President had said.

The US has complained that India is not complying with World Trade Organisation rules on issues such as prescribing a mandatory domestic content on solar panels and allowing the import of US poultry products. Besides, it has also reiterated its long standing grouse against what it calls restrictive trade practices and patent infringement on pharmaceuticals, IT and intellectual property rights.

But Indian policy makers feel any unilateral concession by India on trade with the US will be extremely difficult without a reciprocal gesture from the White House on Indian concerns over the grant of visas to its professionals.

Entry for Indian professionals

Arguably the biggest irritant in Indo-US relations – at least from the Indian viewpoint – is the squeeze on H1B visas that are used by Indian IT majors to send many professionals to live and work in the US.

The two governments are in close touch on the issue of Indian professionals being able to work in the US. Gen (Retd) V.K. Singh, Minister of State for External Affairs, had told the Rajya Sabha in a written reply that there are six bills relating to the issue pending in the US.

"The bills seek to amend the various provisions related to the grant of H1 and L1 visas. However, so far, none of these bills have been passed and no comprehensive policy changes have been made," he had said.

The Indian IT sector is worried that new entry norms will adversely impact their business.

Merit-based system

Trump has recently announced his support for a merit-based visa system that favours English speakers. The problem: the legislation behind this system proposes to cut the number of such visas by 50 per cent.

IT WILL BE FAIR TO SAY THAT INDO-US RELATIONS ARE AT AN INFLEXION POINT. BUT WHERE WILL IT GO FROM HERE?

Experts in India said the new law, called Reforming American Immigration for Strong Employment (RAISE) may, in fact, help India as it proposes to limit immigration to only highly educated professionals taking up highly paid jobs.

"The RAISE Act will reduce poverty, increase wages, and save taxpayers billions and billions of dollars. It will do this by changing the way the US issues Green Cards to nationals from other countries. Green Cards provide permanent residency, work authorisation, and fast track to citizenship," Trump had said.

In addition, the new highly competitive application process will prevents immigrants from getting US welfare benefits and protects US workers from job losses.

"That's a very big thing. They're not going to come in and just immediately go and collect welfare. That doesn't happen under the RAISE Act. They can't do that. Crucially, the Green Card reforms in the RAISE Act will give American workers a pay raise by reducing unskilled immigration," the US President had added.

If RAISE is passed into law, it will make it easier for highly qualified and senior Indian personnel to get US visas but effectively close the doors for junior professionals who currently constitute the bulk of H1B visa applicants.
The US Citizenship and Immigration Services (USCIS) agency has recently said "an entry-level computer programmer position would not generally qualify as a position in a specialty occupation". This means Indian IT companies can no longer send personnel from India to fill up such positions in the US.

Pending defence projects

Meanwhile, on the military front, US defence major Lockheed Martin has offered to transfer the entire production line of its fabled but ageing F-16 fighter jet production line to India if the Modi government selects the plane for the Indian Air Force and places a minimum order of 100 planes.

This has received support from the Trump administration even though it means moving an important and strategic factory from the US to another country – precisely what the President had campaigned against. There are also agreements on helping India build an aircraft carrier and an indigenous jet engine, but these are moving slowly.

Inflexion point

It will be fair to say that Indo-US relations are at an inflexion point. But where will it go from here?

Though one year is usually considered sufficient time for a new administration to settle down, that is clearly not the case with the Trump presidency. He is still grappling with unfilled positions, resignations, sackings and controversies that have taken precedence over policy formulations.

On India, in particular, Trump has not yet revealed his mind except for a reiteration of his campaign trail statement on being India's best friend. Till he clearly articulates his foreign policy and economic vision and India's place within it, a question mark will continue to hang over the otherwise warm and growing ties between the two countries.

Is India really Donald Trump's 'true friend'?

by Pramit Pal Chaudhuri

There are not too many countries towards whom the new United States President, Donald Trump, has shown a consistently friendly demeanour. India is one of them.

As Trump told Prime Minister Narendra Modi in his most recent phone conversation to New Delhi, he saw India as a "true friend". India is seen, strategically, as a kindred spirit by President Trump and his team.

However, the indications are that no country will receive a free pass when it comes to Trump's core nationalist economic concerns. In other words, Indian businesses should brace for some damage to their bottomlines under a Trump administration. But the evidence is that India will make gains elsewhere and that, of all countries, India will be among the least affected by Trump's barriers to trade and immigrants. The greater worry for any Asian government is the lack of a strategic framework in the US' dealing with a continent where military solutions are still acceptable and multilateral bodies are weak.

"Predictable is bad" is a favourite Trump line. That may work in real estate negotiations, but in hard-nosed geopolitics, it increases the likelihood of error, makes allies skittish and confrontation more probable. During his presidential campaign and just after his formal election, Trump was remarkably aggressive when it came to China. While Washington's line towards Beijing had hardened in the last few years of the Barack Obama administration, the new President took it to a remarkable rhetorical level.

Trump's team produced an article in 'Foreign Policy', written by Alexander Gray and Peter Navarro, titled 'Donald Trump's Peace Through Strength Vision for the Asia-Pacific'.

The article argued Obama's use of trade arrangements like the Trans-Pacific Partnership and devaluation of US military power had encouraged Chinese assertiveness. Arguing that such trade agreements had only undermined US economic strength, the two claimed the Trump administration would return to military power and unilateral trade action to counter China.

INDIAN OFFICIALS ARE RESIGNED TO LOSING A PORTION OF THE COUNTRY'S $7-BILLION SERVICE TRADE SURPLUS WITH THE US IN THE IMMEDIATE FUTURE.

Trump's criticisms of China have been largely economic. He has accused the country of being a "currency manipulator" and claimed that its unfair trade practices have cost the US millions of jobs. Commenting on China's trade deficit with the US, he accused Beijing of economically "raping" the US. While his criticism has some merit, many of his claims are wrong or exaggerated.

Trump has commented on strategic problems less often and tied it to economic concerns. But when he has, he has been dramatic. For example, he shook the bedrock of Sino-US relations by questioning the "one China" policy and flirting with Taiwanese recognition. China's leadership has been largely quiet on the economic charges. They have responded strongly, though largely through their media, only when Trump or his appointees have spoken about Taiwan or the need to challenge Beijing's takeover of the South China Sea.

Trump has sung a different tune when it comes to India. During the campaign, he released a video in Hindi urging Indian-Americans to vote for him. He spoke highly of India's growing economy and Prime Minister Narendra Modi. As he ungrammatically declared to Indian-American fundraisers: "I love Hindu." It helped that he was simultaneously signing deals to build six Trump Towers across India.

After his election victory, Indian officials met the then US President-elect and his team at least three times before his inauguration. They received a consistent message from all concerned that the Trump administration wanted a close and strong relationship with India.

In itself, this was not surprising: There is a bipartisan consensus within the US polity about strengthening ties with India. When Modi and Trump eventually spoke on the phone, the two exchanged mutual invitations.

Indian officials are relatively sanguine about the personnel who are joining the Trump team.

The President's ideologues, people like Chief Strategist Stephen Bannon, have spoken of Modi's 2014 election

as being part of a global political movement. "Modi's great victory was very much based," he said, on "Reaganesque principles."

The President's foreign policy team has two centres. One group, that includes National Security Advisor Mike Flynn and Pentagon chief Jim Mattis, see the US' primary security threat arising from the Islamic State and militant Islamic terror in general.

Another sees the rise of China as the US' main strategic concern and includes Gray, Navarro and, based on his statements at his confirmation hearing, the incoming Secretary of State. Both Flynn and Mattis also have their concerns about China.

MODI GOVERNMENT REMAINS WARY OF HOW THE TRUMP ADMINISTRATION WILL HANDLE INDIA'S ARCH-RIVAL PAKISTAN.

India fits in neatly with the worldviews of both schools. Notably, a member of Trump's transition team wrote an article saying the US President's South Asia policy would stress the need for Pakistan to cease to provide safe haven to Islamist terror groups.

The China-basher team sees India as an obvious geopolitical balance to the Middle Kingdom, a persistent strand in US foreign policy for the past two decades.

Nonetheless, this hardly means India is in any less of a soup when it comes to Trump's trade policies than any other country. Whatever the strategic convergence with another country, the US President is clear that in foreign policy he is "America First".

Thus, his government immediately began initiating action to restrict the issuance of H-1B temporary work visas – most of which are used by software workers from India. Indian officials are resigned to losing a

portion of the country's $7-billion service trade surplus with the US in the immediate future.

A Credit Suisse report has noted that Trump's plans for a border adjustment tax on imports would only affect 2.5 per cent of India's value-added goods exports to the US and would cost India about 0.25 per cent of its GDP.

For example, Vietnam and Taiwan would suffer far worse, losing nearly 1 per cent of their GDP in such a scenario.

The US and India have a number of other outstanding trade disputes, most notably about India's high agricultural tariffs and its allegedly lax intellectual property rights. It is yet to be seen how aggressively Trump will take these up with India.

The Modi government remains wary of how the Trump administration will handle India's arch-rival Pakistan, but assumes he will continue Obama's slow but steady winding down of the supply of US arms and aid to that country. But India expects the new administration to keep a US military presence in Afghanistan to support the regime there against the Taliban.

New Delhi also hopes Trump will not tear apart the nuclear deal negotiated by Obama with Iran. India believes a US-Iran rapprochement would greatly enhance Persian Gulf stability.

So far, the indications are that the US President will hold on to the letter of the agreement but undermine its spirit – the recent de facto visa ban on Iranians being an example. Another point of disagreement between Modi and Trump is climate change. India and China have both favoured the recent Paris agreement on climate change, a pact that Trump wants the US to leave.

US federal support for India's clean energy programme is in question, but there seems to be sufficient private sector funding and support from other developed countries to fill in the void left by Washington whether in terms of rules-setting or funding.

TRUMP HAS SUNG A DIFFERENT TUNE WHEN IT COMES TO INDIA. DURING THE CAMPAIGN HE RELEASED A VIDEO IN HINDI URGING INDIAN-AMERICANS TO VOTE FOR HIM. HE SPOKE HIGHLY OF INDIA'S GROWING ECONOMY AND PRIME MINISTER NARENDRA MODI. AS HE UNGRAMMATICALLY DECLARED TO INDIAN-AMERICAN FUNDRAISERS: "I LOVE HINDU." IT HELPED THAT HE WAS SIMULTANEOUSLY SIGNING DEALS TO BUILD SIX TRUMP TOWERS ACROSS INDIA.

Both China and India would benefit from Trump's plans for a huge boost in US oil and gas exports. This would help keep oil prices down to below $60 per barrel levels – hugely beneficial to India's bottomline. This would be useful to both Asian countries as they are net importers of fuel and the present price situation has been a huge boon in terms of overall GDP growth and government revenue.

What is Trump's grand strategy or, to put it another way, how will he win friends and influence governments with a foreign policy shot through with unilateralism and a transactional approach?

Trump, for all his belligerence regarding Taiwan, also seemed to tweet that he was prepared to put such strategic issues on the negotiating table if, in return, China gave him the sort of trade concessions that he wants for his working class base.

In other words, there is no evidence a Trump administration has a strategic framework regarding the Asia-Pacific – other than the extremely narrow one of seeking better trading terms for US goods and services. Even when it comes to his professed hostility to China, it is not clear if Trump sees his statements as a negotiating position. In his own book 'The Art of the Deal', Trump notes he likes to begin negotiations with a maximalist position.

This has led most Asian governments to hedge their views about Trump.

Those countries, notably Japan and India, who would like to see the US take a more aggressive stance against China have remained quiet about Trump's comments regarding Beijing. They cannot rule out the possibility of the new President sacrificing US strategic space in return for trade concessions from China, though that seems unlikely. The Trump administration remains remarkably short-handed with thousands of staffers still to be appointed, especially in key ministries like the State Department and the Pentagon.

This could take a year. Only once these positions are filled will the power balance between the ideologues versus the pragmatists become clear.

While Modi and Trump have exchanged invitation offers, the Indian leader is likely to take his time in fixing a summit with the new US President.

Pramit Pal Chaudhuri is Distinguished Fellow and Head of Strategic Affairs, Ananta Aspen Centre, a News Delhi based independent and not-for-profit organisation focusing on leadership development and open dialogue on important issues facing Indian society.

Indian investment flow rests on openness of US economy

by Chandrajit Banerjee

The chief of one of India's leading trade bodies, the Confederation of Indian Industry (CII), traces some of the lesser known facts behind India's positive impact on the US economy in this 'India Global Business' exclusive.

Over the past two decades, the bilateral partnership between India and the United States had grown in leaps and bounds. Looking back at the trajectory of the relationship, we have truly come a long way – from the cloud of suspicion that hung after India conducted its nuclear tests in the 1990s to the landmark US-India civil nuclear agreement in 2006 – which helped spur sustained engagements at the very highest levels – till today and the establishment of an array of official dialogues encompassing all aspects of our bilateral relationship. The US-India partnership is one that enjoys broad bipartisan support in both countries – largely because of the 'balance of values' that defines it, as well as our strong people-to-people ties.

The India-US trade relationship has grown exponentially over the past decade, crossing the $100-billion mark. India is the US' ninth largest merchandise trading partner and source of imports as in June 2015. However, in the broader narrative on the US-India relationship, Indian industry's foray into the US economy remains a largely untold story. India has today emerged as the fourth fastest growing source of Foreign Direct Investment (FDI) into the US economy, according to Select USA.

This investment covers a range of sectors such as IT, Manufacturing, Pharmaceuticals, Financial services, Telecommunications etc. According to a CII survey conducted in 2015, we found that 100 Indian companies made tangible investments in excess of $15.3 billion in the United States, generating 91,000 jobs. Indian companies are spread across all 50 US states with tangible investments in 35 states. Some of the top states receiving Indian FDI are Texas, Pennsylvania, Minnesota, New York & New Jersey. The highest concentration of job creation is also seen in New Jersey, California, Texas, Illinois and New York.

