India's Foremost Outbound Investment Magazine

# INDIA GLOBAL BUSINESS

Published by
india inc.
ENGAGING LEADERS
INCISIVE CONTENT
IMPACTFUL EVENTS

February 2017
www.indiaincorporated.com

# THE FRENEMIES





## PUTTING IT IN CONTEXT

# Stop tilting at windmills, Mr Trump & Co.

Everyone knows that whenever their fortresses and castles came under siege, kings of old would pass the order to pull up the drawbridges and every able man would take up position to repel the invaders. And most of you will be familiar with the story of Don Quixote, the fictional medieval Spanish nobleman, who attacked windmills under the delusion that they were dangerous enemies.

Combine these two narratives and you get a very disturbing picture of the present and the future. The US and large parts of Western Europe, collectively still the world's most powerful economic bloc, are drawing up the drawbridges to stop the flow of immigrants. Like the Don mentioned above, his real life counterpart in the US and several politicians in Europe have marked out foreign workers as the proverbial windmills they have to wage war against. One of the unintended upshots of this is that Indians, who have a large presence in these regions, especially in the US and UK, suddenly find themselves being labelled job stealers and worse.

**INDIA'S GLOBALISATION MODEL DIFFERS FUNDAMENTALLY FROM CHINA'S**

Nothing could be further from the truth. The globalisation of the Indian economy has been led by its services sector and driven primarily by the talent of its people. And India's services companies, especially in the IT sector, have spread their wings across the West by identifying and filling crucial gaps in the value chain that have actually helped increase the efficiency and improve the profitability of companies domiciled in the US and Western Europe.

And as numerous studies by Indian and foreign institutes and think tanks have shown, these companies are net job creators in the countries they operate in. For example, the much maligned Indian IT companies, which have been accused of misusing the H1B visa facility to ship cheap workers to the US to the detriment of the local workforce, has actually created more than half a million IT services jobs for local Americans. The number will be much higher if the indirect job creation potential – from efficiency gains as a result of Indian IT services support – is taken into account.

Across the Atlantic Ocean, the Tata Group is the largest manufacturing employer in the country. And only a minuscule fraction of its workforce in Britain is Indian. This is where India's globalisation model differs fundamentally from China's. The Middle Kingdom's expansion abroad was primarily state-led and often used multi-billion-dollar infrastructure projects as baits to bulldoze its way into positions of influence in many countries. And its emergence as the world's factory did move jobs from several developed markets to sites with relatively cheaper operational costs back home.

As the global recession set in the wake of the sub-prime crisis in the US and people started losing jobs in the developed world, there was a backlash against outsourcing of manufacturing activities to cheaper locations in Asia. With many Western economies going through a prolonged downturn, the adverse reaction to outsourcing began to gather public support that populist politicians latched on to and turned into a political movement that has, unfortunately, began to claim Indian services exports as collateral damage. That's because the free movement of talent across borders has always been the cornerstone of India's globalisation model. The contribution of Global Indians to their local communities have been widely recognised and universally applauded. To view them as windmills to be fought and invaders to be repelled will be a folly.

A more detailed reading of Don Quixote's mis-adventures reveals that his interventions never achieved their intended goals. Perhaps, there's a lesson there for the trans-Atlantic Don and his fellow travellers in Europe.

In this issue of 'India Global Business', do read the section on how India is engaging China positively even as it takes steps to safeguard itself from any possible adventurism on the part of the Middle Kingdom. Then, we also bring incisive analysis on what a Trump administration means for Indian companies and how India is projecting its strategic interests by befriending Vietnam.

Happy reading!

**Manoj Ladwa**
Publisher & CEO, India Inc.
@manojladwa

# CONTENTS

The start of the year has already been packed with lots of upheavals and changes. This edition of **'India Global Business'** tracks all of those changes in the global economy that have impacted India's own globalisation march. The central focus this time is on the very complicated relationship with China and how it has evolved in recent times.


## INDIA & CHINA



## THE AMERICAS



## UK/EUROPE



## EMERGING MARKETS

## SECTOR FOCUS/Pharma






## GO GLOBAL








## GLOBAL INDIAN







india inc.
ENGAGING LEADERS
INCISIVE CONTENT
IMPACTFUL EVENTS

# TEAM

**Chief Executive**
Manoj Ladwa
manoj.ladwa@indiaincorporated.com

**Editor**
Aditi Khanna
aditi.khanna@indiaincorporated.com

**Commercial Director**
Erik van Kaathoven
erik.vk@indiaincorporated.com

**VP Operations**
Rajvi Singhi
rajvi.singhi@indiaincorporated.com

**Special Projects Director**
Nomita Shah
nomita.shah@indiaincorporated.com

**Events Manager**
Dina Ladwa
dina.ladwa@indiaincorporated.com

**www.indiaincorporated.com**



NOT FOR SALE
PUBLISHED IN LONDON

Follow us:
@indiaincorp
/company/india-inc
/indiaincorporated

# FRENEMIES FOR NOW

As our cover story says about India's relations with China, it's complicated.

Many would call even that an understatement. The two countries are cooperating on a vast range of mainly economic issues, even as the geo-strategic chasm between them is showing no signs of being bridged.

Chinese President Xi Jinping has promised $20-billion investments to help lift India's creaking and overstretched infrastructure to world standards – a key pre-requisite for ramping up this country's GDP growth to 8 per cent per annum and beyond.

That's the growth rate at which India will be able to start creating the millions of additional jobs that the army of 12-15 million young people who enter the workforce every year want.

India, on its part, has eased the stifling security clearances that Chinese companies and personnel needed for setting up shop in the country, even in previously no-go areas such as telecom and power infrastructure.The Modi government also wants Chinese companies to set up manufacturing centres in India, not only in pursuance of its flagship Make in India initiative but also to help bridge the yawning $50-billion-plus trade deficit with the Middle Kingdom – and early indications are that Chinese companies are obliging, albeit at a slower pace than expected.

But the Chinese market, which India's service sector companies, especially in the IT sector with a competitive advantage over their Chinese counterparts, have identified as the next frontier, remains a difficult one to penetrate. Despite prolonged negotiations, India has been unable to get China to make entry easier for India's IT majors to operate and gain critical mass there.

Then, Beijing, which is wary of India's potential to rival and counter-balance its Big Power ambitions, especially in Asia, has been trying to steadily whittle down this country's sphere of influence in South Asia by offering multi-billion dollar investment proposals as inducements to neighbours such as Nepal, Bangladesh and Sri Lanka. And it periodically ratchets up the tension along the disputed Line of Actual Control to try and keep the Indian government off balance.

It has also practically converted Pakistan, India's traditional rival, into a virtual vassal state and is shoring up its military and strategic capabilities to ensure that India remains boxed up within the sub-continent and is, thus, unable to project its power and influence across a wider arc in Asia, as many regional powers such as ASEAN, Japan and some other countries want it to do.

Prime Minister Modi is having to walk a tightrope, balancing the need for cooperation with the strategic imperatives of ensuring India's and the Asian region's long-term security. In the following pages, read about how India, a late entrant to the game that great powers have always played, is quickly learning to match its diplomatic skills and strategic wit with the big boys of the world.

# India and China: It's complicated

*by India Inc. staff*

An assertive China presents Prime Minister Modi with his most intractable foreign policy challenge, but there are indications that Beijing may be getting a little edgy.

Mahatma Gandhi had said of his adversaries: "First they ignore you, then they laugh at you, then they fight you, then you win." Much to the chagrin of many in New Delhi's policy circles who saw India as a counterweight to China, Beijing has, at least publicly, refused to treat India as an equal.

China considered itself to be a rival of the US. In its world view, India was a regional player, at best the first among equals in South Asia.

## David vs Goliath

In absolute terms, there is some merit in this argument. China's $11.4-trillion economy, the world's second largest, is five times India's, which is world's sixth largest, with a GDP of $2.3 trillion in 2016.

Last year, China's per capita income, at $8,260, was five times the comparable figure of $1,718 for India. It is the world's largest manufacturer of goods, its biggest trading nation and its military budget, at $131 billion is more than three times larger than India's annual defence spending of $40 billion.

Rattled by defence acquisitions

But India's rise and its closer strategic relationship with the US and Japan has clearly rattled China. Quite uncharacteristically, it has listed India's purchase of sophisticated arms platforms from the US as one the talking points for its President Xi Jinping with new US President Donald Trump.

Then, it also declared that India's recent successful test of the Agni V intercontinental ballistic missile, which can hit targets across all of China, was in contravention of UN rules.

## Assertive India

This incipient change in China's attitude, after years of studied neglect and occasional barbs, is easy to decipher. Unlike Indian governments of the past, which seemed reluctant to look China in the eye, the Narendra Modi government has shown a readiness to meet China head on.

To counter the Dragon's string of pearls strategy to encircle India, Modi has made common cause with the US, Japan and some East Asian powers to push back on Beijing's unilateral and historically untenable claim over almost all of South China Sea, which China views as its backyard.

Then, the replacement of visibly pro-China governments in Sri Lanka and Nepal with ones that are more amenable to considering India's sensitivities has considerably

strengthened New Delhi's hands.

Geo-political thrust and parry
Despite Modi's more pro-active foreign policy stance, China has succeeded, to some extent, in at least temporarily stalling India's march to the global high table. It has successfully thwarted India's bid to gain membership into the Nuclear Suppliers' Group (NSG) on the ground that India is not a member of the Comprehensive Test Ban Treaty (CTBT).

The Chinese argument: making an exception for India and admitting a non-CTBT signatory would undermine the global rule of law.
This is rich, considering that China has openly defied and has refused to accept the verdict of the UNCLOS, which has ruled that its claim over South China Sea on the basis of the nine-dash-line has no basis in international law.

## Arming Pakistan

Recently declassified CIA documents reveal that China blatantly violated international laws to provide clandestine help to Pakistan's nuclear programme. It also helped Pakistan develop missile technology in violation of its obligations under international law.

## Lots of positives as well

Despite so many areas of divergence and even discord, it would be wrong to characterise India and China as out and out adversaries. The best way to describe the relationship will be a Facebook-style "It's complicated".
India, which is looking to rebuild its creaky infrastructure up to world standards, is hoping for substantial help from China. Chinese companies have committed about $20 billion investments in the roads, rail, power and telecom sectors.

Then, several Chinese companies have shown interest in setting up industrial clusters on the lines of the model followed in their country. And Chinese mobile phone companies dominate the middle and lower ends of the market for such devices in India.

## Dumping charges

China enjoys a massive trade surplus of more than $50 billion with India and this skew is unlikely to be corrected anytime soon. Indian businessmen and policy makers regularly complain of dumping of iron and steel products, chemicals and other items by Chinese manufacturers.

China accounts for half of the world's total steel capacity of 1.1 billion tonnes. With demand slowing in their home markets, Chinese companies are dumping steel all over the world, including in the US, Europe and India, thereby hitting the domestic steel industries in these nations.

India, like several other countries, has imposed anti-dumping duties on Chinese steel products, but the problem shows no signs of getting resolved. If anything, the charges and counter charges have only sharpened differences between the two countries and this has become yet another point of friction.

**TO COUNTER THE DRAGON'S STRING OF PEARLS STRATEGY TO ENCIRCLE INDIA, MODI HAS MADE COMMON CAUSE WITH THE US, JAPAN AND SOME EAST ASIAN POWERS TO PUSH BACK ON BEIJING'S UNILATERAL AND HISTORICALLY UNTENABLE CLAIM OVER ALMOST ALL OF SOUTH CHINA SEA, WHICH CHINA VIEWS AS ITS BACKYARD.**

## Entry barriers

Then, Indian companies, especially in the services sector where India enjoys a competitive advantage, complain about invisible trade barriers.
Although leading Indian IT services companies such as Infosys and TCS have a presence in China, they have been unable to scale up because of restrictive market conditions.

The Indian government has repeatedly taken up the issue of the skewed trade balance and entry restrictions with the Chinese authorities, but there has been little progress on this matter.

But given the uncertainty over Indian IT exports to the US, which feeds for 60 per cent of India's $150-billion information technology sector and rising protectionism in Europe, which accounts for another 20 per cent, the Indian IT sector has identified China and Japan as the next two frontiers it must conquer.

## New model

Nasscom, the apex body of the Indian IT sector, has been charting a roadmap for Indian companies to become big players in the Chinese market. Its studies show that almost every foreign company operating in China is earning huge profits. The only catch: these companies are making and selling in China ie, they are not importing goods from outside for the Chinese market.

This could become a model for Indian IT companies, too. Already, almost 90 per cent of the 25,000 people employed by these companies are locals. So, an expansive communications outreach to remove misconceptions about Indian IT companies being job stealers – and emphasising that Indian IT services being sold in China are, in fact, designed and produced in China by Chinese workers – may be one way of breaking the logjam and spreading wings in that country.

## BRICS cooperation

For decades, India, China and many other countries have complained against the domination of the West and Japan in international financial agencies such as the World Bank, International Monetary Fund (IMF) and the Asian Development Bank (ADB).

The grouse: these agencies had deviated from their original charter and their policies and prescriptions were designed to perpetuate western domination of the global economy.

## India-China: Recent Collaborations

- Construction of Delhi-Chennai high-speed railway
- To conduct study on Delhi-Nagpur high speed railway
- Establishment of China-India Technology Park in Hainan Province
- India and China have also agreed to cooperate on redevelopment of railway stations. Bhubaneshwar in Odisha and Devanahalli near Bengaluru have been identified as being the pilots for the project.
- The working group on smart cities and urbanization decided to bring Chinese expertise in setting up waste-to-energy plants because of their vast experience in handling these issues.

- In energy, China and India agreed to set up a power plant operation and management service centre
- The two countries also agreed to set up a steering committee to further their agenda of cooperation, which would have the powers to invite any other agency or agencies from both the countries to advise.

To overcome this, Brazi, Russia, India, China and South Africa, the five BRICS nations have set up their own development bank.

Headquartered in China, the Board of Governors of the New Development Bank comprises the finance ministers of the five countries and former ICICI Bank and Infosys Chairman K.V. Kamath, an Indian, is its first President.