These highly innovative and increasingly multinational companies from India are not only investing in the US economy and creating jobs across the wide sectoral spectrum, but they are also positively impacting the local communities in which they operate through corporate social responsibility initiatives that include funding school programmes, collaborations with universities and research institutions, engaging with charitable organisations and helping with disaster management and building local capacity.

Among Indian companies in the US, IT companies today are some of the most innovative and technologically advanced global players.

These companies are not only helping their US partners become more efficient and globally competitive, but they are also engaged in meeting the various challenges within the US economy as responsible corporate citizens. According to the US Bureau of Labour Statistics, by 2020 there will be more than 1 million computer science related jobs in the United States and not enough qualified students to fill them.

The Indian IT industry understands the very critical importance of enhancing the talent pool in its areas of operations and building a robust research and development environment to stay on top of the very vibrant tech industrial space – they are hence investing heavily in STEM [Science, Technology, Engineering

and Mathematics] education in an effort to transform the education system and prepare the American youth for jobs in the fast-paced and technologically advanced market space.

For example, Wipro is collaborating with University of North Texas at Dallas (UNT Dallas) for the Wipro Science Education Fellowship programme in the US, which will focus on training educators to build leadership skills and teaching excellence within STEM disciplines, by leveraging research-validated expertise from UNT Dallas' College of Education, and designing transformative and innovative instructional experiences for DFW area's K-12 schools that traditionally are under-funded.

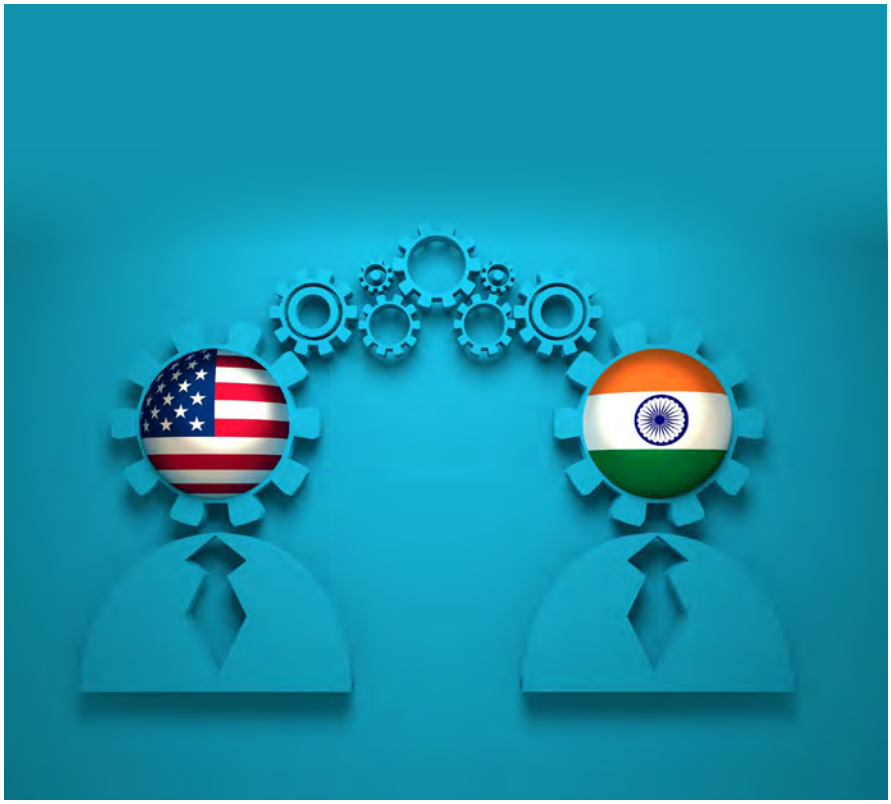
Tata Consultancy Services (TCS), in collaboration with Discovery Education, has recently launched "Ignite My Future in School", a multi-million-dollar initiative to use computational thinking as a catalyst to transform education in America.

It will engage 20,000 teachers and more than 1 million students over the next five years, offered free of cost to them and their school districts, starting with 10 cities. "goIT" is TCS North America's signature community engagement programme, where its employees, partners and educators teach computer programming, design thinking, robotics, app development, and mentor youth to increase STEM education and career awareness.

In an effort to promote skill development, HCL Technologies launched the Technology Service Corps (TSC) – a free IT workforce development programme designed to meet the needs of under-served, low-income young adults and unemployed veterans which further helps them in obtaining jobs in the technology industry. These are just some examples in the broad array of initiatives undertaken by Indian IT companies to enhance skill and talent building in the US.

The US-India economic and geopolitical partnership is important today in the global arena, whether in aligning our complementarities to boost growth in sectors such as manufacturing, defense, technology, innovation or infrastructure in our countries or maintaining global peace around the world.

INDIAN COMPANIES ARE SPREAD ACROSS ALL 50 US STATES WITH TANGIBLE INVESTMENTS IN 35 STATES. SOME OF THE TOP STATES RECEIVING INDIAN FDI ARE TEXAS, PENNSYLVANIA, MINNESOTA, NEW YORK & NEW JERSEY.



There has been some uncertainty looming over the legal and mobility aspects of high skilled workers with an impending overhaul of the H1-B & L1 visa regime and changes in the immigration process in the US. Indian IT has always been and remains committed to the US market, economy and its people – the only ask is that any reforms to the existing system be made in a manner that creates a level playing-fair field without discrimination against a specific industry or business model. As Indian companies continue investing in the American economy and its people, such as real and tangible investments and job creation, skill building programmes, tie-ups with research institutions and so forth, the US remaining an open and credible market economy would be critical to spur future FDI from India.

Indian industry remains bullish on the US-India economic partnership and believes in continuing the momentum that was created in the last few years. This burgeoning relationship can only benefit our nations and our people in the long run, creating a sustainable developmental environment that will uplift our business and society.

Chandrajit Banerjee is Director-General of the Confederation of Indian Industry (CII).

Job creation at core of Indian impact in US

Indian companies created over 100,000 jobs in the US in recent months, which will define the relationship into the New Year.

Biocon widens Bristol-Myers Squibb tie-up

Biocon's contract research arm, Syngene International, has expanded its ongoing drug discovery and development with US-based Bristol-Myers Squibb till 2026.

Syngene International said in a Bombay Stock Exchange (BSE) filing: "The next phase of the partnership will see the addition of a new facility to support future Bristol-Myers Squibb research and development operations, an expansion of the team and the extension of the existing agreement through 2026."

The expansion will enable the two companies to undertake a greater range of scientific research and development for pharmaceuticals across a broader range of activities.

Syngene's new dedicated facility will be spread across 25,000 sq ft of laboratory and office space for Bristol-Myers Squibb. It will house an additional team of 75 Syngene scientists who will work exclusively for Bristol-Myers Squibb.

Biocon BMS Research Center (BBRC), Syngene's first dedicated R&D centre, was established in 2007, which was subsequently renewed through 2020 and now has been extended till 2026.

It is the largest research and development facility for Bristol-Myers Squibb outside the United States and plays an integral part within their global research and development network.

Wipro Ventures invests in US-based HeadSpin

Wipro Ventures, the $100-million strategic investment arm of IT services major Wipro Ltd, has invested an undisclosed sum in California-based app testing platform HeadSpin Inc. The firm has also picked a minority stake in the company. This is the venture firm's 13th investment since its launch.

HeadSpin provides a mobile application performance management platform that enables quality engineering on global mobile networks and allows for remote testing on real devices on real networks across the globe. This platform will augment Wipro's mobile testing and quality assurance services.

HeadSpin was founded in 2015 by Indian-origin entrepreneur Manish Lachwani and Brien Colwell. HeadSpin's products find and fix bugs and also provide real-time visibility into the consumer experience. The company's distributed mobile device platform enables remote testing and monitoring from around the globe in 140 cities across 80 countries. Wipro Ventures, which was launched in September 2014, primarily invests in early to mid-stage start-ups in emerging technologies in the India, Israel and the US. It typically puts in anywhere between $ 1-10 million in a single round, depending on the stage of the investment.

Infosys plans 500 new tech jobs in Rhode Island

Bengaluru-based information technology outsourcing firm Infosys is opening a design and innovation hub in Rhode Island and plans to add 500 jobs in the state in the next five years.

It's the third of at least four planned Infosys hubs in the US as part of a commitment the company made earlier this year to hire 10,000 American workers.

Infosys is eligible for an estimated $10 million in various state incentives and the average annual salary of the jobs in the state would be $79,000. The jobs would be at every level, with and without a college degree.

Ravi Kumar, President, Infosys, said the company chose Rhode Island because of factors including its academic ecosystem and design focus, location near many of its clients in the northeast and economic incentives.

He added that digital design skills are lacking in the United States and Infosys plans to train workers to develop them through "a finishing school."

The company will also hire design students who are oriented to physical objects and train them with digital skills.

US Immigration Fund to raise $125mn from India

US Immigration Fund (USIF), an American foreign direct investment firm in the business of raising EB-5 capital, has said they aim to help 250 Indian investors immigrate to the United States through the EB-5 programme by raising $125 million in foreign investment from India over the next 15 months.

Funds raised from investors will be deployed in various current and upcoming commercial and residential real estate projects by leading developers and backed by prominent senior lenders.

The company, in association with education firm The Chopras Group, said the capital is being raised for investments in key real estate projects across the United States as part of the EB-5 visa programme which facilitates foreign investors to obtain a US visa for them and their family.

USIF and The Chopras expect to secure 200 investors through 2018 having seen significant demand since the launch of the partnership in late September 2017. USIF has been actively working in the market since the beginning of 2017 and expects to raise $50 million by year-end.

Mahindra opens plant in Detroit

Mahindra & Mahindra Ltd. expanded its auto manufacturing footprint beyond India by opening a facility in Detroit, the first in the American auto hub in about a quarter of a century.

Mahindra's eventual intent is to eventually become a full-fledged manufacture of a variety of vehicles. But for starters, Mahindra is positioning itself as a niche provider of specialty, purpose-built vehicles.

Mahindra's first product will be an off-road vehicle. While there has been no further disclosure, it is possible that it will be one that will take on the likes of Bombardier or Polaris.

Mahindra has already tripled its employment numbers in Michigan over the past two years, since there has already been plenty of technical and engineering work being carried out there over this time frame.

Based in Troy, Michigan, Mahindra's North American Technical Centre has carried out a lot of work, including looking at developing chassis systems and platforms for future Mahindra products. A lot of work on the upcoming U321 MPV has been done at this centre. Mahindra also has its other business in the US - GenZe - an electric two wheeler that also began its development journey in Troy, but is positioned as a completely different, California based business now.

Indian firms create over 100,000 US jobs: Report

Indian companies have created more than 113,000 jobs in the US and invested nearly $18 billion in the country, according to an annual report which gives state-by-state breakdown of the tangible investments made and jobs created by 100 Indian firms doing business in America and Puerto Rico.

The report titled 'Indian Roots, American Soil', which was released by Confederation of Indian Industry (CII), states that Indian companies have also contributed $147 million towards corporate social responsibility and $588 million as research and development expenditures in the US.

The top five states in which Indian companies have generated maximum employment are New Jersey (8,572 jobs), Texas (7,271 jobs), California (6,749 jobs), New York (5,135 jobs) and Georgia (4,554 jobs).

According to the report, the top five states in which Indian companies have contributed the highest foreign direct investment are New York ($1.57 billion), New Jersey ($1.56 billion), Massachusetts ($931 million), California ($542 million) and Wyoming ($435 million).

The average amount of investment received from Indian companies per state/territory is $187 million, the report said, noting that 85 per cent of the companies plan to make more investments in the US.

As many as 87 per cent of the companies plan to hire more employees locally in the next five years.

India's chance to lead the way on climate change

by Patricia Scotland

The Secretary-General of the Commonwealth believes India has emerged as a natural champion to demonstrate innovation in action for the organisation.

Nothing quite prepares you for the havoc caused when the power of nature strikes with destructive force. My recent visit to the Caribbean made me very aware of the ferocity of three hurricanes in as many weeks. I was shocked by what I saw from the air as my plane flew into Dominica, the country of my birth.

Where there had once been flourishing, green vegetation, rolling over every mountain and carpeting the valleys, there were now sickly brown, bald patches of land and naked trees, stripped even of their bark. What I saw on the ground was debris everywhere, homes and infrastructure wrecked, lives uprooted. Touring the island, I met a woman sitting in the middle of a pile of rubble. Among the mess of concrete, wood, glass and metal were her two recognisable possessions – a fridge and mattress. She and her family had survived, but little else in their lives had endured the wrath of Hurricane Maria, a category 5 storm.

A PARTICULAR COMMONWEALTH FOCUS IS MUTUAL SUPPORT TOWARDS IMPLEMENTING THE PARIS AGREEMENT

Across the Commonwealth, with member nations set in every continent and ocean, we see extensive damage and disruption inflicted by natural disasters and unusual patterns of weather. In August this year, 1,200 people are estimated to have died and millions had to leave their homes during Monsoons in India, Bangladesh, and Pakistan. At the time India's Prime Minister, Narendra Modi said: "Mother Nature gives us life and nurtures us, but at times natural catastrophes such as floods and earthquakes wreak havoc on a massive scale. Climate change, altered weather cycles, and transformations in the environment, are also having a big negative impact."

Few countries around the globe will experience so wide a range of climate change manifestations as India. The metrics and trends pertaining to India set out by the 'Intergovernmental Panel on Climate Change – Fifth Assessment Report' make sobering reading. Extreme weather events

have increased, particularly temperature rises and extreme rainfall and storms. All models and scenarios project an increase in both the mean and extreme precipitation in the Indian summer Monsoon. This makes it likely that we shall see increased incidences of flooding in September, and heightened water shortage in April. Such unpredictability means that to build climate resilience it will be critical to align cross-regional sustainable land and water management practices with improved approaches to water quality and consumption.

India has already begun its journey towards climate change regeneration. Low-carbon technology, particularly in the face of rapid urbanisation, offers opportunities to demonstrate leadership on green infrastructure and climate-smart living for sustainable cities. Technology transfer is also an area with great potential for global export and Indian leadership. In rural India, some very promising interventions are emerging, with the huge scale of the planned afforestation programme an example. This would form part of the Intended National Contribution (INDC), which aims by 2030 through additional forest and tree cover to create an additional carbon sink for 2.5 to 3 billion tonnes of carbon dioxide equivalent.

India's expertise in managing its mangroves in the World Heritage site Sundarbans National Park makes it a natural champion in demonstrating Commonwealth innovation in action. Those working on the programme have to contend with the impact of rising sea levels, increased salinisation and acidification. To be successful, mangrove conservation must also overcome the frequency and intensity of cyclones.

The complexity of climate change is being addressed by India through its comprehensive response to the Paris Agreement, which is impressive and wide-ranging. Its INDC declares the voluntary intention by 2020 to cut GDP emissions intensity by 20-25 per cent against 2005 levels. Furthermore, the United Nations Environment Programme (UNEP) has recognised India as among countries on course to achieving their voluntary goals.

The Commonwealth has long been in the vanguard of combatting climate change. Almost 30 years ago, our member-countries collectively adopted the 1989 Langkawi Declaration on the Environment. Five years later, in 1994, we facilitated the Barbados Programme of Action for the Sustainable Development of Small-Island Developing States (SIDS). 'The Port of Spain Climate Change Consensus: The Commonwealth Climate Change Declaration' was agreed by Commonwealth heads of government in 2009. This declaration had a decisive impact at COP15, held shortly afterwards in Copenhagen. It was again the Commonwealth which convened support for ambitious proposals immediately before COP21, spearheading movement towards the Paris Agreement. Such focus is driven by the urgency with which many of our member-countries perceive the need for global action if they are not to succumb to the existential threat climate change presents.

FEW COUNTRIES AROUND THE GLOBE WILL EXPERIENCE SO WIDE A RANGE OF CLIMATE CHANGE MANIFESTATIONS AS INDIA.

We continue to work alongside the governments and institutions of Commonwealth countries, offering a broad range of practical support. A particular Commonwealth focus is mutual support towards implementing the Paris Agreement and achieving NDCs (Nationally Determined Contributions), with emphasis on gender equality and youth empowerment. Our Commonwealth Climate Finance Access Hub assists member-countries with human and institutional capacity-building, enabling them to unlock funding for mitigation and adaptation which they would not otherwise be able to reach. At COP23 earlier this year, we launched our Law and Climate Change Toolkit, which provides access to model legal statutes and frameworks needed in the context of climate change.

In the 18 months since becoming Secretary-General of the Commonwealth, serving the needs of more than fifty richly diverse nations, I have been working carefully in consultation with our member-countries, with a broad array of scientists from many disciplines, and other specialists on tackling climate change. We have convened three meetings to listen to and consider the needs of our citizens, and to devise an innovative and synthesised approach, building on Commonwealth Advantage in innovative ways to respond to those needs. Our determination has been to find holistic solutions, and to work together towards a common future based on the Commonwealth Charter and 2030 Agenda for Sustainable Development which, by definition, leave no one behind.

As our understanding has evolved, the regenerative model for building resilience to climate change has emerged, including specific expressions of collective commitment such as the Commonwealth Blue Charter. Healthy ecosystems are the foundation of sustainability. Coral reefs, so vulnerable to increased storms, perform essential flood protection. The ecological protection of land and river catchments help us to ensure water security and guard against land degradation and drought. From this recognition grows the concept of regenerative development, which encompasses our belief that climate adaptation and resilience must be bottom up, placing people and ecosystem service and function at its core. This has to be at the heart of our delivery programme on climate change.

Over the coming months we will be working in partnership with others to assemble proof of this concept, and examples demonstrating regenerative development in practice on the ground. We will focus particularly on how regenerative development relates to aspects of climate change that threaten human security. Building climate resilient communities will be at the core of our work. This offers pathways to sustainable prosperity and progress, and is firmly based in our Commonwealth philosophy and ethos.

The aim is for development without depletion, with reciprocity between human needs and the balance of our natural environment. It is consistent with Commonwealth Charter principles, which include environmental protection, preservation and conservation of natural ecosystems, and social equity and economic progress as factors in sustainable development. Our charter calls for adaptation and mitigation actions and the generation and adoption of clean technology and waste management strategies, all of which are elements of regenerative development.

In the face of destruction caused by hurricanes, monsoons, mudslides and desertification threatening our very survival, we need the best minds, the best resources and the best approaches to see off this perilous challenge. The Commonwealth will continue to fulfil its purpose of convening to build resilience and reduce vulnerability. The contribution India can make to our combined effort is immense, drawing on wisdom and a wealth of experience gained in diverse habitats ranging from mountain and valley, plain and plateau, river delta and ocean water.

When our leaders, including Prime Minister Modi, meet in London next April for the Commonwealth Heads of Government Meeting (CHOGM), they will again be considering practical action to tackle climate change, to protect the environment, and increase the resilience of our members through sustainable development. We build together, in accordance with our Commonwealth values and principles, on the commonalities of shared inheritances towards a common future that is fairer, more prosperous, more secure and more sustainable.

Baroness Patricia Scotland is the Secretary-General of the Commonwealth.

Improving India-China trade relations is key for Asian century

by Dr Rajiv Kumar

Asian equations, specially between the two giant economies of China and India, will be in focus with the installation of Donald Trump as the 45th US President.

Trump's belligerent 'America First' foreign and commercial policy stance, will in all likelihood, force China to curb its manufactured goods exports to the US, with whom it has a whopping and patently unsustainable trade surplus of nearly half a trillion dollars! It is unlikely that even US MNCs, which have huge export bases in China, could prevail upon Trump to not push back imports from China.

This should push Chinese exporters to look for alternate markets during the next five to 10 years, during which China completes its planned switch to greater reliance on domestic consumption. India, with its growing and potentially large domestic markets and long track record of trade deficits, would offer a tempting opportunity for Chinese exporters looking to divert their exports and utilising their installed capacities.

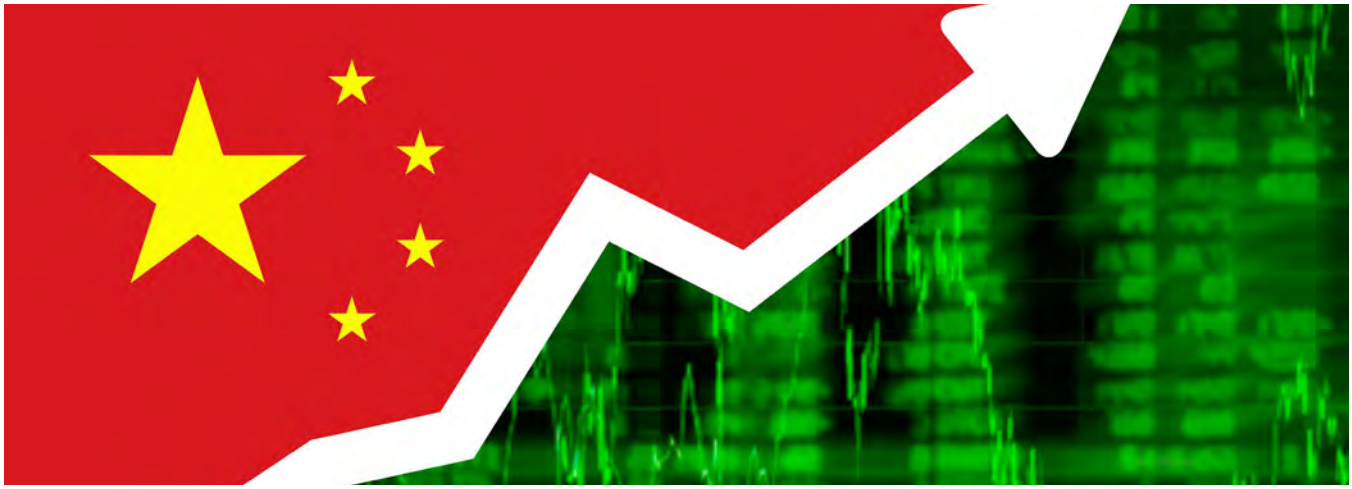
In this scenario, we could expect a more aggressive Chinese push for capturing market shares in India and South Asia more broadly. This is also evident to some extent with the continuing deterioration in India's already large deficit with China. This push from Chinese exporters will surely be resisted by the range of stakeholders in India.

These include organisations like the Swadeshi Jagaran Manch, with their overt protectionist stance; apex industry associations as they strive to protect their members' interests; and even the government of India, which faces tremendous and rising pressure for generating employment for the burgeoning number of young entrants to the workforce and for increasing the share of manufacturing in India's GDP.

The Chinese need for finding new markets and the Indian imperative of expanding domestic employment and manufacturing output could imply a direct conflict of interests between the two large neighbors. Bilateral commercial relations could deteriorate. This could have a negative fallout for the overall relationship, which in any case, is rather fragile for all the well-known reasons. China's financing and chaperoning of 52 projects as part of the China-Pakistan Economic Corridor, and its overt opposition to India's entry both into the NSG and the UN Security Council, would only ratchet up mutual mistrust.

In these rather testing circumstances, can something be done to improve Indo-Chinese commercial relations in the remaining two years of Modi's first term? It is clear that this will not be easy and will certainly not be achieved either by benign neglect or business as usual.

These are options that India should try its best to avoid. The costs of rising tensions with its northern neighbour could have serious consequences for India's current priority of completing its transition from a low to a middle income economy. For China too, this would be an avoidable option as it will have its hands full during the Trump presidency with its more assertive



approach in Asia. The short point is that it may well be in both countries' interests to try and prevent a ratcheting up of negative sentiments at this stage.

There is significant inequity in the Indo-Chinese bilateral trade. India imports nearly three times as much as China does from India, with the resultant huge trade surplus in favour of China. More worryingly, the trade pattern is reminiscent of colonial trade flows with India being at the receiving end as the exporter of primary products and importer of processed and manufactured products. This iniquitous bilateral trade is surely unsustainable.

Therefore, steps would have to be taken to correct this imbalance and also ensure that bilateral trade continues to grow. This can be achieved perhaps only by India replicating what the Chinese achieved with the US during nineties. This would imply export oriented Chinese investment into India and encourage them to establish production networks with Indian component and input suppliers. Hopefully, some of these exports will be redirected to the Chinese markets, just as American MNCs, supplied the US markets with production bases in the Pearl river delta.

India should, therefore, take all possible measures to attract export oriented investment from China. This will serve several Indian policy goals. Most importantly, it will help generate much needed good quality employment opportunities and the share of manufacturing output in the economy. Both these are stated objectives of Modi's flagship program, Make in India.

THE CHINESE NEED FOR FINDING NEW MARKETS AND THE INDIAN IMPERATIVE OF EXPANDING DOMESTIC EMPLOYMENT AND MANUFACTURING OUTPUT COULD IMPLY A DIRECT CONFLICT OF INTERESTS BETWEEN THE TWO LARGE NEIGHBORS. BILATERAL COMMERCIAL RELATIONS COULD DETERIORATE.

This will also rectify the imbalance in India's exports to China that are currently dominated by primary goods. Quite importantly, this will address growing anxieties in India of Indian markets being swamped with Chinese imports. Chinese investments, if undertaken with due sensitivity to India's security concerns, would then put Indo-Chinese bilateral trade on a rising trajectory.

Chinese firms could also use their manufacturing capacities in India to expand their exports to South Asian, West Asian, and African markets. Locations in India will offer better transport connectivity to Chinese firms who could also benefit from rather substantial trading networks in these regions established over the years by Indian businessmen. It will also dilute the perception that the two giant economies are in a zero-sum competition in these markets.
Other than inviting export oriented Chinese investment, India should also prevail upon Chinese authorities to allow greater market access to India's service and pharmaceuticals exports. These are currently faced with rather severe tariff and non-tariff barriers and consequently unable to achieve their potential. Being clearly the senior trading partner, China would do well to open these markets for India's competitive exports.

The present Chinese approach of ratcheting up their manufactured products to Indian markets and only encourage primary imports from India is clearly untenable. For the successful conclusion of RCEP in the near future, it is important that Indo-Chinese bilateral commercial relations are put on a more sustainable footing.

Steps suggested above will help achieve the needed improvement in bilateral relations and thereby also contribute to a healthier Asian economic architecture.

Dr Rajiv Kumar is Vice-Chairman of Niti Aayog, the Indian government's policy think tank.

CANADA AND INDIA CAN TAKE COMMONWEALTH LEAD

François-Philippe Champagne is Canada's Minister for International Trade with over 20 years' experience working for major companies worldwide. 'India Global Business' caught up with the minister soon after the inaugural Commonwealth Trade Ministers Meeting in London recently to explore the potential of India-Canada ties within a broader multilateral context.

What is the status of the Canada-India free trade agreement?

The negotiation of the Canada-India Comprehensive Economic Partnership Agreement (CEPA) began in November 2010. Nine rounds of negotiations have been held to date; the latest of which was in March 2015. And, last fall, my predecessor, Chrystia Freeland, met with her Indian counterpart, Nirmala Sitharaman, Minister of State for Commerce and Industry, during the 3rd Ministerial Dialogue on Trade and Investment in Toronto.

In early March, during my first visit to India, I met with Minister Sitharaman and we discussed the Canada-India CEPA, in view of increasing bilateral trade and investment. We also exchanged views on the way forward for a Foreign Investment Promotion and Protection Agreement (FIPA.) While I cannot speak to the details of the ongoing negotiation at this time, I can confirm that I took this opportunity to highlight the benefits of signing and implementing a modern and ambitious FIPA.

An FIPA would provide greater predictability and certainty for Canadian investors considering investment opportunities in India and serve to promote both India and Canada as destinations for investment. It would protect investors through the establishment of a framework of legally binding rights and obligations, while ensuring governments retain the right to regulate in the public interest. We look forward to continued work with India towards finalising the agreement.

Why has India-Canada trade remained at low levels? What can help step up bilateral trade?

The fact is, between 2012 and 2016, total trade between Canada and India grew by 53 per cent. Two-way merchandise trade between Canada and India reached $8.0 billion in 2016, and bilateral trade in services rose 8.8 per cent to nearly $2.2 billion in 2015, as both services exports (up 10.1 per cent) and services imports increased.