This new multilateral body, with a capital of $100 billion, is mandated to promote infrastructure and sustainable development projects with a significant development impact in member countries.

The setting up of this bank marks what is arguably the most significant international cooperation agreement between India and China.

### Significant areas of divergence

Despite these areas of cooperation, there remains very major areas of difference between the two countries.

China, which has embarked on setting up a One Belt One Road (OBOR) project to connect all its trading partners across the world by road, rail and pipelines wants India to join this project.

But China, which is extremely touchy about issues concerning its sovereignty, such as Tibet, Taiwan and more recently the South China Sea, has ignored Indian protests that the China-Pakistan Economic Corridor, part of its project, passes through Pakistan Occupied Kashmir, which is Indian territory in the illegal occupation of Pakistan.

Given this fact, as also the conclusion of strategic analysts that the OBOR project is designed to enhance Chinese hegemony across Asia, India has, quite naturally, declined to be part of this initiative.

### Doublespeak on terror

China has also successfully foiled India's efforts to get Pakistan-based terrorist and Pathankot attack mastermind Maulana Masood Azhar declared as a United Nations-designated terrorist despite paying lip service to the global fight against terror.

The rationale behind its actions is obvious: shield its all-weather friend Pakistan from further international censure and keep India off-guard.

### The future

As the saying goes, you can choose your friends but not your neighbours. With China, war is obviously not an option and negotiations don't seem to be taking India anywhere. With the border dispute nowhere close to being resolved and many other issues turning prickly, China presents Prime Minister Narendra Modi, who has shown an inclination towards bold foreign policy initiatives, with his most intractable problem.

Till the points of disagreement are resolved sometime in the distant future, the only way to proceed with Beijing is to build on the areas of cooperation and hope that the differences will not boil over.

Meanwhile, he will continue to try and deal himself some bargaining chips that previous Indian governments have frittered away out of a misconceived sense of South-South unity. That, at least, will enable him to negotiate on equal terms with the Dragon.

Till that happens, to quote Facebook once again, it will be complicated.

*Picture credits: Narendramodi.in*

# SNAPSHOT: INDIA-CHINA

India and China have not had the smoothest of histories and economic ties have often been overshadowed by niggling political issues. Here is a snapshot of this crucial relationship between two of the world's heavy-weight fast-growing economies.

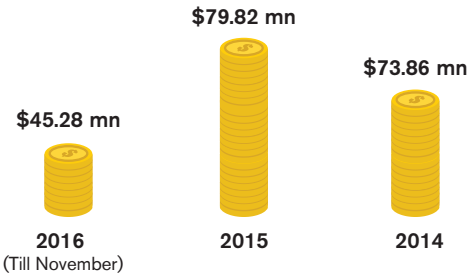
## Bilateral trade

Amount in US$ mn

| Exports | Year | Imports |
|---|---|---|
| 3,956.55 | 2016-2017 (Apr-Sep) | 29,229.30 |
| 9,010.35 | 2015-2016 | 61,706.83 |
| 11,934.25 | 2014-2015 | 60,413.17 |
| 14,824.36 | 2013-2014 | 51,034.62 |
| 13,534.88 | 2012-2013 | 52,248.33 |
| 18,076.55 | 2011-2012 | 55,313.58 |

Source: The Ministry of Commerce and Industry

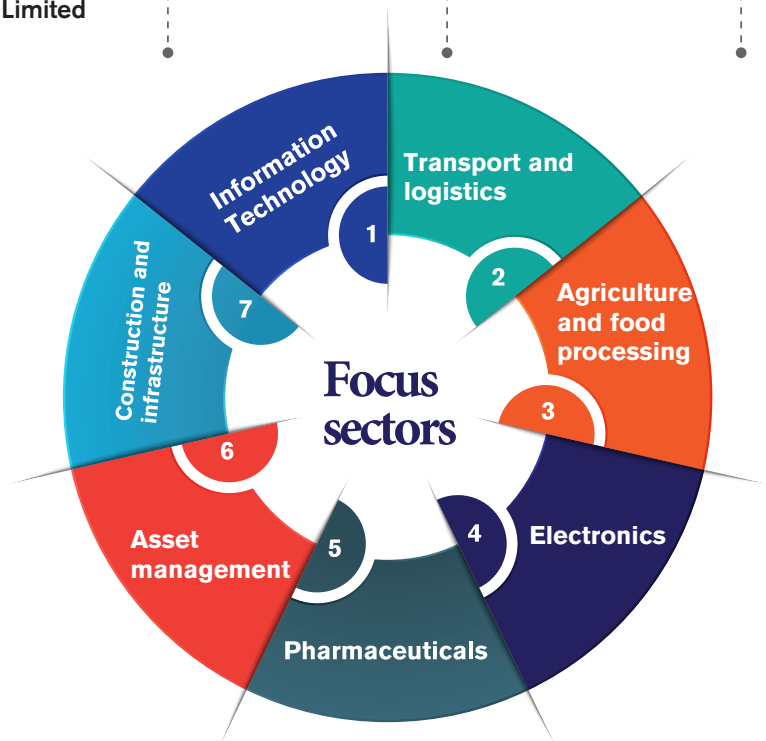
## Overseas Direct Investments (India To China)




Source: Reserve Bank of India

## Major Indian Companies in China

- Dr. Reddy's Laboratories
- Tata Information Technology (Shanghai) Co., Ltd
- Suzlon Energy (Tianjin) Limited
- Mahindra (China) Tractor Co. Ltd
- Jubilant Life Sciences (Shanghai) Ltd.
- Larsen & Toubro Limited
- Wipro (Shanghai) Limited
- FAW Bharat Forge (Changchun) Co. Ltd.
- Infosys Technologies (China) Co. Limited
- Jindal Steel and Power Limited




## Recent Bilateral Visits

Prime Minister Narendra Modi visited China from May 14-16, 2015

President Pranab Mukherjee made a State Visit to China from May 24 to 27, 2016.

Modi re-visited in September 2016

Chineses President Xi Jinping visited India in October 2016

# India-China tensions

## Water dispute

China's grand plans to harness the waters of the Brahmaputra River have set off ripples of anxiety in the two lower riparian states: India and Bangladesh.

## India's Nuclear Suppliers Group bid

China along with few countries like Turkey and Brazil stalled India's bid to join the elite grouping at its plenary meeting in Seoul in 2016. China raised objections saying India was not a signatory to the Nuclear Non-Proliferation Treaty (NPT).

## UN Security Council Reformation

India had supported China's entry into the UN and expects China also to support India's bid for a permanent seat in the UNSC. China is the only country among the permanent five to have not endorsed India's permanent membership to the UNSC.

## South China Sea Dispute

- There has been much speculation over China's "strategic" intentions in the South China Sea. Apart from being a member of the UNCLOS, there are three large reasons why India needs to play a role in the South China Sea. Though India is not a direct claimant in the South China Sea, it has 55 per cent of its economic stakes in the South China Sea.
- To uphold its strong "Act East Policy", it is seemingly expected to take a stand.
- It is answerable to its ASEAN colleagues. Hence, silence would not work in favour of India.

## Sino-Indian border dispute

- The root of the border problem with India dates back to Beijing's claims that a large chunk of its territory, especially the 90,000 Sq km area in the Eastern sector, were illegally taken away by the British, after the 1914 Shimla Convention.
- The Sino-Indian border problem remains complicated with the Chinese claiming recently the "finger area" of Sikkim, the status of which as an Indian state has already been recognised by Beijing 'de facto'.
- The western-most, Aksai Chin, is claimed by India as part of the state of Jammu and Kashmir and region of Ladakh but is controlled and administered as part of the Chinese autonomous region of Xinjiang.


- In April 2016, India and China have agreed to adhere to "peaceful negotiations" to settle the vexed border issue and reach a "fair, reasonable and mutually acceptable solution".

# 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.

*Rajiv Kumar is Founder-Director of Pahle India Foundation and Senior Fellow at Centre for Policy Research, Delhi.*

# China is simultaneously a threat and an opportunity

by Ashok Malik

Prime Minister Narendra Modi has struck a delicate balance of engaging with China where there is mutual benefit and standing up to the South Asian neighbour where India's strategic interests demand.

Dealing with China is arguably Prime Minister Narendra Modi's most daunting foreign policy challenge. That's because it is difficult to fit the Middle Kingdom into any of the comfortable stereotypes that Indian diplomats have got used to.

The first problem is one of definition. How does one categorise China? Is it a friend? A minuscule minority in India will define it as such, based mainly on ideological affinity but a vast majority – and the government, definitely – will beg to differ.

The reason: China's decision to block India's membership of the Nuclear Supplier's Group (NSG), its putting on technical hold India's proposal to have Pakistani terror mastermind Maulana Azhar Masood declared a United Nations-designated terrorist and its decision to ride roughshod over Indian sovereignty by building the $46-billion China Pakistan Economic Corridor (CPEC) that passes through Pakistan-Occupied Kashmir.

No country that does the above can be India's friend, goes the argument. Is it, then, an enemy? Significant sections of the Indian population and strategic community will vociferously agree but sober sections among them will point out that President Xi Jinping has promised significant assistance, and Chinese companies have committed to invest $20 billion in India on building world class infrastructure, sine qua non for lifting this country's GDP growth to or near double figures, which, in turn, is a prerequisite for creating millions of jobs and lifting living standards in India.

Would an enemy help out on such a crucial mission? There are no easy and comfortable answers for this.

For his part, Modi has decided to break from the practice of previous Indian governments and engage with China where there is mutual benefit while at the same time standing up to Beijing where India's strategic interests demand such a stance.

On both counts, he has gone where no previous Indian government has dared to tread. He has, for example, cut through the bureaucracy, overruling several security concerns, to give Chinese telecom and power companies access to the vast and lucrative Indian market. Then, he has also taken steps to address the complaints of Chinese businesses that getting Indian visas was extremely difficult.

If Modi has walked the extra mile on meeting China's concerns on the business front, he has also taken care to build political partnerships with the US, Japan, Australia and some East Asian countries to guard against potential Chinese adventurism and retain the traditionally multi-polar character of Asia and the Asia Pacific region.

Under him, India has begun playing the high stakes global balance of power game, which the country had shunned since Independence.

Making common cause with countries such as Vietnam, the Philippines and Japan, India has supported their stance against China's claim to sovereignty over all of South China Sea. Here, India has found itself on the same side as newfound strategic ally, the US.

Though some domestic commentators have questioned this move, the strategic rationale for wading into the South China Sea impasse is clear: Modi is trying to

wrest some bargaining chips, fritte away by previous governments, for utilisation on issues of greater importance to India.

China, for example, has made steady inroads into the Indian Ocean region and also neighbouring countries such as Nepal, Bangladesh and Sri Lanka. And it has turned Pakistan almost into a client state that it unleashes on India from time to time to ensure that New Delhi remains stuck to South Asia.

Modi's proactive foreign policy stance has brought some dividends. The country has managed to win back some of the strategic and economic space it had ceded to China in Nepal, Myanmar, Bangladesh and Sri Lanka.

Admittedly, this is dynamic game and equations are not cast in stone, but India is no longer considered a pushover in this strategic great game. However, China has also entered the scene in South Asia as a very real and powerful player via Pakistan, which is now almost its vassal. As a result, whenever India has tried to squeeze Pakistan on its support for terror, it has had to contend with China's overt support for Islamabad.

China has also formally shed its traditional neutrality on Kashmir and is no longer shy of being seen in Pakistan's corner, even if it means it has to stand against the global consensus – as is evident from its stance on India's bid for NSG membership and Azhar.

**MAKING COMMON CAUSE WITH COUNTRIES SUCH AS VIETNAM, THE PHILIPPINES AND JAPAN, INDIA HAS SUPPORTED THEIR STANCE AGAINST CHINA'S CLAIM TO SOVEREIGNTY OVER ALL OF SOUTH CHINA SEA. HERE, INDIA HAS FOUND ITSELF ON THE SAME SIDE AS NEWFOUND STRATEGIC ALLY, THE US.**

India now has to contend with two more variables in its relations with China. As China's growth has tapered off in recent years and the pain of adjusting to a slower economy has dented the legitimacy of the China's ruling communist party, President Xi has increasingly turned to Han nationalism as a rallying cry.

Such a policy can obviously have consequences for China's neighbours, especially India, which Beijing views as a country that can challenge its hegemony in the future – even if the present economic and military asymmetry between the two countries precludes the possibility of that coming to pass anytime soon.

The Donald Trump presidency is another imponderable that could affect India-China ties. If the new US President carries out his threat and launches a trade war against China, it will be bad for the world and bad for India, especially as this country's economy is showing signs of crawling out of a long and stubborn slowdown.

The last thing Modi wants for the Indian economy is an all-out trade war between the world's two largest trading nations that will squeeze his space for economic diplomacy to extract maximum advantage for India.

In sum, how the Prime Minister navigates his way around the opportunities and threats posed by China could well define India's global stature in the decades to come.

*Ashok Malik, Senior Columnist*

# Thinking out of the box: Reconfiguring the India-Pakistan-China Triangle

by Jabin T. Jacob

A foreign policy observer believes it is time for India to adopt a more flexible apparoach towards China.

It has been suggested that New Delhi's bid for membership of the Nuclear Suppliers Group (NSG) was an "extraordinary exercise in realpolitik", that the Indian government under Prime Minister Narendra Modi "is not easily rattled by disapproving noises at home or abroad". One analyst referring to China's opposition put it rather colourfully that Beijing behaved "not as an enlightened power but as a strategic small-timer, with the petty, perfidious and short-termist mindset of a Pyongyang dictator or a Rawalpindi general".

Not being "rattled" is a good thing and as it should be. However, the "exercise in realpolitik" is not all on the one side and nor indeed, the petty behaviour of a "strategic small timer" with a "short-termist mindset". India is just as guilty and another Indian commentator has, in fact, analysed the NSG episode as an example of India lacking in Kautilyan attributes.