CANADA IS PURSUING A NUMBER OF APPROACHES TO PROMOTE TRADE AND INVESTMENT WITH INDIA. OF COURSE, THIS INCLUDES THE NEGOTIATION OF A COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT (CEPA). WE ARE ALSO PURSUING THE NEGOTIATION OF A FOREIGN INVESTMENT PROMOTION AND PROTECTION AGREEMENT

Canada is pursuing a number of approaches to promote trade and investment with India. Of course, this includes the negotiation of a Comprehensive Economic Partnership Agreement (CEPA). We are also pursuing the negotiation of a foreign investment promotion and protection agreement. These agreements will help position both Canada and India as important destinations for trade and investment. They would establish a framework of legally binding rights and obligations while ensuring that governments maintain the right to regulate in the public interest. For Canada, any free trade agreement must reflect Canadian values and help to strengthen trade by providing new commercial opportunities.

The Government of Canada also values the ongoing advice and commitment of the various business associations that promote the Canada-India commercial relationship with small and medium-sized businesses. During my recent trip to India, I also met with several Canadian and Indian business leaders and we discussed the impressive growth in trade and investment between our two countries.

They expressed a real desire for our governments to further deepen this partnership. As International Trade minister, I also have a mandate to focus on growing trade opportunities, particularly for Canadian small and medium-sized businesses. I look forward to continuing to work with India toward that end.

Can the Commonwealth be leveraged to improve the situation?

As you may know, the UK hosted the inaugural Commonwealth Trade Ministers Meeting on March 9 and 10, 2017 in London. During this meeting, myself and my colleagues, discussed areas where Commonwealth member countries could collaborate to pursue transparent, free and fair trade relationships and to promote trade, investment and job creation in member countries.

Canada enjoys a strong partnership and shared values with its Commonwealth partners, including India. The Government of Canada is firmly committed to opening new markets and to creating new sources of prosperity, and we see a lot of potential to expand our trade with India.

Which sectors will Canada welcome Indian businesses to invest in?

Priority sectors for the attraction of foreign direct investment into Canada include ICT, agri-food, automotive, aerospace, chemicals and plastics, clean tech, life sciences, and oil and gas. To ensure that Canada makes the most of every opportunity to attract global investment and the jobs that come with it, the Government of Canada is creating a new federal body, an "Invest in Canada Hub." This new organisation will employ a dedicated high-impact sales force to promote Canada and will be supported by an increased number

of Trade Commissioners focused on investment attraction in strategic markets around the world.,

What are your plans for marketing Canada as an attractive centre of higher education for Indian students?

For many Indians, Canada is perceived as an attractive immigration option rather than a destination for a top-notch education. The fact that Canadian educational institutions rank with the best in the world is a bit of a secret in India and we want to change that. That is why we are reaching out to top-quality Indian students through activities like the EduCanada Undergraduate Outreach Tour and the EduCanada MBA Showcase Tour to promote our institutions and the amazing opportunities they offer. In addition, many Canadian institutions participate in a broad range of other education events across all of India.

Canada is home to some of the top universities in the world. Times Higher Education's 'World University Rankings' counts a total of 26 Canadian institutions among the world's best, including eight Canadian universities in the top 200. In addition, compared with the US and others, Canada provides more affordable study options, simpler application processes and more opportunities for permanent residency.

For all of these reasons, I welcome this opportunity to spread the word about Canada's strengths in education in general, and research, development and innovation in particular. Canada is a world leader when it comes to investing in research at post-secondary institutions, ranking first among G7 nations and seventh among OECD nations. Through the recent federal budget, the Government of Canada is proposing to invest $117.6 million over eight years to create approximately 25 Research Chairs. This will attract top-tier international scholars and researchers to Canada, and enhance Canada's reputation as a global centre for innovation, science, and research excellence.

Canada and India have much in common; isn't it time the two governments took steps to forge closer ties?

Canada and India have long-standing and positive bilateral relations built upon shared traditions of democracy, inclusion and strong interpersonal connections through an Indian diaspora of more than 1.2 million in Canada. We also enjoy a Strategic Partnership underpinned by Ministerial Dialogues on Foreign Policy, Trade and Investment, Finance and Energy.

The Government of Canada is committed to strengthening the bilateral relationship with India, as demonstrated by the many ministerial visits in both directions over the last few months. By deepening our commercial relationship and working together on our shared priorities, we can ensure continued growth and prosperity and offer real opportunities to our private sector stakeholders and citizens.

There is a school of thought that says the Commonwealth should be re-imagined as a trade bloc. What do you think?

Canada believes that the Commonwealth's real added value is to help build the pillars of trade – promoting stability, predictability and rule of law in member countries. Moving forward, the Commonwealth, with its diverse group of member countries, could be a great forum for further discussions and work on elements of Canada's progressive trade agenda.

As anti-globalisation and hostility to trade agreements rises, we need to ensure that the legitimate concerns of our citizens are taken seriously and addressed concretely. Canada is currently pursuing a progressive trade agenda that ensures the benefits of trade are more widely and equitability shared between all segments of society. Canada will continue to work together with its Commonwealth partners to create the right conditions for our businesses to thrive.

The UAE can help broaden Indian FinTech horizon

by Manav Jeet

An Indian banker set to expand his start-up base to the UAE elaborates on the reasons behind this move.

Rubique is a FinTech company based in Mumbai. We offer a lending marketplace platform which provides individuals and small and medium enterprises (SMEs) in the country with frictionless access to a wide range financial services products including loans, credit cards and insurance products.

At Rubique, we aim to solve a number of problems in the marketplace for financial products in India, which is currently highly inefficient, time consuming and uncertain for both customers as well as financial institutions (FIs). Today in India, customers that require loans are often faced with time-consuming and uncertain application processes, and are regularly bombarded with follow up calls from a number of FIs' sales teams.

At the same time, FIs face challenges in finding customers that match their risk appetites, and in managing their own loan application turnaround times. In summary, it is currently very difficult for consumers in India to efficiently find FIs that can fulfil their financial services requirements. We seek to solve these problems with our proprietary matchmaking algorithm – our marketplace platform has direct integration to a number of FIs in the market, offering consumers a wide variety of options, with instant credit approval decisions and real time application processing. In addition, fulfilment of loans is also handled by Rubique's network of tech-enabled business associates, making our offering an end-to-end solution for credit provision for the Indian market.

We see many market similarities between India and the UAE. With $360 billion in loans outstanding and 8 per cent year-on-year growth, the UAE also offers a huge potential in lending which can be disrupted through technology. Today the region only has online comparison websites and currently has no fintech players who address the everyday pain points that customers face to avail loans or credit cards, or the pain points faced by banks.

When we deployed our solution in India, we had taken these inefficiencies into consideration, and we seek to address them effectively with technology. As our model has been proven in India we firmly believe our journey in the UAE will also lead us to success in terms of making finance simple and accessible for customers by reducing ambiguity and providing them clear choices.

We also see the region as being of particular importance for us in accessing ideas, partnerships, talent, and capital, on a global level. The ties between India and the UAE in terms of population of course facilitate this, though even beyond this aspect, the region has played a clear role in broadening our horizons.

By way of example, Rubique has been selected by Abu Dhabi Global Market (ADGM), the International Financial Centre in Abu Dhabi, to be part of the first batch of its FinTech Regulatory Laboratory (RegLab) program. This comprises of five local and international innovative FinTech start-ups, and Rubique is one of the only two Indian FinTech companies selected.

Rubique will play an active role in developing and testing financial services innovation within the region, helping to shape regulation and the broader FinTech ecosystem in the UAE.

Manav Jeet is a veteran banker who set up Mumbai-based FinTech firm Rubique.

Innovation is in the Godrej DNA

Vivek Gambhir is Managing Director, Godrej Consumer Products Limited (GCPL), and the key architect of the firm's 3x3 strategy to drive international expansion. He talks 'India Global Business' through the strategy and the consumer giant's over-arching goals with a specific eye on emerging markets like Africa.

How would you describe GCPL's Africa strategy and how does it fit into the 3X3 plans?

Over the past few years, we have been scaling up our international presence with acquisitions that fit well in our "3 by 3" strategy – a presence in emerging markets in Asia, Africa and Latin America through three core categories – hair care, home care and personal care. These strategic acquisitions have strongly aided our growth story. Through them, we have both extended our core businesses and implicitly broadened our presence to a wider canvas.

Establishing a strong foothold in Africa is a key part of our strategy, both in terms of business size today, as well as potential for the future. Africa contributes 31 per cent of our revenues from international businesses, with annualised revenues of $200 million. We now have a growing business presence in South Africa, Mozambique, Nigeria, Kenya, Ghana, Uganda, Tanzania and Angola in the hair extensions, hair cosmetics, hair colours, household insecticides and personal wash categories.

We are making our largest investment outside of India, in Africa. We are convinced about the tremendous potential that Africa offers; it has one of the fastest growing consumer markets in the world, with a young population. This provides tremendous opportunities for both driving penetration and increasing consumption across our core categories. Our hair care and hair extension businesses are performing well and we have learnt a lot about what it takes to be successful in the region. We also believe that these can, over time, provide a strong distribution and marketing platform for taking other home and personal care products from the Godrej portfolio to the African consumer.

What are the kind of acquisitions you would highlight in the continent in recent times?

In 2006, we made our foray into Africa with the acquisition of the Rapidol hair care business. Today, Godrej South Africa as it is called, is a leading hair care company. Our products are available in over 16 countries in Africa. In fact, it would be rare to find a household in Africa, which has not been touched by our brands.

We have exciting and ambitious plans of being a dominant player in both the ethnic and Caucasian segments in Africa. Our flagship brand, Inecto's permanent hair colour, is the market leader in ethnic hair care and has

> WE BELIEVE AFRICA AND INDIA HAVE A LOT IN COMMON IN TERMS OF CULTURE, ENTREPRENEURSHIP AND FRUGAL INNOVATION.

been offering African women up to 100 per cent grey coverage for over 60 years now. Our Inecto Superblack, guaranteeing permanent hair colour, is the number one selling SKU in the African ethnic hair industry.

We added Kinky, a leading brand in dry hair, to our portfolio in 2008. In 2010, we acquired Tura, a prominent beauty brand.

In 2011, we entered into a partnership with Darling Group Holdings, a leading pan-African hair care company, and acquired a 51 per cent stake in the business. Darling, which has operations in 14 countries across Africa, is a market leader in hair extension products; a category which it has pioneered in the continent, with a comprehensive presence across West, East and South Africa. Our plan was to gradually acquire the remaining stake over the next five years.

The Darling brand stands for beauty and is an enabler for every African woman to transform the way she looks. It has tremendous affinity with salons and is the preferred brand for stylists across Africa. Darling enjoys market leadership in most of the countries that it operates in and dominates the landscape in East Africa, where it has been consistently ranked a 'Superbrand'. We manufacture locally and our products are used by over 100 million African consumers.

To further consolidate our leadership position in South Africa, we acquired Frika, which enjoys a premium positioning in the South African hair care industry, in 2015. Last year, we acquired Canon Chemicals Limited, a Kenya based company, which manufactures and distributes products in the personal and home categories.

We also acquired, Strength of Nature LLC (SON), a leading company of hair care products for women of African descent. This acquisition helps scale up our presence in Africa by being at the forefront of serving the hair care needs of women of African descent. SON complements our portfolio in Africa by building on our leadership position in dry hair care and hair colours in the region. The acquisition also enables us to turbo-charge creating a strong platform for wet hair care products in Africa and forge a stronger presence in the $1.8 billion global wet hair care category.

SON's strong presence in the USA, with deep distribution and world-class manufacturing, additionally provides attractive opportunities for this growth.

Would you say Godrej is a popular name in the region? If so, what are the factors behind this popularity?

As a company, we follow a multi-local strategy. This means that we focus on maximising the potential of all our local brands in their respective geographies. In Africa, we parent many strong brands like Inecto, Darling, Kinky, Frika and Valon. These will be very popular either across Africa or in the specific markets that they serve. Darling, for example, would be the largest brand pan- Africa in the hair category.

These brands have been invested in and built over the last few decades and enjoy strong equity with their consumers. Godrej, for us, is much more of a corporate and employer brand. It represents that parentage that supports and nurtures our businesses across the world.

The Indian government has identified Africa as a thrust area for economic cooperation. What support, if any, do you expect from the Indian government?

Through CII and the Exim Bank, the government has been very supportive of investments and exports into Africa, especially in the infrastructure space.

A stronger focus on partnerships within the government will create tremendous equity for both India and Indian companies in Africa. This will go a long way in nurturing economic cooperation between the two nations.

How receptive are African governments to investments from Indian companies?

The African government has been very receptive and encouraging of our investments in the country. Most governments particularly support investments that result in employment, manufacturing and technology transfer.

We believe Africa and India have a lot in common in terms of culture, entrepreneurship and frugal innovation. There is also a meaningful Indian diaspora in many parts of Africa. We haven't faced any challenges as a group from a regulatory or government stand-point. Our experience has encouraged us to continue to invest in Africa and accelerate our growth trajectory.

What are some of your CSR initiatives in Africa?

Giving back to the community has always been very important to us. Brighter Giving, our skill-based volunteering program, provides Godrejites with volunteering opportunities.

In East Africa for example, our teams have empowered girls through vocational training. Facilitated hair

dressing and beauty therapy training, along with entrepreneurship, soft and life skills, enables these girls to find sustainable employment opportunities. Over 1,600 girls have been trained since we started this programme in 2012. We plan to train 3,000 girls in the next two years. In South Africa, our team members volunteer time to teach volleyball, cricket, soccer, table tennis, athletics and gardening. Robert Reilly, Exports Manager at Godrej South Africa, now juggles travelling across Africa and coaching soccer to 30 young children.

Similarly, in West Africa, Godrejites partner with local schools to teach children and help schools improve infrastructure. Many volunteer with the local government on blood donation and tree plantation drives.

During Godrej Global Volunteering Day in December, 2016, over 250 Godrejites volunteered their time for social activities ranging from school adoption drives to spending time with the homeless.