There are two questions for India here: one, does India have the wherewithal over the long term to take on the Chinese – or anybody else, for that matter – and two, what is the out-of-the-box approach India should take to deal with China ingress into India's neighbourhood?

## Sustaining the Good Fight

To start with the first question, unlike the well-oiled diplomatic tandem of the Chinese President Xi Jinping, Premier Li Keqiang, State Councillor Yang Jiechi, Foreign Minister Wang Yi, Defence Minister Gen. Chang Wanquan and the occasional Politburo Standing Committee heavyweight thrown in for good measure, India seems to be overly reliant on the Prime Minister while effective military diplomacy is limited by civilian bureaucratic cussedness. To deploy our biggest gun in the form of the Prime Minister for every major diplomatic visit or occasion is to both cheapen his value and reduce his impact. The Chinese are well aware of this.

**GREATER INDIAN FLEXIBILITY ON CHINA'S 'ONE BELT, ONE ROAD' INITIATIVE, PARTICULARLY ON THE CHINA-PAKISTAN ECONOMIC CORRIDOR (CPEC) WILL ALSO BE A WAY TO BREAK THE ICE WITH CHINA ON A VARIETY OF OTHER ISSUES, NSG INCLUDED.**

The Prime Minister is also not helped by the size of the diplomatic corps at his disposal. How does a country with regional and global ambitions make do with a foreign service the size of Belgium's? India's diplomatic successes are hard won and often mean that efforts and energies are diverted from other tasks. The Chinese by contrast are all over the place and in strength and their diligence and the sheer numbers that they can throw at a problem have begun showing results in countries like Nepal which New Delhi has for long imagined as securely within its sphere of influence but which now clearly has pro-India and pro-China camps within its political establishment and among its intellectual elites.

To his credit, Prime Minister Modi has tried to work around these structural weaknesses in the Indian system and adopted a multi-pronged approach to China. Thus, we have a prominent BJP leader on religious pilgrimage in Tibet at the invitation of a Chinese think-tank, finance minister Arun Jaitley in Beijing trying to persuade Chinese firms to invest in Indian

infrastructure and manufacturing and BJP Chief Ministers like Shivraj Chouhan of Madhya Pradesh and Devendra Fadnavis of Maharashtra with their own attempts to seek investments into their respective states. All of these activities took place around the same time last year as the contretemps over the NSG bid or the Chinese "technical holds" on sanctioning Pakistani terrorists. Chouhan even said that dialogue with China had to continue despite the latter's NSG position.

However, how can India achieve both its economic and political goals?

## Who's Afraid of Hyphenation?

Strangely, Modi's multi-pronged approach employed in the case of China seems to be lacking when it comes to Pakistan. If Chinese attempts to hyphenate India with Pakistan works against India in the NSG, it could work for India in the case of economic engagement. Greater Indian flexibility on China's 'one belt, one road' initiative, particularly on the China-Pakistan Economic Corridor (CPEC) will also be a way to break the ice with China on a variety of other issues, NSG included. The CPEC is important because for the first time, India has the transformational opportunity to be a swing state in Sino-Pak relations. Prime Minister Modi has not gone far enough in his attempts to improve relations with Pakistan. Terrorist attacks should not surprise or throw larger strategic plans off course. If they do, then either the attempts to engage were shallow to begin with or merely political theatre at worst.

For a variety of reasons ranging from security to returns on investment, Chinese state-owned enterprises are unhappy with their own government for pushing them into Pakistan while the real prize is next door in India. While China continues to pour money into Pakistan, it cannot keep writing off the costs indefinitely in terms of some vague 'strategic' benefits that are not entirely clear even to their brightest minds. For their part, thinking Pakistanis have their own concerns about the nature and consequences of the CPEC. These factors create opportunities for New Delhi which should see that engagement with the CPEC actually opens legitimate avenues to reach out not just to the Islamabad government but also to other interest groups in Pakistan, including its military, its economic elite, its youth and its provinces. Businessmen and industrialists from the two Punjabs, for instance, should be discussing how to make money together while knocking back a few Patiala pegs and thanking the Chinese sitting inside their highly fortified compounds throughout Pakistan for the opportunity.

India's current position on the CPEC – opposing it on the grounds that it runs through Pakistan-occupied Kashmir (POK) – might be proper but about as unimaginative a policy as it can get. Joining the CPEC does not have to prejudice India's position of holding sovereignty over PoK.

India has by its own actions boxed itself into a situation of negative hyphenation with Pakistan. It is not surprising therefore, that China exploits the situation in the best traditions of realpolitik as it has done at the NSG. The challenge then is for India to subvert this logic, to take the relationships with both Pakistan and China a bold step forward by engaging with the CPEC. The transformative potential for India's geopolitical environment is huge. More specifically, for India, to let an immediate neighbour of some 200 million people spin permanently out of any sort of Indian political, economic and cultural influence is not smart international politics.


*Jabin T. Jacob is a Fellow at the Institute of Chinese Studies in Delhi. He holds a PhD in Chinese Studies and is co-editor of a book each on India's foreign policy and India-China relations.*

# FACT SHEET: An Indian in Beijing

**Beijing is the capital of the People's Republic of China and the world's third most populous city. While its history dates back over 3 millennia, Beijing is known as much for its modernity as its ancient tourist hotspots.**

## CURRENCY

Renminbi (RMB or CNY) or in Chinese "Ren-min-bi"

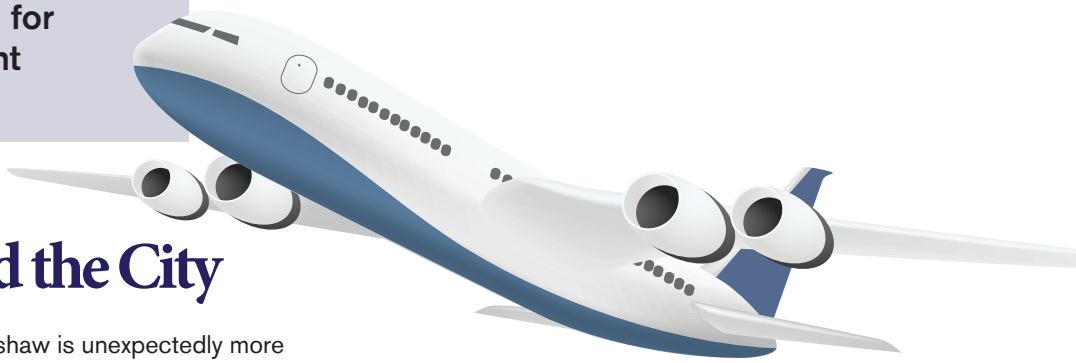
## TIME ZONE

**GMT +8**

## Top attractions of Beijing

- Forbidden City-The Palace Museum

- Tiananmen Square
- The Great Wall
- Lama Temple
- Temple of Heaven (Tiantan Park)
- Beijing Capital Museum
- Summer Palace
- Beihai Park



## Getting Around the City

**Rickshaw:** Taking a rickshaw is unexpectedly more expensive than taking a taxi, but allows tourists a unique view of the ancient Beijing.

**Waterway:** Three waterways are available for tourists, and the boats are in service from April to October every year, which provide another way of exploring the city.

**Taxi:** The most direct way to get a feel for the city and definitely a better choice for tourists who are not familiar with the city.

**Subway:** There are 17 existing metro lines across the city.

**Public Bus:** Traveling by public bus in Beijing is very cheap. Many buses announce the stop names in both Chinese and English.

**Bicycle:** A good environmentally-friendly way to get around Beijing.

## By Air

Beijing has two airports – Capital Intentional Airport for international and domestic flights; Nanyuan Airport for domestic flights.

Only Air China has direct flights from Mumbai and New Delhi to Beijing.

Other major airlines which fly to Beijing: Thai Airways, Singapore Airlines, Jet Airways, China Eastern, Malaysia Airlines, China Southern, Cathay Pacific, Air Astana, Air India, Korean Air, Etihad Airways, among others.

# Indian Restaurants in Beijing

### Ganges Indian Restaurant

**(3 branches)**

B1/F 138A, The Place,
9 Guanghua Lu, Chaoyang District
(010) 6587 2999, 1339 1800 203
Daily 11am - 3 pm, 5pm - 10.30pm

### Lido Area

5/B Hairun Apartments,
2 Jiangtai Lu, Chaoyang District
(010) 5135 8353, 1391 0629 470
Daily 11am - 11pm

### Haidian Area

Sancaitang Xiezi Lou,
160 Chengfu Lu, Haidian District
(010) 6262 7944, 1352 2316 229
Daily 11am - 3pm, 5pm - 10.30pm

### Punjabi Indian Restaurant

C8, Lucky Street,
ChaoyangGongyuan Road
Chaoyang Dist
(010) 5867-0221, 5867-0223

### The TAJ Pavilion

China Overseas Plaza North Tower 2nd floor, L2-03 No.8 Guanghua Dong li
(010) 6505 5866

## Indian Embassy in Beijing

**Ambassador:** H.E. Vijay Gokhale

- No.5, Liang Ma Qiao Bei Jie, Chaoyang District, Beijing 100600, China
- +86-10-85312500
- +86-10-8531 2515
- www.indianembassy.org.cn

# Top 5 Business Hotels in Beijing

### NUO Hotel Beijing

- www.nuohotel.com/en
- 2A Jiangtai Road, Chaoyang District, Beijing 100016 P.R. China
- +86 10 5926 8888
- +86 10 5926 8889
- info.beijing@nuohotel.com

### Hotel Eclat Beijing

- www.eclathotels.com/beijing
- No. 9, DongDaQiao Road, Chaoyang Dist., Beijing 100020
- 86-10-8561 2888
- +86-10-8561 6700
- beijing@eclathotels.com

### Four Seasons Hotel Beijing

- www.fourseasons.com/beijing
- 48 Liang Ma Qiao Road 100125 Chaoyang District, Beijing China
- +86 (10) 5695 8858
- +86 (10) 5695 8859

### The Opposite House

- www.eclathotels.com/beijing
- Taikoo Li Sanlitun North, No. 11 Sanlitun Road, Chaoyang District, Beijing, China 100027
- +86 10 6417 6688
- +86 10 6417 7799
- answers@theoppositehouse.com

### Rosewood Beijing

- www.rosewoodhotels.com/en/beijing
- Jing Guang Centre, Hujialou, Chaoyang District, Beijing, 100020, PRC
- +86 10 6597 8888
- +1 817 567 7562
- beijing@rosewoodhotels.com

# Indian firms march on in China

**Indian companies struck a series of new pacts and agreements with its giant neighbour in the last few months.**

## Wipro buys Chinese FMCG firm


Wipro Consumer Care and Lighting's Singapore arm plans to acquire Chinese FMCG firm Zhongshan Ma Er Daily Products Ltd.

The deal for the fast-moving consumer goods company was struck by the Bengaluru-headquartered conglomerate in an all-cash transaction. Wipro Consumer Care said this would be its second biggest acquisition since it bought Unza Holdings Ltd, a Singapore consumer goods firm, for $246 million in 2007.

This will be Wipro Consumer Care's 10th acquisition since 2003; and with this, it expects its international businesses to account for 55 per cent of its total global revenue.

Zhongshan Ma Er has its presence in China and Hong Kong and its brand portfolio includes personal care brands Enear, Zici, and Vcnic, comprising bath and shower products, and fabric care brands Pahnli and Sunew.

Vineet Agrawal, CEO of Wipro Consumer Care and Lighting, said: "We don't plan to bring these products to India, but we will bring in formulations and enhance our portfolio brands."

## Apollo signs MoU for China hospital

India's Apollo Hospitals Group has signed a memorandum of understanding (MoU) with China's Hainan Ecological Smart City Group (HESCG) to jointly develop a highly integrated modern healthcare service facility and systems in China's Hainan province.

As per the MoU, the hospital will come up in an upcoming Smart City on the island of Hainan. It will also have medical, nursing and paramedical colleges and would cater to not only the people of the province but also attract medical tourists from mainland China and other nations. The MoU was signed by Sangita Reddy, joint managing director, Apollo Hospitals, and Yang Chunzhi, managing director, HESCG, in the presence of K.T. Rama Rao, minister for IT & urban development, Telangana.

The collaboration with Apollo Hospitals would begin with the development of a state-of-the art hospital and college and will lead to the development of advanced healthcare IT systems and telemedicine solutions.

The Chinese industrial park and development company will provide land, all the investment for the construction, commissioning and equipping the hospital besides all operative expenses, while will provide its services for technical consulting, planning and commissioning of the hospital.

## Micromax to tap Chinese markets

Indian local smartphone brand Micromax is all set to sell its phones in the Chinese market. The company said in a statement: "The vision will be realised by going to multiple countries, by being not only a hardware company, but a hardware and services company, and hence the experience."

Micromax plans to roll out a single model in China in collaboration with its ecommerce giants. To have an exclusive Chinese mobile phone portfolio, the company will partner with local players to the extent of offering a different operating system.

At the RISE Conference in Hong Kong, Micromax co-founder Vikas Jain said that entering China is an essential step for his company's goal of becoming one of the top five global brands by 2020. Micromax also sells its phones in Sri Lanka, Nepal and Russia. Jain said that the company is also studying the US market, and could enter more than one new country in the next 12 months.

The firm sold over 36 million smartphones, feature phones and non-Internet capable handsets in India last year. It faces competition from Samsung and Chinese players like Xiaomi, Lenovo and Huawei in the local market and is now looking overseas to grow.

## NIIT signs deals with China

NIIT, India's training and skills development company, said it has entered into two strategic agreements in China to develop a pool of IT professionals in areas like big data and analytics.

The agreements cover partnership between Guiyang Municipal Government and Guizhou Professional College of Electronics in Gui'An New District with NIIT.

Under the agreement, NIIT will train up to 50,000 people in five years in China. It will establish a training base in public-private partnership model with Guiyang government to conduct IT and big data training for university graduates, working professionals and government employees in Guizhou province.

Rahul Patwardhan, chief executive, NIIT, said: "With our keen understanding of the changing skills requirement of the industry, NIIT is committed to support China in its human capacity building initiative.