What are your future plans and which are some of the countries of focus?

Africa is a key priority market for us and hair care is one of our core focus areas. So, in that sense, this fits in well with our 3 by 3 approach - a presence in three business categories (personal care, hair care and home care) in three geographies (Asia, Africa and Latin America).

Having said that, 3 by 3 is not a static definition. It has been evolving over time. For instance, air care was not a big area for us five-six years ago. Now, it contributes 6 per cent to our revenues and is an important part of our home care portfolio. Hair care could be an interesting category to explore, given that we have knowledge of building the category in India and Indonesia.

Given our focus on serving the hair care needs of women of African descent, we are now adding a consumer overlay to our 3 by 3 approach. This is a very underserved market and provides significant opportunities for us, globally. So, we are extending our focus from hair care for women in Africa to include hair care for all women of African descent. In our household insecticides business, Good knight is currently sold in the aerosol format in Africa. We are evaluating more formats to introduce in Nigeria and in other countries.

What sets Godrej apart in international markets?

Over the last couple of years, we have organised our international business operations into clusters - India & SAARC, Africa, Latin America & Europe and Rest of Asia. The purpose of this restructuring was to drive more agility, provide greater focus and enable more cross-pollination, while sustaining the entrepreneurial spirit of our unique multi-local model.

WE ARE MAKING OUR LARGEST INVESTMENT OUTSIDE OF INDIA, IN AFRICA. WE ARE CONVINCED ABOUT THE TREMENDOUS POTENTIAL THAT AFRICA OFFERS; IT HAS ONE OF THE FASTEST GROWING CONSUMER MARKETS IN THE WORLD, WITH A YOUNG POPULATION.

Our operating model is quite unique. We follow an approach of 'cooperative federalism', which is centred on values-based partnering and operational autonomy at the local level. Unlike traditional MNCs, we have a multi-local model, where operational accountability and P&L ownership rests with the country head. This helps sustain the entrepreneurial spirit that has made these companies successful, while providing the benefits of strong processes and scale that Godrej brings.

Our premiumisation approach is also very calibrated. It is about offering superior quality products at affordable prices. As middle-class incomes increase and as the mass population increasingly seeks products with higher order benefits, we feel that we are well positioned to grow with the desires of our consumers. Core to our premiumisation approach, is what we call democratisation in our categories. We want to be able to provide benefits and products hitherto not considered affordable by mass consumers. We believe that this makes our approach quite distinctive – bringing great quality and delightful products to the masses and convincing consumers to up-trade to these products.

Innovation is in our DNA as a company and since our innovation team is entirely in-house, we are agile and prepared to launch a new variant within a week of picking-up a style. Most MNCs are typically modelled on selling the same brand across different countries. They have global categories and tend to centralise management of these brands.

Our approach however, is not to copy and paste. We have strong local brands in our different geographies and our focus is on investing in and making them much stronger. This, we believe, is our competitive advantage.

We understand and can cater to local consumer needs and preferences and create high quality, affordable products, tailored specifically for African consumers.

Indian companies scour the world

From Bangladesh and Africa to Israel and China, the footprint of India spread far and wide in recent months.

Gloster plans foray into Bangladesh

Diversified jute manufacturer and exporter Gloster Limited is planning to set up a unit in Bangladesh. The new unit will be a greenfield site and cater to the export market.

Hemant Bangur, executive chairman, Gloster Ltd, said: "We are planning to set up a unit in Bangladesh for which we are talking to one of the top corporates of that country."

The investment required for setting up the unit will be Rs 500 crore ($77 million) and it will have an employment potential for 4,500 people.

The company, requiring 100 acre of lands, is looking for a location on the west side of the Padma river, either in Rajshahi or Khulna.

Gloster's operations are located in Bauria in Howrah district of West Bengal and provides employment to more than 4,600 people.

Narayana Hrudayalaya to enter Africa

Bengaluru-based private sector hospital chain Narayana Hrudayalaya has chalked out a Rs 500-crore ($77-million) expansion plan to enter high-value markets in India over the next three years and make a foray into Africa.

Ashutosh Raghuvanshi, Vice-Chairman and Managing Director, Narayana Hrudayalaya, said: "After acquiring Health City, Cayman Islands, which is our sole overseas venture so far, we now plan to consolidate our domestic presence by entering high-value markets like Delhi-NCR and Mumbai. We're also exploring opportunities in Africa."

The domestic expansion will be through a cluster-based approach and the initial focus will be Delhi-NCR. Narayana will be commissioning a 200-bed hospital in Gurugram in January and the capacity will be ramped up to 350 beds over next one-and-a-half years.

For its overseas expansion, the company has signed agreements with local partners in the Kenyan capital of Nairobi. It has also signed an agreement with an international financial institution for funding for a planned greenfield project.

Raghuvanshi said: "Our focus is on continuously investing and upgrading existing and new hospitals in the country with a capex plan of Rs 100-150 crore ($15-23 million) per year."

L&T Tech to set up Jerusalem design centre

L&T Technology Services Limited, an engineering services subsidiary of Mumbai-based Larsen and Toubro, is setting up a design centre in Jerusalem.

The new Centre of Excellence, with an accompanying Tel Aviv sales office, will focus on developments in video, design and security solutions. The multinational company said that these solutions will serve its global customer base, in sectors spanning the spectrum of media, entertainment, telecom, automotive and Internet of Things (IoT).

The company said the move aims to deepen its involvement in Israel's start-up and innovation ecosystem.

Dr Keshab Panda, CEO and Managing Director, LTTS, stated: "With Israel's rich legacy in triggering tech innovations, we are confident in our ability to develop disruptive engineering services and create digital skill sets across embedded applications, machine learning and enhanced security, all of which are critical building blocks of the future."

LTTS is constantly on the hunt for disruptive technologies, including embedded applications, semiconductors, machine learning, security and video, he said. All these fields are being currently addressed by the broader Israeli start-up community. For this reason, L&T decided to open the Jerusalem centre, which it hopes will become a "global hub" in the relevant fields.

Mettl to tie up with Chinese companies for expansion

Gurgaon-based online software service provider Mettl is in talks with at least half-a-dozen Chinese companies as part of its efforts to expand overseas operations.

The Kalaari Capital funded company provides online assessment software for recruitment, training, certification and examinations.

Tonmoy Shingal, Chief Operating Officer, Mettl, said: "China would be the first country outside India where we are looking at forging partnerships. A lot of our customers have bases in China and we were triggered by the demand for products and solutions (like ours) to look at a stronger presence there."

The company is looking at entering into strategic alliances in China that could even involve equity sharing. It is willing to offload up to 25 per cent stake in its Chinese subsidiary. It has a subsidiary each in China and the US with a combined headcount of 250.

The company is targeting revenue of $10 million in the current fiscal year, up from $6 million that it reported for the previous financial year.

Mettl has an online tool offering that tests technical and psychometric skills as well as aptitude. It also has an anti-cheating technology incorporated in its testing tool to ensure the tests can be taken remotely but cannot be manipulated.

Lenskart gets stake in Israel's 6over6

Eyewear solutions company Lenskart has picked up a minority stake in Israeli start-up 6over6, marking its second such bet on an overseas early stage technology venture in less than four months.

The TPG Growth, IFC and Premji-Invest-backed company has invested $1million in the Tel Aviv-based start-up, and may look to infuse further capital in the latter down the line.

Peyush Bansal, CEO, Lenskart, was quoted as saying: "We had started working with 6over6 in February earlier this year, and this strategic partnership will allow us to co-develop the product and ensure that our interests are aligned. We anticipate that this technology will change vision care globally."

6over6 allows consumers to determine the power of their lenses fitted in their eyeglasses through a smartphone application, replacing the traditional optometric tools in the process. The technology will begin its pilot testing phase from January next year.

Based on the opportunities available, Lenskart could shell out up to $10 million for a potential acquisition, or pick up majority stakes in several early-stage ventures, in India and abroad, particularly in the US.

TI Cycles to buy 2 Lankan firms

TI Cycles, part of the $4.7 billion Murugappa Group, has inked a definitive agreement to acquire a controlling stake in Creative Cycles (Private) Limited and Great Cycles (Private) Limited of Sri Lanka.

Tube Investments of India Limited (of which TI Cycles of India is a division) said it had entered into separate shareholders' agreements with Shuyuan Gan, promoter and 100 per cent shareholder of Great Cycles and Creative Cycles, both located in Colombo, for acquiring 80 per cent of the issued and subscribed share capital of each of these two companies for an aggregate consideration of $3.34 million.

This acquisition will help strengthen and expand the global supply chain for the premium cycles portfolio of TI Cycles. Creative Cycles and Great Cycles have production facilities in the Katunayake Export Processing Zone, Colombo. These facilities can produce a wide range of bicycles — from kids to performance cycles and from steel to alloy bikes.

Subject to approvals from authorities and successful completion of all formalities, the acquisition is expected to close by the end of the current financial year.

L. Ramkumar, managing director, Tube Investments, said: "With this acquisition, we will be able to grow the market for premium cycles and our market share in the premium segment even more aggressively."

Yearend Edition

The Year That Was 2017

'India Global Business' (IGB) was once again at the forefront of presenting valued analysis on trade and foreign direct investment flows from India across global markets. In line with that remit, our quirky cover pages were aimed at throwing the spotlight on some of the stand-out developments through the year.

From 'Re-imagining the Commonwealth' and weighing up the India-China dynamic as 'The Frenemies' to a light-hearted take on the India-UK relationship with 'Yeh Dosti' between Indian PM Modi and his British counterpart Theresa May and the 'Australian Cuddle' of the Adani Group, the cover pages are illustrative of India's growing might on the world stage.
At times the focus is on a particular sector, such as our August edition titled 'Revving up' tracking the drive among Indian companies to make their mark in international markets. At other times, we zero in on the unique aspects of ties with certain countries, such as Israel with 'Netanyahu's India Connect' in June.

With the Yearend edition wrapping up 2017 as the year of the great clean-up by India to pitch itself as a solid contender in the world economy, we can now look ahead at some equally thought-provoking covers in 2018.

February Edition

April Edition

Special Edition - May

June Edition

August Edition

October Edition

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India's top 50 outbound investments of the year

INDIAN COMPANIES, INCLUDING BIG CORPORATES AND SMALL AND MEDIUM ENTERPRISES (SMES), EXECUTED SOME AMBITIOUS EXPANSION PLANS ACROSS VARIOUS MARKETS THIS YEAR. 'INDIA GLOBAL BUSINESS' REVIEWS SOME OF THE PROGRESS IN ITS ANNUAL DEAL TRACKER.

Aurobindo Pharma buys Portugal firm

Hyderabad-headquartered drugmaker Aurobindo Pharma Ltd agreed to acquire Portugal-based pharmaceuticals products manufacturer and supplier Generis Farmaceutica SA from private equity firm Magnum Capital Partners for €135 million ($142 million). The deal will help consolidate the Indian company's footprint in Portugal, where its portfolio already consists of Aurovitas, Unipessoal LDA and Aurobindo Pharma-Portugal.

Piramal buys UK firm's drugs

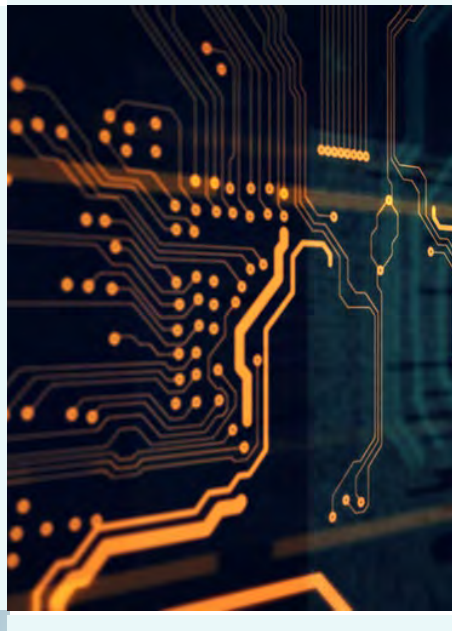
Mumbai-headquartered Piramal Enterprises clinched a deal to acquire UK-based Mallinckrodt LLC's portfolio of intrathecal (administered via the spinal column) spasticity and pain-management drugs in an all-cash deal worth $171 million. It marked the company's seventh pharma acquisition in the last two years, taking its investment for inorganic growth to $450 million across the pharma businesses.

Tech Mahindra to buy US firm

One of India's leading software services firm, Tech Mahindra Ltd, signed a definitive agreement to acquire CJS Solutions Group LLC, a US-based healthcare information technology consulting company, at an enterprise value of $110 million. As part of the deal, Tech Mahindra was expected to make an upfront payment of $89.5 million for the purchase of an 84.7 per cent stake in the firm. The balance stake of 15.3 per cent will be acquired over a period of three years.

L&T bags $108.5mn Tanzania contract

Mumbai-headquartered engineering major Larsen & Toubro bagged orders worth Rs 705 crore ($108.5mn) in its water and effluent business in Tanzania. The scope of the work involves survey, design, procurement, construction and installation of pumping systems, rising and gravity/main lines, elevated and ground level storage reservoirs, branch lines, distribution network and water kiosks to provide water to Tabora and 33 other villages.



UK, Manipal Group ink healthcare pact

UK government-owned development finance institution CDC Group and India's Manipal Education and Medical Group (MEMG) tied up to launch a Rs 500-crore ($77-million) corpus to invest in healthcare services beyond conventional hospital services. This partnership is aimed at investing in innovative opportunities in India, Africa and South Asia and will target "out-of-hospital" care services companies, like diagnostics and home-care services.

Intas completes UK acquisition

Ahmedabad-based Intas Pharmaceuticals, through its wholly-owned subsidiary Accord Healthcare Ltd, completed the deal to acquire Actavis UK Ltd & Actavis Ireland Ltd from Teva Pharmaceutical Industries Ltd, for an enterprise value of £603 million ($804 million) payable in cash. This will expand Intas' UK manufacturing presence and more than double the firm's pan-European operations.