"By entering into partnerships with Guizhou Electronics College in Gui'An New District and Guiyang Municipal Government we reiterate our commitment to create a talent pool armed with futuristic skill-sets aligned to the requirements of the IT industry."

NIIT said in a statement that through these partnerships it aims to develop human capital in line with China's vision to promote Guizhou province as the hub of big data industry in China and the world.

## India's Grey Orange eyes China robotic

Indian robotics automation company GreyOrange has made plans to expand its operation in mainland China and become a major operator in the country's automation market.

Nalin Advani, chief executive, Asia-Pacific and Japan region, GreyOrange, said: "We are aiming at a 50 per cent market share in China. In two to three years, the Chinese market will be as big as the Indian market for us."

The company makes robots that pick and move packages in warehouses, namely "Butlers" and "Sorters". The Butlers fetch goods from shelves and bring them to human workers for processing and the Sorters load, scan and bag packets.

GreyOrange is also looking for a Chinese logistics-services provider to partner with to help market and distribute its products in the country.

As per statistics released by the International Federation of Robotics, mainland China leads as the world's top market for industrial robots with unit sales of 66,000 in 2015, up 16 per cent from 2014.

## Sonalika Tractors plans plant in China

International Tractors Ltd, the makers of Sonalika brand of farm equipment and India's third-largest tractor maker by volume, is in talks with a Chinese tractor maker to form a joint venture for a plant in Shandong province.

Work on the China unit has already started and it is expected to commence production in the first half of calendar year 2017, said Gaurav Saxena, head of international tractor business at Sonalika International. By 2020, the unit will have a capacity to make 5,000 tractors every year.

The Hoshiarpur-based company in Punjab said it has tapped into the export market in an attempt to survive the cyclical nature of the tractor industry in the domestic market.

Once finalised, Sonalika tractors will be the second Indian tractor company after Mahindra and Mahindra Ltd to start manufacturing in China.

# Indian professionals wait and watch Trump's executive pen

Just days after Donald Trump was sworn in as the 45th US President, there is much upheaval around his series of unilateral executive orders. There is yet another draft reportedly awaiting his signature, which could hit Indian professionals hard.

American billionaire Donald J. Trump marked his first days in the Oval Office in characteristic style by signing some of the most controversial executive orders in history.

The suspension of the US refugee programme for 120 days and a cap on 2017 numbers came alongside a ban on anyone arriving from seven Muslim-majority countries – Iran, Iraq, Libya, Somalia, Sudan, Syria and Yemen. The instant effect was felt at airports in the US and around the world, as people were stopped from boarding US-bound flights or held when they landed in the US.

A crackdown on the Affordable Care Act, dubbed Obamacare, an order to create "a contiguous, physical wall" between the US-Mexico border and an order aimed at agencies that provide abortion services were just some of his actions that triggered worldwide uproar. Thousands of demonstrators packed streets around the world to protest against these orders.

An online petition aimed at preventing US President Donald Trump making an official State Visit to the UK later this year crossed 1.5 million signatures. The petition titled 'Prevent Donald Trump from making State Visit to the United Kingdom' is now set for debate in the UK Parliament later in February.

British Prime Minister Theresa May had communicated the invitation to Trump on behalf of the Queen during her US visit last month.

"The invite has been made and it stands. The US is a vital ally for the UK. People have a right to peacefully protest and express their views. The invitation has been made on behalf of Queen," a Downing Street spokesperson said. Even as the worldwide furore continues to play out, it emerged that there may be yet another executive order in the making that would directly impact Indian software companies who rely on H1B visas to be able to move professionals from India for key jobs in the US.

> The two-way flow of investments and intellectual talent is central to the growing commercial and strategic relationships between India and the US.
>
> **R. Chandrasekhar**
> **President of the National Association of Software and Services Companies**

"I think with respect to H1Bs and other visas is part of a larger immigration reform effort that the President will continue to talk about through executive order and through working with Congress," White House press secretary Sean Spicer told reporters soon after a copy of the

US President Donald Trump with his team at White House

draft was leaked.

"You've already seen a lot of action on immigration and I think whether it's that or the spousal visas or other type of visas, I think there's an overall need to look at all of these programmes. You'll see both through executive action and through comprehensive measures a way to address immigration as a whole and the visa programme," he said.

The draft order calls on the US administration to "consider ways to make the process of allocating visas more efficient and ensure that beneficiaries of the programmes are the best and the brightest".

While the full impact of such an order is yet to be determined, there is understandable unease within the Indian tech industry which relies heavily on these non-immigrant visas to employ foreign workers in speciality occupations.

R. Chandrasekhar, president of the National Association of Software and Services Companies (NASSCOM), told India Inc. in a recent interview that any kind of protectionism would harm the US itself.

**WHILE THE FULL IMPACT OF SUCH AN ORDER IS YET TO BE DETERMINED, THERE IS UNDERSTANDABLE UNEASE WITHIN THE INDIAN TECH INDUSTRY WHICH RELIES HEAVILY ON THESE NON-IMMIGRANT VISAS TO EMPLOY FOREIGN WORKERS IN SPECIALITY OCCUPATIONS.**

"India's IT sector has contributed $22.5 billion in taxes to the US government and generated 411,000 US jobs, including 300,000 for American citizens. NASSCOM has always reiterated the damage the protectionist attitude can cause to the IT collaborations between the East and West," he said.

As per NASSCOM's initial estimates, the financial implication of the H1-B visa on the Indian technology sector will be of the magnitude of around $400 million annually, which could adversely impact competitiveness in India's tech sector.

"The two-way flow of investments and intellectual talent is central to the growing commercial and strategic relationships between India and the US," Chandrasekhar stresses. Meanwhile, India is clearly adopting a wait and watch approach to see where Trump's executive pen strikes next.

Ministry of External Affairs (MEA) spokesperson Vikas Swarup told reporters: "No executive order has been signed so far... Three private bills have been introduced in the US House of Representatives. Such bills have been introduced in the past also and such bills have to go through the full Congressional process.

"Let's not prejudge the outcome because we have seen what has happened to similar bills in the past also. If and when the executive order is passed, we will certainly give a reaction."

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

by Pramit Pal Chaudhri

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 firms on buying spree in the US

**The US remained among the key destinations for Indian companies on a global expansion spree.**

## JSW Steel to restart US coal mining

JSW Steel plans to restart coking coal mining in the US, according to Indian media reports.

JSW Steel owns nine coking coal mines with cumulative resources of 123 million tonnes at West Virginia in the US. These mines, which were acquired from a string of US-based companies in 2010, could not be developed due to a fall in coal prices following global financial crisis and the subsequent economic slowdown.

Spot coking coal prices have more than trebled from $90 a tonne to $310 a tonne since July, on the back of strong demand from China and predictions of worst-ever cyclone in Australia.

Seshagiri Rao, Joint Managing Director, JSW Steel, said: "We will restart coking coal mines in the US by March next year and then take up iron ore mining in Chile. We will not bring the coal to India but it will act as a financial hedge as we are largely dependent on imported coal to operate our plants in India."

International coking coal prices have gone up sharply because of Chinese imports.

## Bharat Forge buys Tennessee firm

Pune-based metal forming multinational Bharat Forge is set to acquire 100 per cent shareholding of Walker Forge Tennessee LLC (WFT) through its US subsidiary, Bharat Forge America.

The transaction is valued at $14 million, which will be funded through internal accruals and debt, the auto components major said.

WFT is a leading supplier of complex, steel and high-alloy steel, engine and chassis components to a diverse group of customers across automotive and industrial sectors.

Bharat Forge Chairman and Managing Director Baba Kalyani said: "The acquisition of Walker Forge Tennessee creates a strategic manufacturing footprint in North America to leverage our existing customer relationships while simultaneously enabling the company to address new end-market segments and broaden the product portfolio."

The acquisition is focused on increasing the company's product offering in the passenger car and commercial vehicle segments as well into industrial sectors such as construction and mining.

## Amity acquires New York campus

India's leading educational brand, Amity, has announced the acquisition of a 170-acre waterfront campus from St. John's University located in Oakdale, Long Island, New York.

Amity has been in preliminary discussions for the acquisition of the Boston campus of Education Management Corporation (EDMC), one of the largest education companies in the US, which has been owned at different times by private equity players like Goldman Sachs and Providence Equity.

Amity said in a statement: "There were a large number of bidders for the property located in a premium location in the US, close driving distance from JFK airport and connected by highway and train connectivity to Manhattan.

"As per St. John's representatives, Amity was selected as the buyer because of its strong education background, ability to close quickly, integrity of the group, and the vision to continue the facility as a global teaching and research facility." Amity closed the deal and took possession of the campus on September 27, 2016. St. John's University has been permitted to use one of the academic blocks until June 2017 so that they can transition their programmes seamlessly.

## Bengaluru firm buys US cable maker

Bengaluru-headquartered Suprajit Engineering has acquired US-based Wescon Controls for an enterprise value of $44.4 million.

Suprajit, one of the largest cable makers in the world made the acquisition through its wholly-owned subsidiary Suprajit USA Inc.

K. Ajith Kumar Rai, chairman and managing director of Suprajit Engineering, said: "Wescon is a perfect strategic fit for Suprajit. Wescon's market leading position in North America in the OPE segment is a significant sectoral de-risk for Suprajit in its core business of cables.

"This will also prepare a solid ground for Suprajit to continue to increase its exposure in both automotive and non-automotive business in the Americas." Wescon Controls, a manufacturer of control cables in the non-automotive outdoor power equipment (OPE) space, has its plants in the US and Mexico.

Grant Thornton India acted as the sole financial advisor to Suprajit, while Citibank NA was the financier to Wescon on this deal.

## New JV to attract Indian investment to US

A non-resident Indian (NRI) has formed a joint venture with an American investment firm to attract Indian investment to the US and create job opportunities in areas such as New England and Baltimore.

Satish Jha, the chairman of the diversified The Jha Group (TJG) announced a partnership with the US-based Ashcroft Sullivan Economic Development Centers (ASEDC) to bring investment and economic opportunities to India, under the EB-5 programs, stimulating job creation in the US.

The new JV has been named as Ashcroft Sullivan Jha.

Jha said: "The principals of the new joint venture, Ashcroft Sullivan Jha, have set up offices in New Delhi and Goa and are planning to open offices in Kolkata, Hyderabad and Chandigarh to educate investors about Green Cards for immigrants from India through the EB-5 program."

## India, US strike advance pricing deal

India and the US have struck a deal for the first bilateral advance pricing agreement, opening the doors for US multinationals in India to ascertain their tax liabilities beforehand. The two countries have also resolved 108 tax disputes involving a tax of about Rs 5,000 crore ($758mn) through the Mutual Agreement Procedure (MAP).

"The two competent authorities reached an agreement on the terms and conditions of the first ever Bilateral APA involving India and the USA," the Indian finance ministry confirmed in a statement.

The two countries resolved 66 transfer pricing disputes and 42 cases related to treaty interpretation.

MAP, under the Double Taxation Avoidance Agreement (DTAA), is an alternative dispute settlement mechanism available to authorities and foreign investors.

## India to surpass US economy by 2050

India, the world's fastest-growing major economy, is set to leapfrog the US to become the largest.

In a new report titled 'The World in 2050', consulting firm PwC projects that India's GDP would exceed US GDP in purchasing power parity terms by 2040. Purchasing power parity accounts for the different prices levels across countries.

This would make India the largest economy in the world after China.

John Hawksworth, the chief economist at PwC, said: "Emerging economies offer great opportunities for business — the numbers in our report make it clear that failure to engage with these markets means missing out on the bulk of economic growth we expect to see in the world economy between now and 2050."

The world economy will double in size by 2042, PwC forecasts, "growing at an average annual rate of just over 2.5 per cent between 2016 and 2050."

# Why Britain must invest time in an FTA with India


A new report released the UK's Free Enterprise Group makes the case for Britain to prioritise free trade agreements (FTAs) with key Commonwealth nations like India following Brexit. 'India Global Business' explores the rationale behind this strategy.

'Reconnecting with the Commonwealth: The UK's free trade opportunities', released by the British MPs led Free Enterprise Group, suggests a five-step plan for the UK government as it gets ready to leave the European Union (EU).

The first suggested step is to begin with striking pacts with the Commonwealth's open economies of Australia, Canada, Singapore, and New Zealand to secure FTAs in time for Brexit. As a second step, the UK should pursue an FTA with India.

"The UK's largest Commonwealth export destination [India] is a prize worth pursuing. Significant time should be invested by the UK into a trade-only deal. However, this will take time. Australia, Canada, and New Zealand are all in the process of FTAs with India that have already taken five to six years," the report notes.

Co-authored by Conservative party MP James Cleverly and Tim Hewish, executive director of Commonwealth Exchange, the report highlights the importance of shared language, common law tradition, diaspora networks, and historic cultural links with countries like India as a key to forming new ties following Britain's exit from the 28-member European economic bloc.

"The best way to ensure that free trade has few losers, even in the short term, is to begin with much freer trade between likeminded countries with comparable standards of living. Free trade agreements with economically advanced Commonwealth countries are the obvious place for Britain to start," says Tony Abbott, former Australian Prime Minister, in his foreword to the report.