Kellton Tech buys US-based Lenmar

India's Kellton Tech announced the acquisition of US-based Lenmar Group of Companies, a global IT services and solutions group with a presence in the banking and financial services space. Kellton Tech said the acquisition will deepen its capabilities and support its next phase of growth in existing markets of the US, India and Europe and new markets in the APAC region.

HCL to acquire US-based mortgage BPO

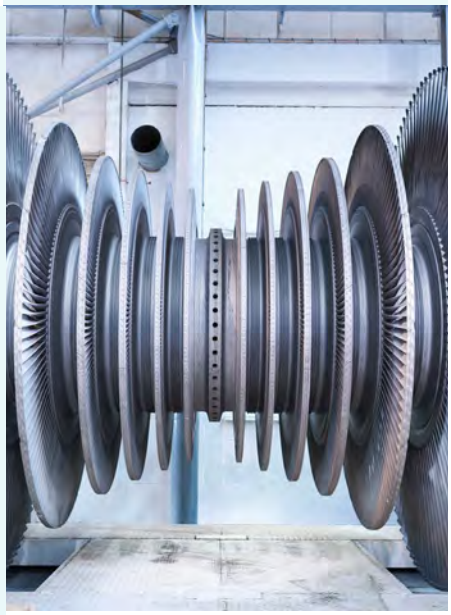
Indian software services firm HCL Technologies acquires US-based Urban Fulfillment Services (UFS) for up to $30 million in cash. UFS is a provider of mortgage business process and fulfilment services. HCL Tech said the acquisition of UFS strengthens its capabilities in mortgage BPO services, loan fulfilment and debt servicing. The companies said the deal will create a leading provider of state-of-the-art services in the market.

Wipro partners with US security start-up

Bengaluru-headquartered Wipro partnered with Silicon Valley based security start-up Demisto to deliver integrated and automated incident response as a managed service. Along with the partnership, Wipro's strategic investment arm – Wipro Ventures – also made an investment in Demisto as part of the latter's $20-million Series B round of funding that was announced in February this year.

Serum Institute buys Czech firm for €72mn

Serum Institute of India Ltd, the world's largest vaccine maker by number of doses produced and sold, acquired a defunct unit of Czech Republic based injectable polio doses maker Nanotherapeutics Inc for €72 million. The acquisition will help the Pune-based company become the largest injectable polio vaccine maker in the world by increasing production capacity four-fold to more than 200 million doses by 2019.



Jain irrigation buys US firms for $48.5mn

India's Jain Irrigation acquired two irrigation and distribution companies – Agri-Valley Irrigation Inc (AVI) and Irrigation Design and Construction Inc (IDC) – in the US for $48.5 million. The company, through its wholly-owned US subsidiary Jain Irrigation Inc, was to hold 80 per cent stake after both the US irrigation distribution companies were merged.

Assam refinery in $146mn Finland pact

Assam-based Numaligarh Refinery Limited (NRL) inked an important "framework agreement" with its technology partner, Chempolis Oyo of Finland, to give concrete shape to the implementation of the Rs 950-crore ($146-million) bio-refinery project. The project is designed to produce 49,000 tonnes of bioethanol annually, with co-production of furfural and acetic acid using 'formicobio' technology of Chempolis Oyo.

Tata Steel sells UK unit for £100mn

Tata Steel UK completed the sale of its Speciality Steels business, which employs 1,700 workers, to Liberty House Group for £100 million. Liberty said it would not only protect the 1,700 existing jobs but also create 300 new ones and invest multi-million pounds in the venture. The acquisition makes Liberty one of the largest steel and engineering employers in the UK, with over 4,500 workers.

L&T Tech to buy Esencia for $27 million

L&T Technology Services (LTTS), the engineering services arm of Larsen & Toubro, has signed an agreement to acquire US-based design services provider Esencia Technologies Inc. The deal to acquire the California-headquartered firm is worth $27 million, with $15 million to be paid up front and the rest paid over a period of four years.

Adani signs deal with Australia's Arrium

India's Adani Group signed a $74-million landmark deal with Australian steel group Arrium to buy steel for a 400-km rail line for its controversial Carmichael coal mine project. Arrium's division, OneSteel Manufacturing Pty Ltd, will supply 54,000 tonnes of steel to build the rail line linking Adani's proposed coal mine in central Queensland with the Abbot Point port.

Torrent Pharma buys Novartis brands

Ahmedabad-headquartered Torrent Pharmaceuticals acquired women healthcare brands Regestrone and Pregachieve from Swiss pharma major Novartis AG for the Indian market. Both brands are prescribed by gynaecologists for the management of abnormal uterine bleeding, peri and post-menopausal symptoms and infertility. A Torrent statement said the acquisition of Regestrone and Pregachieve will further fortify its hormone segment.

Hindalco's Novelis in Kobe Steel JV

Aluminium products maker Novelis, a wholly-owned subsidiary of Mumbai-headquartered Hindalco Industries, entered into a joint venture with Kobe Steel, a Japanese producer of aluminium rolled products. The JV is named Ulsan Aluminium and was formed by Novelis selling 50 per cent of its ownership stake in its Ulsan facility in South Korea to Kobe for $315 million.

Future Group eyes the Middle East

India's Future Group is eyeing the international market for fashion and consumer products through a joint venture with Oman-based Khimji Ramdas (KR) Group. It plans to open around 18 exclusive stores in the Middle East in the next few years. The 50-50 joint venture will be called KR Future Fashions, with an investment of around Rs 75 crore each ($12mn).

Cadila Healthcare to buy US firm

India's Cadila Healthcare acquired California-based speciality pharma company Sentynl Therapeutics for an estimated $171 million. The deal marked the Ahmedabad-based company's foray into the $8-billion specialty pain management drug market in the US, as it gains access to Sentynl's distribution network and large prescriber base. The acquisition was solely funded by Bank of Tokyo-Mitsubishi UFJ, Cadila Healthcare said.

Dabur buys South African firms

Indian FMCG major Dabur acquired two South African companies in the personal care and hair care segment. The company's step down wholly-owned subsidiary Dabur South Africa entered into the share purchase agreement to acquire D&A Cosmetics Proprietary Ltd and Atlanta Body & Health Products Proprietary Ltd. The deal size is estimated at Rs 25 crore ($4 million).

Motherson Sumi acquires Finnish firm

Noida-headquartered Motherson Sumi Systems Ltd. (MSSL) has acquired Finland-based global auto component major PKC Group for approximately €571 million, a move that will help the group expand its footprint significantly in the American and European commercial vehicle market segment. With the operational expertise of MSSL and technical know-how of PKC, the company said it would add more value to its customers and suppliers.

Runaya inks $75mn aluminium pacts

Runaya, a metals start-up founded by the sons of Vedanta Ltd chairman Navin Agarwal, has signed two joint venture pacts worth $75 million with Russia's UC Rusal and Bahrain's Taha International Corporation (TIC). The pacts relate to the production of high-tech aluminium paste and powder in India and sustainable waste management solutions for the aluminium industry.

HDFC buys stake in Tanzania company

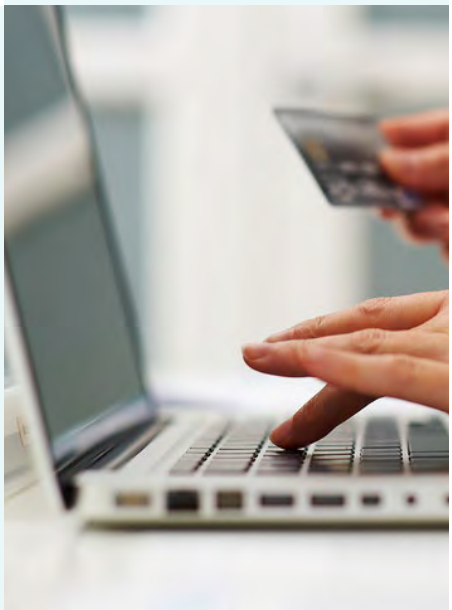
As part of greenfield expansion outside India, mortgage lender HDFC Ltd acquired a 15 per cent stake in Tanzania's First Housing Finance for $1.5 million. The objective of the deal is to provide housing loans to Tanzanians. Among others, First Housing Finance shareholders include three local partners – Bank M Tanzania Plc, Armut Ltd and Sanjay Suchak.

Tata Comms, Alibaba Cloud join hands

Tata Communications announced a partnership with Alibaba Cloud to enable customers from over 150 countries, including India, connect to Alibaba Cloud's ExpressConnect via Tata Communications' IZO Private Connect service. The companies said the new partnership will help them become digital transformation partners for customers, empowering them to expand to new geographies, boost productivity and safeguard their businesses against threats.

Tata Power completes Georgia project

Tata Power completed the construction of a 187MW hydro project in Georgia that cost over $420 million. The Shuakhevi hydroelectric project is the largest hydro-power plant to be built in Georgia in the past five decades and was completed by Adjaristsqali Georgia LLC (AGL), Tata Power's joint venture with Norway's Clean Energy Invest AS and IFC InfraVentures (IFC), a member of the World Bank Group.



Wipro raises stake in Drivestream

Bengaluru-headquartered IT Services corporation Wipro has invested $809,690 in Washington-based management and IT consulting firm Drivestream. Wipro said in a Bombay Stock Exchange (BSE) filing that it will acquire 19,679 preferred stocks and 27,865 common stocks. With this, it holds a 26.1 per cent share in Drivestream, on a fully diluted basis.

Bharti Airtel, Millicom close Ghana deal

Telecom operator Bharti Airtel and Europe's Millicom International Cellular announced the completion of a deal to combine their operations in Ghana. The merged entity will become Ghana's second-largest mobile operator, with close to 10 million subscribers. Under the joint agreement, Airtel and Millicom will have equal ownership and governance rights, which will have revenues of approximately $300 million.

Flipkart, eBay India deal gets nod

E-commerce major Flipkart's proposed acquisition of eBay India received approval from the Competition Commission of India (CCI). This means an approval for eBay Singapore's subscription of compulsorily convertible preference shares (CCPS) issued by Flipkart. eBay will invest $500 million in Flipkart as the two firms merge their operations in the country. As part of the deal, Flipkart will own and operate eBay's business in India.

Adventz Group in $2bn Israel deal

The Adventz Group signed a $2 billion-plus memorandum of understanding (MoU) with Israel's Lesico group for collaboration in light rail transit (LRT) projects in Tel Aviv and Jerusalem. According to the MoU, Texmaco Rail & Engineering Limited, a part of the Saroj Poddar led Adventz Group, will lend its expertise in track-related works for the Tel-Aviv Red-Line and Jerusalem Green-Line LRT projects.

Jindal Poly Films acquires Dutch firm

Indian packaging films maker, Jindal Poly Films Ltd, acquired Netherlands-based Apeldoorn Flexible Packaging Holding BV for an enterprise value of €82.3 million in cash. Jindal Poly Films said the acquisition will help it increase its product offerings by adding load security films. The deal also strengthens its relationship with brand owners in the food, beverage and fast-moving consumer goods segments.

Talwalkars partners with Snap Fitness

Indian fitness and gym chain, Talwalkars Better Value Fitness, announced its international foray into South East Asia through a master franchise tie-up with US-headquartered Snap Fitness for an initial investment of about $10 million. The fitness chain will operate in Singapore, Malaysia, Vietnam, Thailand, Sri Lanka and Bangladesh, through its Singapore subsidiary.

Camlin Fine Sciences buys China stake

Indian specialty chemicals maker, Camlin Fine Sciences Ltd, acquired a 51 per cent stake in Chinese chemical firm Ningbo Wanglong Flavors and Fragrances Company Ltd for $6.28 million in cash. Camlin bought the stake along with its Italian unit CFS Europe SpA. The deal will help the company become the world's third-largest producer of vanillin, used by food and flavour companies and perfume manufacturers to enhance fragrance.

Hindustan Power expands in Asia

Hindustan Power acquired 15 ready-to-build solar projects in Japan totalling 150MW in capacity, with plans to enter Bangladesh by developing four 25MW solar projects at Trishal. The projects across multiple locations in Japan are expected to be constructed by mid-2018. The proposal to develop the 100MW of solar projects in northern Bangladesh has been submitted to the government and the required land agreement has been signed.

Adani strikes renewables partnership

India's Adani Group joined the race to acquire the Indian renewable assets of Singapore-based Equis Energy, which has put its entire portfolio valued at about $5 billion on the block. Adani has teamed up with Doha-based Nebras Power, which is looking to buy Equis' remaining assets in the Philippines, Japan, Thailand, Indonesia, Australia and Taiwan.

Reliance invests $25mn in Israel firm

Reliance Industries Ltd (RIL) announced an investment of $25 million for a 20 per cent stake in Jerusalem Innovation Incubator (JII). RIL believes that technological innovation from JII will benefit its telecom unit Jio — which is on a massive expansion of its 4G network in India and give them access to innovation, technologies and products from one of the world's largest start-up and technology innovation ecosystem.

Centrum in pact with FirstRand Bank

Mumbai-based Centrum Group signed a definitive agreement to acquire the Indian microfinance business of South Africa's FirstRand Bank. Centrum is also believed to be in talks to acquire another two such portfolios to boost the small loan business. This acquisition is a strategic step in the company's goal of providing finance to the urban poor and under-served sections of the society, it said.

Marico acquires South Africa's Isoplus

Marico South Africa Pty Limited, a wholly-owned step-down subsidiary of FMCG major Marico, announced the acquisition of Isoplus, a hair-styling brand in South Africa from JM Products and Mary L Harris for Rs 36 crore ($5.53 million). The acquisition comprises the purchase of manufacturing facilities, working capital and all intellectual property rights and is expected to be fully consummated by FY18.

Titan partners with Amazon for US foray

E-tailing giant Amazon announced its partnership with India's iconic lifestyle brand, Titan, to help its entry into the US market. Under the partnership, Amazon through its "Global Selling Programme" will enable Titan to take its vast range of watches to millions of global customers across ethnicities on Amazon.com in the US and eventually across other Amazon marketplaces.