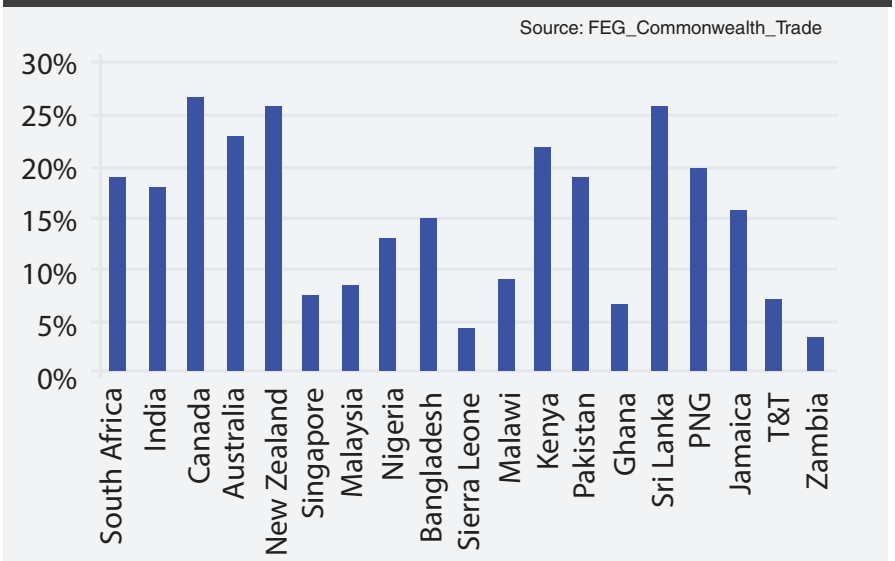
"The government must a publish a plan to utilise the 'Commonwealth Advantage' and build our trade links with the Commonwealth.

A market of 2.3 billion people and some of the fastest growing economies in the world is too big an opportunity to ignore," adds Cleverly.

The report says the UK is the largest EU goods export destination for numerous Commonwealth countries such as India, Australia, Canada, New Zealand and South Africa.


**The best way to ensure that free trade has few losers, even in the short term, is to begin with much freer trade**

## UK PERCENTAGE OF COMMONWEALTH IMPORTS INTO THE EUROPEAN MARKET
### (INCLUDING RUSSIA AND SWITZERLAND)




It is also the second-largest for Bangladesh, Kenya, and Papua New Guinea, providing a strong motive for Commonwealth countries to form trade deals with the UK.

**Five step Brexit plan:**

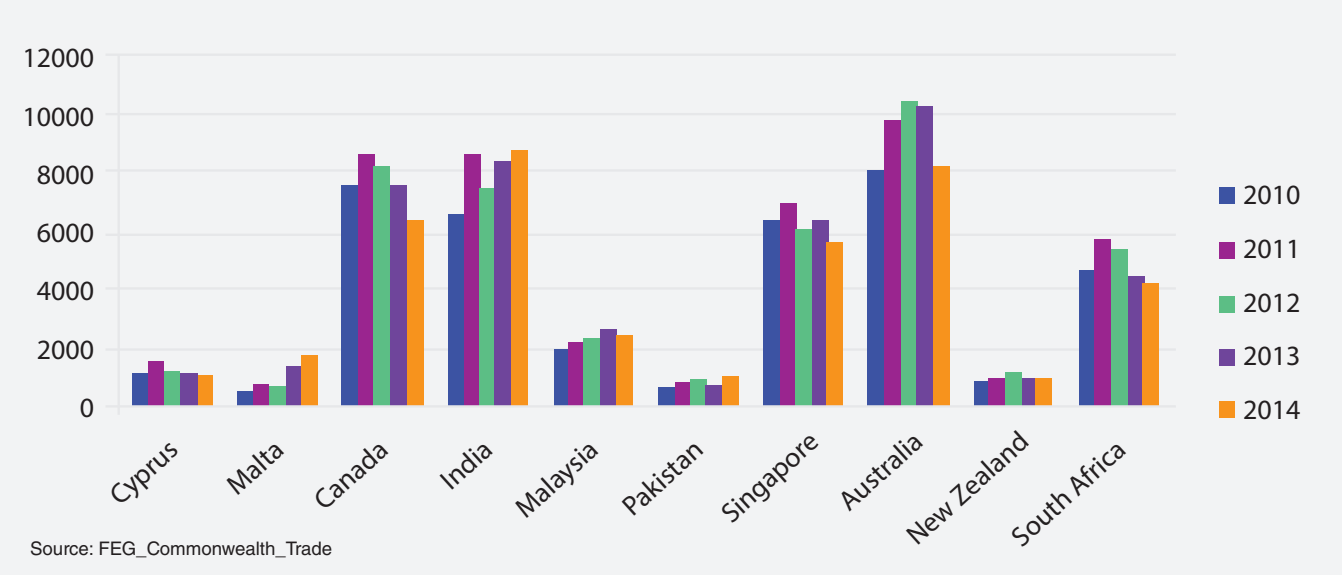
1. The UK should look to the Commonwealth's open economies of Australia, Canada, Singapore, and New Zealand to secure FTAs in time for Brexit.

2. An FTA with India; the UK's largest Commonwealth export destination is a prize worth pursuing. Significant time should be invested by the UK into a trade-only deal. However, this will take time. Australia, Canada, and New Zealand are all in the process of FTAs with India that have already taken five to six years.

3/4. The UK will need a number of African, Caribbean, and Pacific (ACP) deals to mirror or better the existing EU options, which it will undoubtedly lose post-Brexit unless it can secure grandfathering rights. Failure to do so will damage the UK's standing with developing markets especially when the UK represents a major European export destination. The UK should offer deals that are tariff-free with no quota access with a view to more favourable asymmetric liberalisation on the ACP side. Special attention and priority should be given to South Africa given its strategic trading importance to the UK.

5. The UK should join the under reported Trade in Service Agreement (TiSA). It is the first international agreement of its kind and presents the second generation of trade deals. Led by Australia, the US, and the EU it is in the UK's interest as the world's second largest service economy and one which is geared to 80

## UK EXPORTS (GOODS & SERVICES) TO TOP 10 COMMONWEALTH DESTINATIONS (£M)




per cent services. Petitioning those Commonwealth nations that are a part of TiSA will be critical.

**The Commonwealth Advantage:**

- Whilst the EU is the UK's largest trading partner, the Commonwealth's share of global GDP overtook that of the EU in 2004 and the gap between these figures will grow when the UK leaves the EU in 2019.

- Although Anglo-Commonwealth trade accounts for just 8 per cent of UK exports, a long way behind exports to the EU and US, it is growing and is already larger than exports to China (3.5 per cent of 2014 exports), a market the UK has been aggressively pursuing for years.

- Importantly, the UK is the largest EU goods export destination for numerous Commonwealth countries: such as Australia, Canada, India, New Zealand and South Africa. It is also the second largest for Bangladesh, Kenya, and Papua New Guinea, providing a strong motive for Commonwealth countries to form trade deals with the UK.

- The importance of shared language, common law tradition, diaspora networks, and historic cultural links become more important as trade becomes mores service sector focused. This "Commonwealth Advantage" has been estimated to provide an uplift of 19 per cent in trade compared to that with non-Commonwealth nations of similar economic circumstances.

- The geographical spread of the Commonwealth is another advantage. Covering both hemispheres and a multitude of time zones, the member states should be seen as nodes in a network rather than as a block. Greater Commonwealth trade can be the jumping off point for expansion of British economic activity into the regions they inhabit.

The Free Enterprise Group lays out a strong case for the global vision spelt out by British Prime Minister Theresa May in her landmark speech on Brexit strategy recently in London.

**THE UK WILL NEED A NUMBER OF AFRICAN, CARIBBEAN, AND PACIFIC (ACP) DEALS TO MIRROR OR BETTER THE EXISTING EU OPTIONS**

She said: "We want to get out into the wider world, to trade and do business all around the globe. Countries including China, Brazil, and the Gulf States have already expressed their interest in striking trade deals with us. We have started discussions on future trade ties with countries like Australia, New Zealand and India."

This was soon followed up with the India visit of UK foreign secretary Boris Johnson, who was also beating the drum for an FTA with India.

All the cards seem to be stacking up in favour of such a trade deal but it will require some strong political will on both sides for it to become a post-Brexit reality.

## Zensar Tech acquires UK's Foolproof

Pune-headquartered IT services company Zensar Technologies has acquired the UK's Foolproof.

London-based Foolproof helps global brands design products based on an understanding of consumer behaviour, Zensar said in its stock exchange filing.

"Zensar Technologies (UK), a wholly owned subsidiary Zensar Technologies, an RPG Company and the shareholders of Foolproof, announced that they have entered to a definitive agreement for Zensar to acquire Foolproof along with its three wholly owned subsidiary companies in UK and one wholly owned subsidiary company in Singapore for an undisclosed amount," Zensar said in a release.

The deal will be financed through internal accruals.

The acquisition is aimed at fortifying Zensar's digital offerings and furthers the company's ability to work with chief marketing officers and chief digital officers to improve outcomes for customers and to drive innovation through design.

## India's Roha acquires Italian firm

Indian manufacturer and marketer of food colours Roha has acquired Italy-based Essential SRL, a manufacturer of plant and fruit based natural colouring and flavouring ingredients.

The Mumbai firm says the deal is a strategic shift towards diversification into the fast evolving industry for extracts with significant market potential as awareness about sustainable nature-based ingredients grows around the world.

Mahesh Tibrewala, MD of Roha, said: "It was a tactical move of diversification in the new category as the acquisition promises new avenues in the industry of extracts.

The Italian market being the fourth largest food and drinks manufacturer in the European Union only further supported our decision."

Founded in Tuscany a decade ago, Essential SRL will support Roha in further expansion of its product portfolio.

Lorenzo Ceccarelli, Europe CEO of Roha, said: "This new strategic move in Italy will help us realise our long term vision of establishing ourselves as the market leader in Europe in our product segment."

## Infosys invests in Danish start-up

Indian software company Infosys has invested $2.1 million in UNSILO, a Danish start-up focused on Artificial Intelligence (AI) and advanced text analysis.

UNSILO is founded by Mads Rydahl, who was the head of product design at Siri, which was later acquired by Apple.

Ritika Suri, Executive Vice-President & Global Head of Corporate Development & Ventures at Infosys, said: "We will partner with UNSILO to bring their Artificial Intelligence and machine learning technology to our global clients."

The latest investment marks the third under Infosys CEO Vishal Sikka's plan to utilise its $500-million innovation fund to invest in areas where the company does not have adequate capability.

The Bengaluru-headquartered firm has acquired e-commerce services provider Kallidus for $120 million, bought SaaS (software-as-a-service) firm Panaya for $200 million and acquired Noah Consulting for $70 million, since Sikka took over.

UNSILO's key client currently includes Science, Technology & Medical (STM) publishers.

## New scheme to boost Indian exports

A new scheme will be launched during this financial year to create an infrastructure for exports, a move aimed at reducing transaction costs for traders.
"A new and restructured central scheme with a focus on export infrastructure, namely, Trade Infrastructure for Export Scheme (TIES) will be launched in 2017-18," finance minister Arun Jaitley said in his Budget 2017-18 speech.

Indian exporters face huge challenges in terms of infrastructure, particularly in states. Inadequate infrastructure pushes their transactions costs, impacting competitiveness of Indian goods in the global markets.

Exporters body Federation of Indian Export Organisations (FIEO) said the scheme will help create modern infrastructure like last mile connectivity to ports, testing labs and certification centres.

# Post-Brexit UK will continue to attract Indian companies

David Landsman is the Executive Director of Tata Limited and recently took charge as the Chair of the Confederation of Indian Industry (CII) India Business Forum (IBF) in the UK. He took time out for 'India Global Business' to talk about this new role, his wider perspective on post-Brexit India-UK ties and the need to address a decline in India's exports to Britain.

**What does the post-Brexit era hold for Indian companies looking at UK/Europe for expansion?**

Over the past few years, more and more Indian companies have been expanding their activities in the UK and across Europe as part of their globalisation strategies. There is no doubt that there will continue to be important opportunities for Indian business, both in the UK and the rest of Europe. It is early days for Brexit and much remains to be clarified. We at CII-IBF UK will be holding a workshop to help Indian companies based in the UK to understand the issues in depth.

**Is the UK likely to maintain its position as India's first port of call in Europe?**

India's relationship with the UK is unique and stretches back before the UK's EU membership. Some companies choose the UK for its R&D capabilities or for its position as a preeminent global financial hub, which is unlikely to change.

The similarities between Indian and British legal and accounting systems, as well as the English language, undoubtedly help.

How much the UK will continue as a base for European operations will depend on the nature of the economic relationship between the UK and EU post-Brexit.

**Is a potential India-UK free trade agreement (FTA) likely to enhance Indian presence in the UK?**

Having a framework economic agreement, whether in the form of an FTA or a comprehensive economic partnership, would surely be mutually beneficial. India's exports to the UK

Prime Minister Modi with British PM Theresa May

have been in decline since 2013, and any future agreement should assess the obstacles to bilateral trade and allow for an enhanced partnership.

**What are some of the under-represented sectors that need greater attention in the India-UK sphere?**

The India-UK CEO Forum has identified six work streams, which we believe represent the greatest opportunity areas in the India-UK economic landscape:

- Smart cities and the digital economy
- Healthcare and Hygiene
- Education and skills
- Manufacturing, defence and security
- Financial and professional services
- Bilateral ease of doing business

Besides this, other potential areas to explore include food, nutrition and sports, creative industries, as well as tourism and hospitality.

**Does the immigration rhetoric cast an unwelcome shadow over the economic partnership**

Access to global talent is crucial for modern businesses to flourish, especially in the service sectors. It's important that the legal framework allows for this, but also that the political environment and language is welcoming, especially for skilled labour.

The recent announcement during Prime Minister Theresa May's India visit of a new UK-India Dialogue on Home Affairs to simplify visa systems, and also making India the first visa country to be offered the UK's Registered Traveller Scheme are welcome moves. But more will need to be done to reach the desired level of mutual understanding on this issue.

**What are some of the goals you have set in your new CII role?**

CII-IBF UK exists to support CII members with operations or interests in the UK. I certainly want to make sure that we're helping them as much as we can to navigate the changing environment, including Brexit. But we will also be continuing the CII's excellent work promoting the best of Indian business, especially in the priority sectors identified by the CEO Forum. The year 2017 presents particular opportunities as the UK-India Year of Culture, which we at CII want to support; there will be some exciting events announced soon. Now is also a good time for CII to be contributing to thought leadership in a number of key areas, which will benefit bilateral trade.

As the two countries begin to strengthen the economic dialogue, CII will be working closely with both the Confederation of British Industry and the UK-India Business Council to provide inputs into the preparations. As I'm involved with both organisations, I'll be aiming to ensure a smooth and effective process.

This is an excellent moment to strengthen the India-UK partnership as we mark the 70th Anniversary of India's independence, as well as celebrating our business and cultural ties in this India-UK Year of Culture. As the UK prepares to leave the European Union, we will be fully engaged in working to enhance the bilateral economic relationship.

**CII-IBF UK is a group of corporate members, primarily Indian companies with existing or planned operations in the UK. The Forum provides an avenue for senior representatives of UK or Europe-wide operations of Indian companies to come together and discuss relevant issues for strengthening business cooperation.*

# Digitalising enterprise operations for the world

by Kushal Nahata

Delhi-headquartered logistics technology solutions company FarEye recently announced its foray into Europe as Belgium's leading postal service, TBC Post, opted for its services. The CEO and co-founder tells 'India Global Business' what sets Indian tech solutions apart in the global marketplace.

The FarEye logistics technology solution is unique in that it is a home-grown technology product and solution combination that has gained global acceptance in a short period of three years.

Let me share what FarEye's powerful mobile platform does. Our logistics technology solution digitalises enterprise operations by empowering field workforce. The solution includes intuitive dashboards that deliver real-time visibility to CXOs (corporate executives) to better serve their customers. This empowers the enterprises to build a competitive advantage by improving agility.

FarEye's mobility platform helps enterprises transform field operations into a rule-based process. The solution increases capacity to serve more requests, offers real-time visibility for enhancing customer delight and provides CXOs performance measurement dashboards.

Some of the global customers in India include Amway, DHL-BlueDart and Walmart. With the world's most well-known organisations putting their trust in FarEye, we have been able to strengthen our leadership position in express logistics segment.

Belgian postal service TBC Post chose FarEye's technology services recently and the idea behind locating an office in Europe is to directly serve customers in Belgium. We also plan to explore vast business opportunities in Europe for two reasons.
Firstly, almost all of Europe is fairly advanced in the usage of mobile internet. Secondly. the region has had an advantage of being ahead of India

in terms of usage of e-commerce for a variety of reasons, namely high literacy and banking system.

The versatility of our solution to deal with multiple languages gives us an added advantage of being able of offer our solution in multiple European languages.

FarEye was able to benchmark itself by its entry into the coveted Deloitte Tech Fast500 Asia Pacific list 2016 based on its proprietary technology that solves a critical need of client companies to fuel business operations with efficiency and speed.

FarEye's three-year cumulative revenue growth exceeding 200 per cent was a key parameter for its inclusion in the prestigious listing where it was among the top 250 high-tech companies from hardware, software, communications, media, clean energy, life sciences and healthcare sectors.

Efforts are afoot to determine the best location to set up FarEye's Europe office, based on accessibility, ease of visa availability and host country support. The Netherlands, Germany, Belgium are the top contenders based on current understanding.

We don't see Brexit affecting the pressing need of companies to provide visibility on the last mile delivery to their end customers irrespective of the sector they come from —which could range from e-commerce companies, express delivery firms, third party logistics service providers or a host of companies. All these companies would want to use logistics technology firms such as FarEye to delight their customers.

The growing penetration of mobility platform, digitalisation and advances in technology are helping Indian technology firms to innovate and create new technology products or services.

FarEye is among a handful of companies to have created both a technology product and solution for the global markets. We are proud to have created a tech product and a complete service offering working with customers in a globally competitive market in 15 countries.

I must admit the India opportunity is bound to grow exponentially with the government's initiative to drive digitisation, financial inclusion and strong focus on providing internet broadband service.

We were delighted to hear about the move of Indian Railways, announced by finance minister Arun Jaitley in the combined Rail and Annual Budget, to implement integrated transport solutions with third party logistics players to provide visibility to large consumers of agricultural products.

Using indigenous FarEye logistics technology, Railways can provide real-time visibility to their customers as proven digitisation and mobile technology can add a competitive edge that the sector is seeking to grow goods traffic, especially of perishable agricultural goods.

*Kushal Nahata is the CEO and co-founder of FarEye, an Indian logistics technology solutions provider. It helps its customers around the world deliver over a million shipments a day and counts aCommerce, leading e-com service provider in South East Asia; Namshi.com, e-com player from Middle East (Bahrain, Kuwait, Oman, Qatar and Saudi Arabia and the UAE); Maraxpress, a West Asian e-com firm; Zalora, online fashion retailer spread across Asia Pacific; and Australia's National Product Fulfillment among its customers*

# Envoy pitches for Indian professionals in UK

The new Indian high commissioner to the UK believes India and the UK can work together towards a win-win visa regime.

"In the field of IT, our professionals are renowned the world over. It is very important that our IT professionals can come and work and go back.

They will contribute immensely not only to the local economy but also the global economy, which is what they are doing in Silicon Valley and the rest of the world," says the Indian high commissioner to the UK, Y.K. Sinha.

Under new rules announced by the UK government last year, professionals from countries like India would be required to meet higher salary threshold requirements which is largely expected to hit Indian IT professionals who use the intra-company transfer (ICT) route to come into the UK on time-bound projects. The UK's Migration Advisory Committee (MAC) had revealed in 2016 that Indian IT workers accounted for nearly 90 per cent of visas issued under the ICT route. Therefore, an increasingly toughening visa regime is seen as directly impacting Indian professionals in the sector. Sinha, who took charge of his post in London in December 2016, also highlighted the sharp contrast between rising Indian student numbers in countries like the US and Australia and even across Europe.

**THERE IS SO MUCH HAPPENING – BETWEEN 2014 AND 2016, INDIA ATTRACTED OVER A $120 BILLION WORTH OF FOREIGN DIRECT INVESTMENT (FDI). IT IS IMPORTANT THAT THESE POSITIVE STORIES ARE HIGHLIGHTED AND THAT WILL HELP FURTHER IN ENSURING THAT THE BUSINESS COMMUNITIES IN BOTH COUNTRIES TAKE ADVANTAGE OF THE SITUATION THAT EXISTS. THERE IS A GOOD STORY TO TELL, WHICH WILL BE INDIA AND THE UK IN FUTURE, ACROSS THE BOARD.**

He said: "In the field of education we have a bit of a problem because the number of Indian students [in the UK] that was 40,000 or so in 2010 has dropped to19,000. Compared to figures for the US, which had 104,000 Indian students in 2010 and today they have 166,000. Australia had 19,000 in 2010 and has 40,000 today. "Obviously, there is something going wrong here because the UK has always been the first preference for Indian students."

While numbers of Indian students coming into Britain have been on a freefall despite the UK being the "first port of call in Europe" for Indians due to a shared history and other commonalities, other European countries seem to be more on track with increasing their value proposition.

The senior diplomat noted: "We need to see how we can ensure that the UK attracts good students from India because Indian students are doing extremely well everywhere they go. Even countries like Germany have over 10,000 Indian students and France has 5,000.

"They are actively going into campuses in India to attract students. I think the UK universities are doing a great job but I think we need to sort out the issues regarding visas. It is an area where both governments are talking to each other."

Stressing the need for both countries to continue to engage in a manner that will be a "win-win situation" for India and the UK, the envoy points to the visit of British Prime Minister Theresa May to India in November 2016 as "particularly significant" in having further enhanced the "very substantial economic engagement".

"We have a very good economic engagement with the UK, with trade in goods about 14 billion dollars and another 5 billion dollars in services.

But besides that, the UK is a very important in terms of investment scope, being the largest G20 investor into India and 800 Indian companies operate here bringing about a billion plus in taxes to the Exchequer and employing over a 100,000 people.

"Both governments have set very ambitious targets in trying to see how we can further enhance this."
Sinha described his own mission as the new high commissioner to the UK against the backdrop of Brexit as a "challenge" but also "an opportunity". "It has been a pretty steep learning curve but I am very happy to be here because I think it is exciting times for India, the UK and India-UK relations.

We have a very long shared history, common past, common commitment to democracy and other values. Most importantly, we have a very vibrant and robust expat community here in the UK," he said.

On a personal note, he recalled his first-ever visit to the UK shores, when he docked on a boat at Liverpool 54 years ago: "It is wonderful being back here. I had never imagined I would be coming back as high commissioner."
In reference to his mission in India, he added: "There is so much happening – between 2014 and 2016, India attracted over a $120 billion worth of foreign direct investment (FDI). It is important that these positive stories are highlighted and that will help further in ensuring that the business communities in both countries take advantage of the situation that exists. There is a good story to tell, which will be India and the UK in future, across the board."

The 58-year-old seasoned diplomat with a career spanning over 35 years holds the rank of Secretary to the government of India and was India's high commissioner to Sri Lanka before taking charge at the UK mission.

# Pharma, tech lead boost in India-UK ties

**Pharmaceutical and technology sectors were in the lead as Indian companies continued their UK expansion drive.**

## 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 payable in cash.

The transaction is part of the European Commission's anti-trust divestiture requirements arising from Teva's acquisition of Allergan's generics business.

The acquisition will expand Intas' UK manufacturing presence with the addition of the Barnstaple site in North Devon and more than double the firm's pan-European operations, with revenues exceeding $500 million, the company said.

The Barnstaple plant will become the company's fourth UK site. The deal will also increase Intas' access to UK and Irish retail and hospital markets.

## Tata Steel agrees investment plan for UK

Tata Steel has made a 10-year commitment to a £1-billion investment plan as part of crucial talks with steelworkers' unions to save thousands of jobs in the UK.

The Indian steel giant will next week start a consultation with its employees on a proposal to close the British Steel Pension Scheme, which has liabilities of over 15 billion pound, and offer employees a "competitive defined contribution scheme" in its place. The future of its UK business will remain contingent on a solution being achieved to the pension scheme.

"Tata Steel UK has developed a long-term investment plan to make the business more competitive in the future.

The delivery of the transformation plan in the next couple of years, combined with a structural solution for the British Steel Pension Scheme fund, is essential to provide the affordability and financial self-sufficiency for future investments and also service its financial obligation to its stakeholders," said Koushik Chatterjee, Group Executive Director Tata Steel and Executive Director for Tata Steel's European business.

## Hero Cycles plans UK design centre

India's leading bicycle manufacturer Hero Cycles has announced plans to set up a hi-tech Global Design Centre in the UK.

The aim of the new design hub will be to develop next generation bicycle design and technology. The centre is set to come up in the city of Manchester as part of Hero Cycles' ambitious global expansion plans.

Hero Cycles chief Pankaj Munjal told the Indian media: "We are setting on course for a major innovation and designing revolution at Hero Cycles by harnessing some of the best minds in the field through this Global Design Centre.

"Our team of designers will work relentlessly to improve technology, designs and quality of bicycles in all sorts of categories from mass consumption bikes to sports and luxury bikes."

The centre, which will invest heavily in innovation and design research to upgrade bicycle technology with a focus on the world market, is expected to start operations in the last quarter of the current financial year.

It will provide the critical designing, development, prototyping and testing back up for products to be manufactured in Hero Cycles' manufacturing plants in India and Sri Lanka.

# India and Vietnam: Pushing back the dragon

by India Inc. staff

The comprehensive strategic partnership between New Delhi and Hanoi is playing an important role in ensuring balance of power in Asia.

Rarely, if ever, does India weigh heavily on the minds of foreign leaders when they meet their counterparts from third countries. But when Chinese President Xi Jinping recently met Communist Party of Vietnam's General Secretary Nguyen Phu Trong in Beijing, seasoned observers could sense that New Delhi was the invisible elephant in the room.VVV

## Great Power game

That's because India has belatedly entered the game that Great Powers play and made Vietnam the fulcrum of its Act East Policy to expand its economic and geo-strategic footprint across East and South East Asia. And Hanoi, for its part, is using New Delhi as a counterweight to its large and increasingly belligerent northern neighbour with whom it is involved in a war of nerves over South China Sea, among other disputes.

## Closer defence ties

In an attempt to counter the Chinese strategy of boxing India into a corner, New Delhi is steadily cranking up military and strategic ties with Beijing's neighbours.

Uncharacteristically for a traditionally pacifist country, India is negotiating the sale of Akash surface to air missiles to Vietnam.

This follows Prime Minister Narendra Modi's recent offer of a $500 million line of credit to buy Made in India defence platforms. The Indian premier will, thus, kill two birds with one stone – by selling missiles to China's neighbour he sends out a message to Beijing that India is no pushover; at the same time, he gets to dramatically showcase the success of his flagship Make in India initiative.

**IN AN ATTEMPT TO COUNTER THE CHINESE STRATEGY OF BOXING INDIA INTO A CORNER, NEW DELHI IS STEADILY CRANKING UP MILITARY AND STRATEGIC TIES WITH BEIJING'S NEIGHBOURS. UNCHARACTERISTICALLY FOR A TRADITIONALLY PACIFIST COUNTRY, INDIA IS NEGOTIATING THE SALE OF AKASH SURFACE TO AIR MISSILES TO VIETNAM.**

Earlier, India had given Vietnam another $100 million line of credit to buy naval patrol boats from Larsen & Toubro. Besides, and much to China's chagrin, India is training Vietnamese pilots to operate the Sukhoi 30 fighter planes as Kilo-class submarines.

Comprehensive strategic partnership
The tight clinch between New Delhi and Hanoi comes in the backdrop of the two countries elevating their "strategic partnership", which they established in 20007, to a "comprehensive strategic partnership" during Modi's visit to that country last year.

## Solid economic base

The strategic partnership, obviously aimed at preventing any other Asian power from emerging as a regional hegemon, has a strong economic component as well.

The Modi Cabinet had, last year, approved a Rs 500-crore ($75mn) project development fund to facilitate and increase the entry and presence of Indian companies in the CLMV sub-group within Asean, which have preferential access pacts with China, European Union and the US and so, can act as gateways for India Inc into these markets. As the acronym suggests, the four countries are Cambodia, Laos, Myanmar and Vietnam, with the last playing a disproportionately large role within this group for India.

## Energy security

Closer ties with Vietnam could also play an important role in securing India's energy needs. Hanoi has allotted ONGC, India's public sector oil explorer, two oil blocks in the South China Sea, though China opposes these awards, claiming, without any rationale, that the oil reserves fall within its own territory. ONGC Videsh, the overseas arm of

ONGC, has stopped work on one block because of poor prospects of finding oil but has recently received an extension of one year to June 2017 for the other.