Piramal acquires Context Matters

Mumbai-headquartered Piramal Enterprises' wholly-owned subsidiary Decision Resources Inc has acquired US-based health economics data and technology company Context Matters Inc for an undisclosed amount. Context Matters will fortify DRG's global market access portfolio by combining the novel Context Matters data model, which links global regulatory and health technology assessment data to detailed clinical trial data, with DRG's existing suite of products and services.

Hero Electronix buys Malaysia's Spectrum

Hero Electronix, a company set up by the Hero Group to tap into emerging digital opportunities, has acquired Malaysian printed circuit board (PCB) manufacturing company Spectrum Integrated Technologies and the chip test business of Singapore's Lynxemi. The acquisitions were made through Tessolve, a Hero Electronix venture that provides engineering services. The acquisitions will enable Hero-Tessolve to expand the scope of their business beyond India.

Infosys completes Brilliant Basics acquisition

Infosys completed the acquisition of London-based product design and customer experience company Brilliant Basics. Through the acquisition, Infosys will further expand its worldwide connected network of Digital Studios. The network is focused on fulfilling the needs of global clients for end-to-end Digital Transformation solutions, required to meet customer demand for next-generation enhanced customer experiences.

Alembic acquires US-based Orit Labs

Gujarat-based Alembic Pharmaceuticals Ltd bought US-based generic drug developer Orit Laboratories LLC from Okner Realty LLC in its first cross-border acquisition. The company claimed that the acquisition will expand Alembic's basket of product offerings to customers, shows their commitment to becoming a long-term player in the US generic industry, and will help them create a powerful R&D footprint in the US.

Cyient to acquire B&F Design Inc

Hyderabad-based IT major Cyient has entered into a definitive agreement to acquire 100 per cent equity in US-based B&F Design Inc. The company said the acquisition will be carried out through its step-down subsidiary, Cyient Defense Services Inc. This acquisition is a step towards enhancing the company's "Build and Maintain" offerings and help provide increased value to customers by undertaking more comprehensive work.

Fortis offers $711mn for Singapore trust assets

Fortis Healthcare Ltd has offered to acquire the entire portfolio of Singapore-listed RHT Health Trust. Fortis will purchase RHT Health's assets for Rs 4,650 crore ($711 million), including debt of Rs 1,152 crore ($177 million). The deal is aimed at consolidating the entire portfolio of RHT Health, comprising two hospitals, 12 clinics and four new clinics into Fortis.

Infosys signs 7-year French deal

Indian IT service provider Infosys signed a seven-year technology outsourcing deal with French container shipping major CMA CGM Group that requires it to open a local delivery centre at Marseille for delivering services. Infosys will also take over staff and operations of CMA CGM in Dubai as part of the deal and will help the shipping major in both maintenance and development of SAP-based applications.

Thyssenkrupp, Tata Steel plan merger

Germany's Thyssenkrupp and India's Tata Steel agreed to merge their European steel operations in a preliminary deal that would create the continent's second-largest steelmaker after ArcelorMittal. Both groups would contribute debt and liabilities to achieve an equal shareholding and remain long-term investors. The new joint venture, to be named Thyssenkrupp Tata Steel, will be headquartered in Amsterdam.

Mahindra acquires Turkish tractor firm

Mumbai-headquartered Mahindra and Mahindra Ltd acquired Erkunt Traktor Sanayii AS, a Turkish tractor maker and its foundry business for Rs 800 crore ($123 million) through Mahindra Overseas Investment Co.(Mauritius) Ltd. The buyout will provide the company access to the Turkish agricultural machinery market, the fourth-largest globally, and help it enhance its product portfolio.

OVL buys stake in Namibian oil block

ONGC Videsh Ltd (OVL), the overseas subsidiary of India's state-owned petroleum explorer Oil and Natural Gas Corporation (ONGC), completed the acquisition of 30 per cent interest in an oil block in Namibia from Tullow Oil. Tullow will continue to remain the operator of the license and other partners in the block include Pancontinental Namibia (Pty) Limited and Paragon Oil and Gas (Pty) Limited.

Wipro buys US-based Cooper for $8.5mn

Indian IT services company Wipro acquired US-based design and business consultancy firm Cooper, which counts Google and Starbucks as clients. The deal is worth around $8.5 million and looks to strengthen Wipro's digital offerings to clients globally. As part of the deal, Wipro gets access offices in New York and San Francisco. Cooper would also help expand its reach in the North American market and add capabilities in professional design education.

Lupin buys Symbiomix Therapeutics

Indian pharma major Lupin acquired US-based Symbiomix Therapeutics LLC for $150 million to grow its women's health business. Symbiomix is a privately held company focused on bringing innovative therapies to the market for gynaecological infections that can have serious health consequences. The acquisition of Symbiomix and its SolosecTM brand expands Lupin's US women's health specialty business into the highly complementary gynaecological infection sector.

PM Modi in Israel with Israel's Prime Minister Benjamin Netanyahu

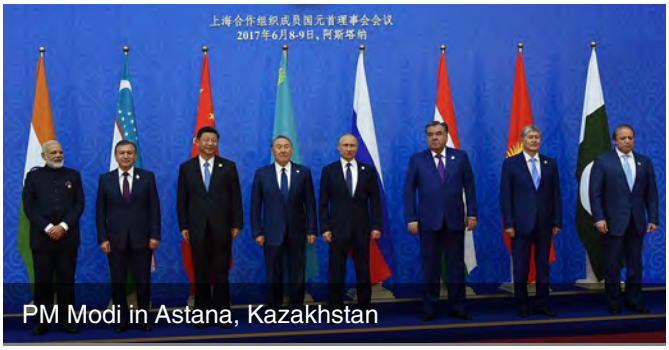
Around the world in 2017

Indian Prime Minister Narendra Modi made a series of strategic visits during the year, including State Visits across Europe, the US and Israel. This snapshot of his official tours around the world captures the diplomatic strides made by India in 2017 and the regions of focus for 2018. His External Affairs Minister, Sushma Swaraj, was also part of this diplomatic agenda, as was Indian President Ram Nath Kovind.

PM Modi in Sri Lanka with President Maithripala Sirisena of Sri Lanka

PM Modi in Berlin with German Chancellor Angela Merkel

PM Modi in Portugal with António Guterres, former Prime Minister of Portugal



PM Modi in Astana, Kazakhstan


PM Modi in France with French President Emmanuel Macron


PM Modi in Myanmar with Myanmar President Htin Kyaw


PM Modi in Spain with Spanish business leaders

PM Modi in Washington DC with US President Donald Trump

PM Modi in the Netherlands with Queen Maxima and King Willem-Alexander

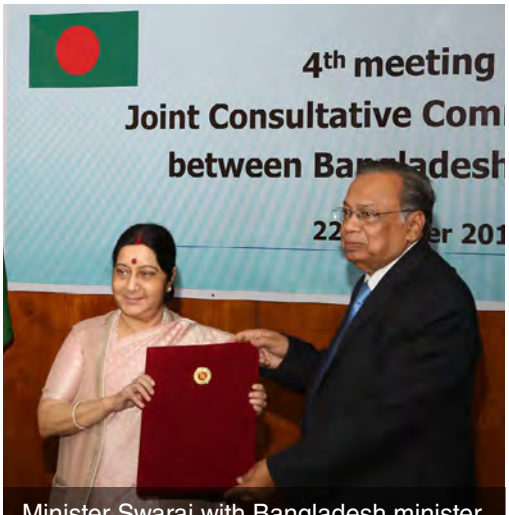
PM Modi at the G20 Summit in Hamburg, Germany, with Japanese PM Shinzo Abe

PM Modi at the 9th BRICS Business Council Summit in Xiamen

Indian President Ramnath Kovind in Ehtiopia


Minister Sushma Swaraj with US Secretary of State Rex Tillerson


PM Modi at the 18th Annual India-Russia Summit



Minister Swaraj with Bangladesh minister Abul Hassan Mahmood Ali


Ramnath Kovind in Djibouti with Djibouti Prime Minister Kamil Mohamed

PM Modi at the 12th East Asia Summit in the Philippines

A world leading IPO market

£5.5bn

2016 saw a total of £5.5bn raised through IPOs on the Main Market and AIM

65

There were 65 IPOs in 2016

40

There are 40 Indian companies quoted on the London markets with a combined market value of £158bn

78%

78% of 2016 IPOs have ended the year above their IPO price

42

Over £7bn raised by 42 green bonds

17

There are 17 Masala bonds listed in London

Genomics: The next frontier in Indian healthcare

Sumit Jamuar is the Co-Founder, Chairman and CEO of Global Gene Corp, a worldwide developer of genetic testing technology. As someone who set about fixing the lack of Indian genomics data in the world, the UK-based entrepreneur shares his insights into this revolutionary field and how being a Global Indian had an impact on much of his decision-making.

What is the motivation behind Global Gene Corp and what has its growth trajectory been like?

OGenomics is a revolutionary technology that had, and will have, a positive disruptive impact on human health. The ability to decipher the DNA code, or genomics data and insights, is the foundation that opens up the promise of healthy long life, and precision medicine i.e. right person, right drug, right dosage at the right time. Yet, 60 per cent of the world's population contributes less than 5 per cent of genomics understanding – India with 20 per cent of world's population contributes less than 1 per cent of genomics insights – severely limiting the ability to deliver on the promise.

Our vision at Global Gene Corp is to "Democratise Healthcare through Genomics". We are creating the foundation of genomic data and insights from underexplored populations of Asia, Latin America and Africa and work in partnerships with collaborators to innovate and accelerate the discovery of therapeutics. We are delighted to be supported by Invest India and Economic Development Board of Singapore.

How important is the mapping of the Indian genome and what is the potential impact?

Mapping of the Indian genome is critical to enable 1.3 billion people of Indian ethnicities to benefit from this revolutionary technology. The understanding of this population will also have global benefits as discoveries in specific populations have led to breakthrough therapeutics of global relevance.

The impact will be three-fold – on the individual, on the healthcare system and on the country. Used wisely, this will be a game-changer, especially for nationwide health systems, as non-communicable diseases (NCD) are becoming a growing burden on societies and many of these diseases are driven by genomics. In an environment where there are constraints on budgets and resources, only breakthrough technologies can solve societal challenges.

The way we look at it is that it is analogous to the way India leap-

frogged with the mobile telecom revolution moving from a tele-density of two out of 100 in late 1990s to almost everyone being connected through mobile technology.

What attracted you to this field?

I am a chemical engineer trained at IIT Delhi with an MBA from INSEAD. Previously, I served as consultant in McKinsey & Company, and then in banking including as CEO of SBICAP (UK), the European investment-banking subsidiary of State Bank of India (SBI), and as a Managing Director & Global Head at Lloyds Bank.

In each of these professional roles, having the right data has been critical to making decisions – now imagine a healthcare system having that data and insights through genomics for every individual to make choices for that individual with life-altering consequences. Along with my co-founders from IIT, Harvard and NUS, we were fascinated by the power of genomics and its phenomenal promise for healthy living, longevity and treatment of diseases for every individual.

What are some of your firm's worldwide collaborations that have the scope to prove revolutionary?

We are delighted that we enjoy collaborations with some of the globally leading organisations in genomics and healthcare. To have end-patient impact in a rapidly evolving field, we need to work with collaborators who are committed to our vision, and science. The only way to succeed in the rapidly evolving field is to be connected to the global science and apply it in the local context, whether disease areas or populations.

To give you examples of some of our collaborations covering India, UK, US and Singapore: our R&D centre is based at the Wellcome Genome Campus, Hinxton in Cambridge UK, a site of the Human Genome Project, where we are co-located with globally leading institutions in genomics such as Sanger Institute and EBI-EMBL. To have access to such an environment and collaborations with the leading minds in genomics is an exceptional privilege that allows us to do cutting-edge science. We have recently announced a pioneering partnership with Ohio State University – James Cancer Center to accelerate research into cancer in South Asian and Indian populations. Working with Prof. Arnab Chakravarti and his team using molecular profiling tools will help us understand these cancers, compare with other populations, and ultimately help us with the discovery of insights that will lead to treatments with global applications.

MAPPING OF THE INDIAN GENOME IS CRITICAL TO ENABLE 1.3 BILLION PEOPLE OF INDIAN ETHNICITIES TO BENEFIT FROM THIS REVOLUTIONARY TECHNOLOGY.

We are also in partnership with Singapore's National Supercomputing Center with access to their High-Performance Computing infrastructure, as well as, working with them as they build the next generation of supercomputing infrastructure, a resource that will be valuable in genomics for Singapore and the region.

How does your chemical engineer training in India influence your work today?

Being trained as a chemical engineer at IIT Delhi is an incredible foundation – my education has trained me to think critically, define and solve problems and be rigorous in the evaluation of scientific and business situations. This has also allowed me to appreciate how technology can benefit individuals and have a multiplier effect that will create social good and benefit society.

My training at a world-leading institution such as IIT has created a passion for creating infrastructure in India that harnesses the immense talent in the country. When I graduated from IIT, I was fortunate to have received an offer to pursue graduate studies at Massachusetts Institute of Technology (MIT), as at that time, to do cutting-edge research one had to go abroad; I did not go, as I wanted to stay in India.

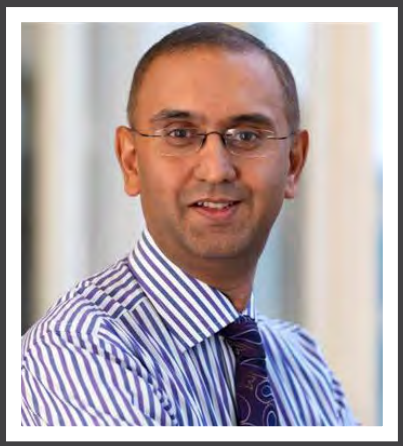
At Global Gene Corp, my team's objective is that we bring our globally leading capabilities to invest in training talent and create jobs in genomics and life sciences, technologies of the future, in India, and wherever we operate.

How does being a Global Indian define your vision?

Currently living in the UK, I was born in Patna, Bihar, brought up in New Delhi, educated in India, France and the US and have lived, worked and travelled extensively in different countries. My joint family roots have ingrained appreciation and respect for different cultures, with the 'Bhagvad Gita' as our guide. The philosophy of "Vasudhaiva Kutumbakam" or "The world is one family" defines my vision.