### India Inc at the forefront

Taking advantage of the close ties between the two countries many leading Indian business houses such as the Tatas, Reliance Industries, Aditya Birla Group, ONGC Videsh, Tech Mahindra, Godrej, NIIT and Ranbaxy, among several others, have set up operations in Vietnam.

Vietnam is a former centrally planned economy that is transitioning to a market economy. And agriculture remains the dominant vocation in that country. So, Indian companies are ideally suited to become partners in Vietnam's progress.

### Growing trade relations

Bilateral trade between India and Vietnam has been growing in tandem with the strategic relationship.

According to official data, bilateral trade during January-October 2015 was $4.28 billion. This included $2.5 billion of exports from India and $2.07 billion imports into the country. However, if commodities of temporary import are included, the total value of trade was more than $9.2 billion in 2014-15.

During the visit of Nguyen Phu Trong to India in November 2013, the two sides agreed to expand this figure to $15 billion by 2020.
New market for Indian companies
At a time when India Inc is struggling with sluggish consumption at home and shrinking demand abroad, markets like Vietnam offer hope. Indian companies are executing projects worth almost a billion dollars in Vietnam in the oil and gas, minerals, sugar, agro-chemicals, IT and agricultural processing sectors.

### Entry point into Asean

The Tiger economies of South East Asia, who provide the main ballast to the Asean grouping, are industrially far ahead of other member countries such as Vietnam. This presents Indian companies with a great opportunity to build beachheads in Vietnam and use these to expand their presence in the more advanced countries within this group.

Business as a sub-set of geo-politics
The rapid scale-up in economic ties notwithstanding, analysts acknowledge that these have to be built on the bedrock of the geo-political interests that bind the two nations.

China is clearly rattled by this new found closeness between Hanoi and New Delhi. The Global Times newspaper, which the Chinese government often uses to disseminate views it cannot air openly, has questioned this relationship several times, most recently when India announced it would set up a satellite tracking and imaging centre in southern Vietnam.
This will be a civilian facility and will have scientific, agricultural and environmental applications but it can also be used for tracking Chinese military moves.

### The Brahmos question

Vietnam is learnt to be keen on acquiring the Brahmos supersonic cruise missile to bolster its defences against China. There is no doubt that the induction of this missile, the fastest cruise missile in the world, will significantly beef up its defence capabilities. But Brahmos is a joint venture between India and Russia and New Delhi needs Moscow's nod before it can sell it to a third country. Given that Russia is almost reduced to the role of China's junior partner, such an approval is unlikely to materialise.

### Back to Akash

Not only does Hanoi want to buy Akash missiles, it also wants an agreement for transfer of technology and local production in that country. India, on the other hand, wants a more graded approach, starting with off the shelf sales of the missile. Talks are also on for the sale of Varunastra anti-submarine torpedoes to the country Defence Minister Manohar Parrikar has described as a "close friend".

### Asian chess board

Till about three years ago, it seemed as if India was willing to roll over and concede Asian hegemony to China. But the election of Narendra Modi as Prime Minister has changed that. To be sure, India is still miles behind China on almost all parameters, but as New Delhi's clinch with Hanoi shows, geo-politics is high stakes long-term game that players with weak stomachs should best avoid.

# INDIA-VIETNAM SNAPSHOT

**Indian companies have been tapping into the vast potential in Vietnam, one of the key countries in the Act East diplomacy sphere. Bilateral trade stands at around $5.3 billion, rising from $1 billion in 2007.**

## Indian companies in Vietnam

### 01 TATA group

The incorporation of Tata International Vietnam (TIVCL) in June 2016 marks Tata International Ltd's (TIL) foray into Vietnam. In the initial phase, TIVCL's key lines of business constitute Allied Distribution, Agri Business, and Minerals Trading.

### 02 United Phosphorus

United Phosphorus Vietnam Limited, a fully owned subsidiary, manufactures various herbicides and insecticides in liquid formulations at its Vietnam facility in Amata Industrial Park, Bien Hoa, Dong Nai province.

### 03 Godrej

Godrej (Vietnam), a part of the Godrej Group was established in the Vietnam Singapore Industrial Park, Binh Duong Province of Vietnam on 28 April 1997 and it is one of the leading International Steel Furniture manufacturers in Vietnam.

### 04 KCP Industries

KCP has been involved in developing the sugar industry in Vietnam since the early 1990s by supplying core equipment to various sugar factories and also executing turnkey projects.

### 05 ONGC Videsh Ltd

OVL entered Vietnam as early as 1988, when it bagged the exploration licence for Block 06.1. OVL continues to own 45 per cent stake in Vietnam's offshore Block 6.1.

### 06 Gimpex Group

In 2008, Alliance Minerals, an affiliate of the Chennai-based Gimpex Group, commenced a wholly-owned marble processing plant costing $9.8 million in the northern port Haiphong city.

### 07 Bank of India

In 2016, Bank of India opened its first branch in Vietnam with a capital of $15 million in downtown Ho Chi Minh City.

### 08 Tech Mahindra

In 2015, IT firm Tech Mahindra inaugurated its sales office in Vietnam's capital Hanoi to expand its operations in the country.

### 09 Dr Reddy's

Dr Reddy's Laboratories Co. is located in Ho Chi Minh City, Vietnam. In 2004, Dr Reddy's Foundation, the social arm of the pharmaceutical major Dr Reddy's Laboratories started a Livelihood Advancement Business School (LABS) centre in Hanoi.

### 10 NIIT Ltd

NIIT has established its presence in Vietnam over the past 16 years and has trained more than 50,000 students in Vietnam so far. In 2016, tied up with the University of Danang in Central Vietnam to embed its training programs in the university.

### 11 Marico

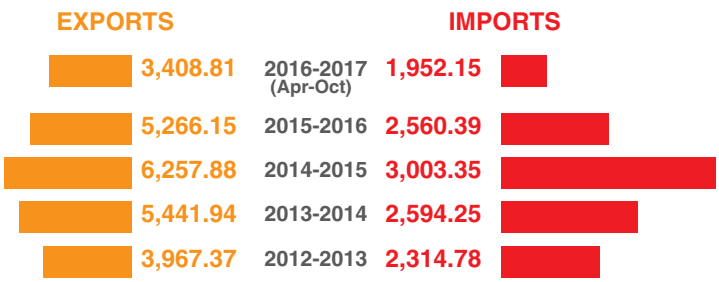
In February 2011, Marico entered the Vietnam market by acquiring an 85% equity stake in International Consumer Products Corporation (ICP), one of the most successful Vietnamese FMCG companies.

### 12 Essar Energy

In Vietnam, the company acquired 100 per cent stake in Block-114 in 2007 with a production sharing contract with the Vietnam government and now holds 50 per cent in the Vietnam block after it sold an equal stake to ENI International BV.

# Bilateral Trade

Amount in US$ mn




# List of agreements signed between India and Vietnam

"I believe that a strong India-Vietnam partnership would lead to prosperity, development, peace and stability for our people, and in the wider region. Vietnam is a strong pillar of India's Act East Policy.

Narendra Modi
Prime Minister of India

"The upgradation of [our] relationship to Comprehensive Strategic Partnership was an indicator of the importance Vietnam attaches to India.

Nguyen Xuan Phuc
Prime Minister of Vietnam

- Framework Agreement on Cooperation in the Exploration and Uses of Outer Space for Peaceful Purposes
- Protocol for Amending the Agreement on Avoiding Double Taxation
- Program of Cooperation in UN Peacekeeping Matters
- MOU on Health Cooperation
- MOU on Cooperation in Information Technology
- MOU on Cooperation between the Vietnam Academy of Social Sciences and the Indian Council of World Affairs
- MOU on cooperation in Cyber Security
- MOU between the Bureau of Indian Standards and Directorate for Standard, Metrology and Quality for Cooperation in the Fields of Standardization and Conformity Assessment
- MOU on Establishment of the Centre of Excellence in Software Development and Training
- Technical Agreement on Sharing of White Shipping Information
- Contract for Offshore High-speed Patrol Boats

# Blockchain: The biggest revolution in my lifetime

by Amit Bhardwaj


Amit Bhardwaj, Founder, GBMiners

The technology underpinning the digital currency Bitcoin has created a sensation around the world. Here an expert in the field delves into what blockchain really means for Indian companies with a global outlook.

Lot of talk and debates have happened in 2016 about various use cases of blockchain in different industries and sectors. Multiple high profile institutions across the globe have been doing R&D of what is possible with blockchain and where it can help industries to save cost, improve efficiency or make more robust systems.vv
In September 2015, after a survey with more than 800 executives, World Economic Forum (WEF) reported that 10 per cent of world's GDP will be overseen by blockchain by 2027. That would be trillions of dollars on the blockchain.

My personal belief is that blockchain is one of the biggest revolutions by mankind that I would see in my lifetime. I say that for a lot of reasons and among them, the biggest one is that the blockchain technology has given mankind a solution to a problem which was never solved before. The problem was that how do we make such systems where we do not need to trust the owner, creator or the operator of the system for the system to run (function) in a reliable manner.

In our pre-bitcoin world, we relied on banks to take care of our money and we trusted them with our money, and more often than not these institutions have withstood and have done justice to our trust in them. But essentially, whenever we are trusting a bank (whether retail or investment), we are fundamentally assuming: a) they have the capability to do justice to our money/trust and b) that they have the right intentions, to not betray our trust. All of us are well aware of examples where banks either lacked the capability to do justice to our trust in them, including cases of India's biggest public sector banks lending millions to individual without the appropriate documentation or collateral. It was indeed a wonderful move by the Indian government to recapitalise the banks by demonetisation and essentially improve their Cash Reserve Ratios.

We have no clue if the Indian public sector banks might have collapsed owing to exceptionally high non-performing assets (NPAs), and this would have happened not because of their mal-intentions but because of their inability to stand-up to the average man's trust in their capability to keep his money safe. While on the other hand, we have seen enough examples of trust being betrayed by financial institutions in the Western

world owing to mal-intentions of the very men running the institutions. Hence, for all those matters that really matter, we have learned that humans are inherently unreliable and untrustworthy. Any system whose unique selling proposition or critical point of failure is human trust is more than likely to fail today or tomorrow, either owing to lack of capability or due to mal-intention. While we also know that trust is a paramount necessary characteristic of any trade of exchange of value, and this conundrum had kept the most talented brains of humanity busy for years.

And it is only recently, in 2008, that this fundamental problem was solved: how we can remove reliance on human trust for exchange or store of any value and this solution was presented not just theoretically but also demonstrated with a real world application, which we now know as our beloved bitcoin.

This for me is the most beautiful thing about blockchain technology, that it has been able to remove the need to trust humans, to store, record or even trade anything of value or importance, ranging from a school diploma to the huge amount of wealth. And when trust is placed in computer verifiable mathematical equations, few very, very wonderful things happen, two of them being;

a) It becomes very easy to scale these systems
b) The cost of establishing and proving trust goes down, i.e. creating trustworthy system becomes very affordable.

What the above means is that anyone who understands the principals of blockchain is able to create institutions of trust at an exceptionally lower cost, both in terms of time (also known as, experience, here) and money. This leads to the creation of, alternate banks or institutions with a bank like trust, in various sectors or industries of human storage/trade of value/importance, by young entrepreneurs, with very little capital or social reputation to show. For example: anyone with a publicly mathematically verifiable decentralised ledger/database can create a bank for college degrees, land records, public distribution systems, public health records, intellectual property rights and so on and on, as long as it is of value to


**BLOCKCHAIN TECHNOLOGY HAS GIVEN MANKIND A SOLUTION TO A PROBLEM WHICH WAS NEVER SOLVED BEFORE. THE PROBLEM WAS THAT HOW DO WE MAKE SUCH SYSTEMS WHERE WE DO NOT NEED TO TRUST THE OWNER, CREATOR OR THE OPERATOR OF THE SYSTEM FOR THE SYSTEM TO RUN (FUNCTION) IN A RELIABLE MANNER.**

anyone, ranging from an individual to a private organization to a government.

These banks, devoid of human trust and hence devoid of possibilities of central failures, which are being created every moment by really, really smart young entrepreneurs who understand Satoshi Nakamoto's invention or rather a solution, have the potential to change the world completely the way we see it.

Banks that take care of money, wealth, as institutions have been responsible for tremendous growth of mankind in the past 300 years; it is because of them that the present capital market system exists; it is because of them that we have this huge private equity market; and it is because of these private equity firms that we have absolutely wonderful companies like Facebook, Uber, Airbnb and thousands of others that are changing our lives majestically; and it is also because of them that we have this flourishing spirit of entrepreneurship across the globe.

Now imagine if we had banks in all the various sectors/industries ranging from education to healthcare, to insurance to real estate to food to pharmaceuticals, to genomics to intellectual property, whether it is music or scientific innovation. How fast would all these industries grow, how steep would the rate of innovation be in all these industries if they had infallible banks, repositories of information which all individuals, organisations and governments and even judiciaries trusted and agreed on.

Blockchain companies are laying down such an environment and infrastructure of innovation at this very moment across the globe. And mankind would enter an era of an imaginable rate of innovation when this infrastructure is laid out.

And it is for the above reason that I am backing Satoshi Studios, to help young visionaries establish the infrastructure of innovation across various industries in South East Asia and also launching a venture capital fund to help these brave young men and women.

A post-blockchain world where we will take the blockchain infrastructure for granted will be so much more beautiful and efficient. Just as the present post-internet world, where we take the internet for granted is so much more beautiful and infinite than the world without internet.

Amit Bhardwaj is the founder of GBMiners, India's first bitcoin mining pool and the world's second-largest pool outside China. He is building an ecosystem of products on Bitcoin, Blockchain and Cryptocurrency.