2017: A year of digital transformation and the shift to make for India

by Nitin Dahad



Digital India has led to a change of mindset geared towards innovation and technology.

India feels like a changed country this year. Travelling around and meeting people around Mumbai as we approach the end of 2017, I see many signs of this – from the use of mobile wallets on the toll roads, to digitalisation of systems providing provident fund management as part of employee pension schemes.

But it's not only the signs of the digital transformation around every aspect of life that are apparent. There's also a changing mindset among some leaders and policymakers towards innovation and technology. This is evident from the Global Technology Summit that took place in Bangalore recently, where speakers like India's foreign secretary emphasised the need for the country to now promote its technologies overseas through collaborations and development partnerships. We'll come to that later.

Looking back on 2017

In 2017, I have written about India's improving position in global innovation league tables, about the impact of technology on skills development, and on the opportunity for India to take a global leadership position as a result of increasing economic nationalism.

Rewinding to earlier in 2017, a KPMG global technology innovation survey ranked India third, behind the United States and Chine, in a list of countries showing most promise for disruptive technology breakthroughs that will have global impact. A Capgemini Consulting report on global innovation centres suggested that India is leading the Asia economies, being the most favoured destination in Asia and the second most preferred destinations globally, accounting for 27 per cent of Asia's new innovation centres. India's progress in this respect is a result of government and public sector initiatives to establish India as a digitally empowered society and nurture innovation.

GOVERNMENT INITIATIVES SUCH AS SKILL INDIA, DIGITAL INDIA AND MAKE IN INDIA HAVE GIVEN ENTREPRENEURS A PLATFORM TO DEVELOP STRONGER SKILLS

The focus of a lot of these innovation centres is around development of technologies such as big data, the internet of things (IoT), social media, mobile, robotics, augmented reality and 3D printing.

The survey said India has all the ingredients to become a global driver of innovation, led by a strong market potential, a significant talent pool, and an underlying culture of frugal innovation. In addition, government initiatives such as Skill India, Digital India and Make in India have given entrepreneurs a platform to develop stronger skills, and improve information infrastructure and mobile connectivity.

On skills, I talked about the profound technological shifts that are reshaping businesses and how we live, plus the emergence of everything being connected, generating lots of data, being processed using AI (artificial intelligence), and impacting many traditional jobs. This is in every sector – from consumer and retail, to industrial, government, healthcare, education, agriculture and government. Technology and IT is not only driving these changes, but is

also itself being impacted by it, with traditional business models being completely transformed.
The shift to digital means new skills need to be developed around emerging functions that would be needed in this new era. Those skills might be in big data analytics, data science, cloud and cybersecurity, IoT (internet of things), service delivery automation, robotics, AI, machine learning and so on. It will also require more subject matter and domain expertise – for example in sociology, security and finance.

And then I highlighted India's opportunity to take the lead on a global stage as a result of many of the powerful countries of the western world talk about raising trade barriers. The key areas of leadership would be in internationalisation, innovation and inclusiveness; and technology as a driver of inclusive growth, entrepreneurship and empowerment of India's youth, plus moving people into the formal economy.

I looked at the opportunities for India in areas like agriculture and smart villages, something that continues to be emphasised during my travels in India this month. Agriculture employs upwards of 80 per cent of India's labour – most of it in the informal sector. Bringing these jobs into the formal sector is critical, through skills training, digitalisation, entrepreneurship and boosting the participation of women in the economy.

India also needs to change: in the past, the country's IT outsourcing businesses thrived on the needs of global corporates, who also used Indian firms as outsourced technology R&D centres as part of their product development. Now there is an opportunity to collaborate with overseas research and innovation programmes, enabling mobility of talent and joint work on future standards such as for 5G, intelligent transport systems, as well as telecom security.

Looking forward to 2018 and beyond

This brings us nicely into the international collaboration aspect. At the Global Technology Summit in Bangalore this month, there were the usual topics that we now hear at most technology conferences, wherever you are in the world. It's standard practice to talk about things like emerging technologies and evolving policy design, regulating the new digital, navigating big data challenges, and building smart cities. This often interweaves with entrepreneurship, intrapreneurship and digital transformation, plus specific topics that were discussed in Bangalore on reaching the underserved through fintech, digitising public services and intelligent and sustainable mobility.

THE SHIFT TO DIGITAL MEANS NEW SKILLS NEED TO BE DEVELOPED AROUND EMERGING FUNCTIONS THAT WOULD BE NEEDED IN THIS NEW ERA.

Internationally, India's foreign secretary S. Jaishankar said the country needs to show strong commitment to promoting its technologies overseas through business activities and developmental partnerships.

In particular, he said that making it easier to do business also helps integrate India into global technology supply chains. This then changes the phrase 'Make in India' to 'Make for India' – in other words, not just importing and assembling products for the Indian market, but actually developing and producing products for the Indian market and beyond. In this respect, the minister said that the key technology challenge now moves from "having access to technology" to one of being able to absorb technology, adopt it and deploy it in the local market.

On the diplomatic side, he adds that widening Indian access to technology has been a long-standing endeavour. In terms of developing foreign policy to create many openings with major technology sources, he says the country has negotiated bilaterally and multilaterally to expand technology cooperation understandings in a wide variety of fields. "While the traditional focus was on nuclear, defence and space, today it extends to other forms of energy, rail-road, urban and agricultural technologies, water resources and health."

An equally significant change is that while previous efforts were focused on accelerating inward flows, this is now balanced by a growing emphasis on outward collaboration as well.
To that end, the minister said it is important for India to now start taking the lead, especially in deployment of technologies. Quoting Mr Jaishankar: "The International Solar Alliance is a notable initiative in that regard. But as a country, we need to show strong commitment to promoting our technologies abroad through business activities and developmental partnerships.

"This has many facets, including extending lines of credit and facilitating trade in services. Both in and out, our interactions can be centred more around their technology relevance."

In summary, the year 2017 has been a good year for India. While its image as an innovation centre has slightly improved, its policymakers are increasingly becoming aware that the impact of technology is bringing a significant transformation that will need to be addressed – in terms of skills as well new ways to be relevant on a global stage. This has also brought the realisation that it's no longer acceptable to simply be making in India. Instead, more global collaboration needs to take place in terms of technology, innovation and entrepreneurship, so that the country can be making for India.

Nitin Dahad, UK-based Tech Adviser

Re-set the year, re-set your body, re-set your mind

by Keerti Mathur

India Inc. yoga expert runs through how to re-align the mind and body for the New Year with a range of poses, meditation and breathing techniques.

January 1 serves as a benchmark to reflect and take stock of where we have come from and plan where we will be going. For many of us it's a time to re-set. Resetting means 'to set again or differently'. The New Year allows us to do exactly that.

If you have been reading my articles regularly, you would know that the resetting or recalibration of the nervous systems' control over posture and tension in tissues is what brings about improvements in function across all faculties in the body. Yoga actively regulates the body through a process of stimulation and relaxation of the neurological and mechanical controls. This has such a profound impact on maintaining and increasing the elasticity of tissues, allowing them the dynamic qualities needed to reject disease, dysfunction and therefore stay healthy.

Through my columns, we have extensively explored various physiological advantages and the rationale behind yogic practices, but there is so much to be said about how much we don't know and how much we don't understand. Logic and reason struggles to comprehend and to justify the impact that yoga has on us, but it is experience and feeling that pushes us towards belief.

YOGA ACTIVELY REGULATES THE BODY THROUGH A PROCESS OF STIMULATION AND RELAXATION OF THE NEUROLOGICAL AND MECHANICAL CONTROLS.

If you are considering your New Year resolutions, what is your game plan? How will you achieve your objectives? Do you need to 'set again or differently'? Perhaps your approach in 2018 needs refining; you may benefit from a slight change in attitude, direction and commitment? Such changes don't occur just from the thought of it alone. In order to shift gear, you might need a change in your internal environment that will enable you to focus on the changes that you need to implement in order to achieve your New Year resolutions. Can Yoga help you achieve this?

Yoga is a practice of re-setting, re-calibrating and re-establishing. Every day can be New Year's Day when you're practicing yoga. Through emotional integration and spiritual elevation, we increase the prana (subtle life force energy) within us. This increases our alertness and awareness, making us more enthusiastic and motivated. When this happens, decisions and actions come from a more positive and conscious space where there is greater clarity because discrimination is balanced with compassion and enthusiasm, leading to a more open and peaceful state of mind.

But what is it about the practice of yoga that transforms people? There is something that is is unexplainable, something that is not tangible or within reach of our logic. Spiritual leader and founder of the Art of Living Foundation, Sri Sri Ravi Shankar was once asked to "explain the mystic elements of Yoga"? His response was that mysticism is something that needs to be experienced, if it is explained, then it is no longer mystical. It is the mystical elements or qualities that lift you from the mundane everyday activities in life, which can lose their charm after sometime. It is something that keeps you alive and fills you with so much energy. This positively influences and impacts your behaviour and thought patterns and can shift your outlook and attitude. Isn't that exactly what is needed to pursue a New Year resolution? Isn't that a prerequisite to resetting the mind and body in the New Year?

Just a 10-minute routine of sun salutations in the morning followed by some pranayama and meditation is enough to leave you feeling fresh and rejuvenated, shrugging off any emotional and physical fatigue which is an inevitability when you are busy working and striving to achieve something in life. We live in a world which is changing and evolving much quicker than it has in the past – technology is changing quicker then we can grasp, communication tools such as social media connect us all, increasing the level and scale of our communications. All of this takes a toll on us as most of us only saw the type of technology we have access to today in science fiction movies once every one or two years, also because they didn't make movies as fast as they do these days.

Keeping up with ourselves is a new challenge that requires skills that we have not inherited from our parents, who were 'thrifty' with their time and resources, investing most of it into building a stable family life as opposed to a world where every experience and thought can be amplified into the ether for others to 'like and share'. In short, we need techniques to manage ourselves. We might explore the farthest reaches of the world around us, fuelled by artificial intelligence and a digitally & technologically advanced age, but still it is only the very traditional and perhaps the most ancient of practices that can bring us back to the self, which is perhaps the greatest of all explorations.

My New Year resolution is to align my passions and desires with serving society around me and to ultimately impact the environment around me positively. There's only one fuel that I can think of to power this resolution. Yoga, breathing & meditation.

I wish you all a very Happy New Year.

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Good economics is good politics; India's state elections prove this

The BJP's recent state election wins should encourage the government as it proves that good economics is being rewarded by voters.

After a month-long, fractious and often ill-tempered campaign during which some pundits forecast doom for the BJP, the ruling party in Gujarat emerged victorious with 99 seats in a House of 182 – winning a sixth straight term in office.

The election was important. A jolt in Gujarat would have undermined Indian Prime Minister Narendra Modi's reforms agenda to make deep and fundamental changes in governance and the economy that are expected to set the tone for the coming decades.

Gujarat is the home state of Prime Minister Narendra Modi and party President Amit Shah and the party was expected to win. But this time, the dice was loaded against it. The demonetisation exercise, which had sucked out 86 per cent of the currency in circulation a little over a year ago, had caused some short-term pain, especially in the unorganised sector.

Then, the rollout of the Goods and Services Tax (GST), arguably the biggest single reform measure ever undertaken in Independent India, was still a work in progress. The teething troubles associated with its rollout had hurt the trading community, which had traditionally backed the BJP.

There was also some farm distress. Since 2014, when Modi came to power in New Delhi, India has faced two years of drought and one year of sub-normal Monsoon. Gujarat was among the worst affected states. Then, global commodity prices were down and this affected the state's cotton farmers – an important constituency.

To cap all these problems, the BJP faced headwinds from agitations by three powerful local castes, each having sets of sometimes mutually conflicting demands. It was impossible, constitutionally and politically, to accept them.

But the Congress party had gone ahead and promised them everything they wanted despite knowing fully well such decisions would be struck down by the courts. The party stitched up an alliance with three young firebrand leaders and gained a large number of additional votes in the process.

THE GENERAL CONSENSUS IS THAT IT WAS MODI'S PERSONAL CONNECT WITH A VAST SWATHE OF VOTERS THAT SAVED THE DAY FOR THE BJP.

The election, thus, could not have come at a worse time for the BJP. The general consensus is that it was Modi's personal connect with a vast swathe of voters that saved the day for the BJP.

Now, let us come to some of the myths that the elections debunked. The BJP's critics have often labelled Gujarat as the laboratory of Hindutva, which they define as an ultra-nationalist form of Hinduism. Nothing could be further from the truth.

As the cover story in our sister publication 'India Investment Journal', titled 'Gujarat: Laboratory of Development' in the January 2017 edition, pointed out and as any first-time visitor to Gujarat will see, the state's road network is easily the best in the country, the citizens get 24x7 electricity, industry is busy and the state remains relatively prosperous.

Then, in Surat, the de facto capital of Gujarat's mercantile heartland, the BJP swept to victory in 11 out of 12 seats, proving conclusively that voters weren't misled by false propaganda on GST.

But jobs, the farm crisis and the caste agitation are very real issues. The Prime Minister has already promised to double farm incomes by 2022. The NITI Aayog, the government's official think tank, I understand has done some work in this regard and the results are expected to start showing within the next few quarters.

The youth and women are two constituencies that had voted very enthusiastically for the Prime Minister in 2014 and in subsequent state elections. There is evidence that a section of millennials who want better educational opportunities and jobs were swayed by the Opposition campaign and also that a large section of female voters stayed away this time. These increasingly swing voters ultimately hold the key to political success for any party.

In the northern hill state of Himachal Pradesh, which went to polls alongside Gujarat, the BJP romped home, winning almost a two-third majority, reiterating the BJP's position as the dominant political force in the country. The BJP now rules 19 of India's 29 states, five of them in alliance with other parties. The last time any political formation held sway over this many states was 1983, when the Congress was still the pre-eminent political party in India. That is now a distance past.

Modi has said he has interpreted these results as a mandate for further reforms, which is good news. Good economics is at last being rewarded by voters as good politics.

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