# India makes its mark in the emerging markets

**The fast-growing markets of Africa and the Middle East remained a focal point for Indian firms on a global mission.**

## Godrej takes over Kenya's Charm

Indian FMCG major Godrej Consumer Products Ltd (GCPL) has acquired the remaining 49 per cent stake in Kenya-based Charm Industries Ltd.

The acquisition is part of the company's efforts to scale up its wet hair-care business in East Africa.

Charm Industries is part of the Darling Group in which GCPL had acquired 51 per cent stake in September 2011. For the financial year 2015-16, Charm Industries posted a turnover of $1.85 million.

According to Godrej, the transaction would be completed with "immediate effect" as "no approvals" are required. The buyout is in cash, however, GCPL has not revealed the amount for which it has bought the remaining 49 per cent shares.

"The consideration is payable in cash. In view of confidentiality, the amounts are not disclosed," GCPL said.

The Mumbai-based company has made several other overseas acquisitions this year.

## Cipla sets up JV in Iran

Cipla, through its Netherlands-based wholly-owned subsidiary Cipla Holding BV, has entered into an agreement with Ahran Tejarat Company to form a joint venture in Iran.

As per the agreement, Cipla will hold 75 per cent stake in the JV, while the Iranian partner will own the remaining. Cipla will invest approximately €16.875 million in the JV, which will set up a manufacturing facility for pharmaceutical products in Iran.

As per the agreement, Issat Company, an existing company in Iran and currently owned by Ahran Tejarat, is to be used as the joint venture company for the purposes of this transaction.

The JV proposes to undertake manufacturing and marketing of pharmaceutical products in Iran.

Cipla Netherlands will initially acquire a 75 per cent stake in Issat Company from the JV partner for €1.35 million payable in cash and the balance of up to €15.5 million is expected to be infused by Cipla Netherlands into Issat Company as equity over the next one year.

The acquisition is expected to be completed by March 2017, subject to completion of precedent conditions and regulatory approvals.

## India's PVR in Korean tie-up


One of India's biggest multiplex chain operators, PVR, has partnered with South Korea's CJ 4DPLEX to add another 10 4DX screens to its network in major cities like Bengaluru and Mumbai.

The company signed an agreement with CJ 4DPLEX to add 10 more 4DX screens at 'CineAsia 2016' in Hong Kong and had launched its first 4DX site theatre in New Delhi in March 2016 in partnership with CJ 4DPLEX.

A PVR statement said: "Through this roll-out agreement, PVR cinemas will retain its position as the largest provider of 4DX in India with 11 theatres. The new roll-out includes installation of 4DX in PVR Cinemas' highest grossing theatres in prime PVR locations in Bangalore and Mumbai."

The 4DX concept includes motion, wind, lightning, vibration, fog, rain, snow, rainstorm and scents. It also offers a complete visual, aural, olfactory and tactile experience to cinema viewing.

At present, PVR operates 557 screens at 121 properties in 48 cities across India.

## Adani plans Australia solar plants

Indian mining and energy giant Adani Group plans to kick start work on solar plants in Central Queensland, Australia, by next year.

Adani has secured land agreements for the site south-west of Moranbah, which is expected to generate up to 200MW of electricity. That would be the equivalent to powering about 32,000 homes.

The company plans to begin construction on the large-scale solar plant in 2017, which is in addition to its planned Carmichael coal mine in the Galilee Basin.
The Adani group aims to develop renewable energy projects in Australia with a total capacity of 1,500 MW within the next five years.

The group's head of Australian operations, Jeyakumar Janakaraj, said: "Coupled with the company's $3.3 billion of investment to date across its mine, rail and port projects in Queensland, Adani's plans to pursue solar investment opportunities reflect the confidence the company has in the Australian market.

"This reflects both Adani's commitment as a diversified energy and infrastructure company in India and a leading solar generator in that market, and the company's plans to build a long-term future with Australia."

The environmental organistaion Mackay Conservation Group has welcomed Adani's decision to announce a 100 to 200 MW solar farm in Central Queensland.

## Sheela Foam eyes Middle East

Sheela Foam, makers of Sleepwell mattresses, is planning to make an entry into the Middle East market.

The Ghaziabad, Uttar Pradesh, registered hotel hopes to tap into the Indian diaspora market of the region as it eyes double digit growth in exports over the next two to three years.

Sheela Foam managing director Rahul Gautam said: "In Middle East region, brand is registered there and we would be able to send material there. Although, transport cost for mattress is very high but fortunately for places as Dubai charges are reasonable."

The firm has a presence in the neighbouring markets of Nepal, Bhutan, Bangladesh and Sri Lanka.

Sheela Foam launched its initial public offering (IPO) this week, which received a mixed response in the Indian markets.

## HCL partners with Oman telecom firm

Indian software firm HCL Infosystems has announced its foray into Oman after signing a Memorandum of Understanding (MoU) with Omantel, a significant player in telecom and related services in the Arab nation.

Under the terms of the MoU, Omantel and HCL Infosystems will collaborate to facilitate IT transformation involving a range of services including enhancing Internet of Things (IoT) and Machine to Machine (M2M) infrastructure, delivering e-services, portal content management, and enhanced levels of network optimisation and security.

Talal Said al Mamari, CEO of Omantel, said, "At Omantel, we continue to be innovators and pioneers of new technology in the sultanate. Therefore, it is vital that we create new synergies with industry leaders to deliver the next generation of services and innovations for the continued evolution of Omantel's 3.0 transformation strategy.

"The agreement with HCL Infosystems demonstrates our objective to spearhead the digital transformation in Oman; raising awareness on smart homes, innovative business and e-government services. HCL Infosystems will work closely with Omantel's newly formed ICT unit to achieve the objectives set out in the agreement." Premkumar Seshadri, executive vice-chairman and managing director, HCL Infosystems Ltd, said: "With a four-decade legacy of pioneering technology innovations, HCL is proud to now enable digital transformation in Oman.

"We are pleased to partner with Omantel, a leader in telecommunications services in the region, to provide innovative digital offerings and e-government solutions in Oman."

# India needs a meaningful bond market

Parag Saxena is the CEO of New Silk Route Partners, one of India's largest Private Equity (PE) funds with a primary focus on India and the Southeast Asia markets. He tells 'India Global Business' about the company's journey since inception in 2006 to becoming a leading Asia-focused growth capital firm with $1.4 billion under management.

**How is New Silk Route contributing to the Indian growth story?**

New Silk Route was formed with the belief that as India's GDP per capita grows, the scope to fulfil the basic needs of the country's large part population will also grow. Our investments have therefore been structured around themes that meet these various needs.

We have a million people graduating every month. If we don't find good jobs for them, we will turn what the world regards as our demographic dividend into a demographic disaster. Education and skill development is a crucial theme for us.

In our fund right now, we have one of the largest companies in the tutoring business. They tutor children for medical school and engineering entrance examinations. The period that we have been an investor in the company in the last five years or so, they have significantly increased the number of students that they are providing services to – now nearly half a million. And, the company itself is succeeding and is one of the major successes of our portfolio. Skill development is a very frequently used word but not enough is being done about it.

**What are some of the other key sectors of focus for your portfolio of investments?**

Health and investments in the generic pharmaceuticals sector, for domestic use and export to various overseas markets, is an important area. We recently got US FDA [Food and Drug Administration] and European approvals to start selling products made in Chandigarh. We are specifically looking for opportunities in the digital health area.

There are a lot of opportunities for many companies in areas of early detection, monitoring and diagnosis and we are spending a lot of research time on these areas. It is important to educate people on prevention and early detection related aspects of healthcare. In the field of communications, we will look to build cellular towers – from nearly nothing we have around 5,000 towers.

We expect a lot of activity in the e-commerce sector, covering areas of lending, insurance, manufacturing – these are all areas which will be impacted by young companies

challenging the status quo of large companies.

Reliable communications will have a meaningful impact.

I especially feel the need in India for a bond market as we need to improve the ability to borrow. It will accelerate many businesses in the country.

**What are some of the firm's highlight projects outside India?**

The bulk of our capital is invested in India and we have investments in the field of schooling in countries like Bangladesh, the UAE and Philippines. We also have a telecom investment in Bangladesh.
We will continue to invest across South Asia. The focus is on the Indian subcontinent as well as other rapidly growing economies in Asia and the Middle East.

**How would you define the ethos of the firm?**

Our goal at the founding and today remains to become one of the automatic voices that people utilise when they want to invest in the region. We have had a lot of visits, particularly recently, from the US and Canada and other markets in Asia and Australia keen to find out about our future plans.

The bulk of the capital has been organised and now the company is primarily focusing on returning capital to the existing investors through successful liquidity events. The company's goal is to continue building on the momentum of the recent successes, with three successful IPOs and one sale.

**Are there some uniquely Indian factors PE firms should be wary of?**

In India, when it comes to the venture capital business, we need to think much more about building scale. It is very challenging because there are lots of regulations but the arrival of GST [Goods and Services Tax] will simplify a lot of this.

In India, we are still scattered and you can't just take a truck across the border. It is not seamless like in the West.

Getting companies finance at a good rate is also a challenge unique to India. There is a need for a meaningful bond market, which remains uniquely absent. A lot has happened in the last few years. The first step is to establish a good bankruptcy rules. When our bond market equals the equity market, we can say that we are on the way. Right now, it is only a small fraction.

We have some excellent laws, which need to filter through.

Parag Saxena is Founding General Partner and CEO of New Silk Route Partners.

# India: The world's friendly drug supplier

by India Inc. staff

The Indian pharmaceutical industry is holding on to a sliver of hope that it could become the supplier of choice for the US market.

Indian IT sector CEOs aren't the only ones weighing every word uttered by US President Donald Trump for nuances and burning the midnight oil wondering how to maintain their lead in their largest market.

IT's less glamorous but equally successful knowledge sector cousin, the Indian pharmaceuticals industry, is also worried about how the new US administration's "America First" policy will impact its top and bottom lines.

## Fear and opportunity

Their fear: Trump may push US Big Pharma's agenda and push India to adopt a patent regime that blatantly privileges the profits of western companies over health concerns in the rest of the world.

But they also see a slim sliver of silver lining in Trump's demand that US drug companies stop charging astronomical rates for medicines. The feeling is that since Indian pharma companies produce and sell generic versions of off-patent drugs at a fraction of the prices charged by Big Pharma, the US President could turn to them as suppliers if only to put pressure on his homegrown CEOs to cut prices.

## New markets

The US remains, by far, the biggest market, accounting for about 50 per cent of the Indian pharma industry's annual exports of $16 billion. That will continue for some time, though the going is expected to become more difficult under a Trump presidency. But, according to a McKinsey & Co report titled 'India Pharma 2020: Propelling access and acceptance, realizing true potential', growth in developed markets will slow and the Indian market, along with those in China, Brazil and Russia, will fuel the growth of this industry.

**THE INDIAN PHARMA INDUSTRY, WHICH HAS EARNED A REPUTATION FOR MAKING CHEAP GENERIC VERSIONS OF OFF-PATENT DRUGS, CURRENTLY SUPPLIES 20 PER CENT OF THE WORLD'S GENERIC MEDICINE EXPORTS IN VOLUME TERMS.**

## Doubling in size

That same report notes that the Indian pharmaceuticals industry has been growing at 13-14 per cent over the last five years and predicts that the market will more than double in size to $55 billion, "driven by a steady increase in affordability and a step jump in market access."

At that level, the Indian industry, currently the third largest in the world in volume terms and 13th largest in value terms, will be behind only the US, Japan and China, says a report by Equity Master, but more on that a little later.

The world's friendly drug supplier
The Indian pharma industry, which has earned a reputation for making cheap generic versions of off-patent drugs, currently supplies 20 per cent of the world's generic medicine exports in volume terms.

The main markets for these drugs, including many life-saving HIV-AIDS formulations as well as drugs to treat cancer, tuberculosis and other deadly diseases, is Africa.

"The UN-backed Medicines Patent Pool has signed six sub-licences with Aurobindo Pharma, Cipla, Desano, Emcure, Hetero Labs and Laurus Labs, allowing them to make generic anti-AIDS medicine Tenofovir Alafenamide (TAF) for 112 developing countries," the IBEF website said.

This, and other such steps to make life-saving drugs available to the world's poor, has generated tremendous goodwill for India, especially in Africa.

## Spreading wings

Not satisfied with only exporting affordable drugs to nations across the world, Indian drug manufacturers, from big names like Sun Pharmaceuticals, India's largest

pharma company, which has been buying foreign pharma companies in the US, Western Europe and Russia, to little known ones like Intas Pharmaceuticals, which recently made splash when it bought Teva's assets in the UK and Ireland for $764 million.

India's pharma czars have carefully followed a string of pearls acquisition policy, mostly buying up foreign rivals to facilitate entry into some markets or to fill up gaps in their portfolio. Companies such as Lupin, India's third largest drug maker, Cipla, Glenmark, among others, have all expanded into the developed markets of the West in the face of stiff competition from global rivals.

Indian companies will continue to employ this strategy, which has paid rich dividends over the years.

## Make in India success story

Much before Make in India was launched as a mission by the Narendra Modi government, Indian pharmaceutical companies were doing precisely that, braving strong pressure from the Big Pharma lobby in the US and the EU, which accused it, unfairly, of patent infringements and IPR theft.

Then, Indian companies also had to fight and defeat efforts by large western multinational drug makers to evergreen their patents – change one or two ingredients in a drug that was about to go off patent to increase their period of exclusivity.

This ongoing David versus Goliath battle – even large Indian pharma companies such as Sun Pharma are still small compared to the global behemoths – has instilled in Indian pharma executives a rare fighting spirit and given them a battle hardened edge in their fight for domination of poor and under-penetrated markets.

This is, perhaps, the only manufacturing sector in which India enjoys a relative competitive advantage vis-à-vis China. The country also leads China in pharma exports, with year on year growth of 11.44 per cent, according to Government of India data.

## Increased competition at home

The Indian market is unique in that branded generics manufactured by domestic companies dominate the market with an 80 per cent market share by value. This market is projected to grow at 15 per cent per annum till 2020, easily outperforming the global market, which is likely to grow at one-third this pace.

Not surprisingly, every global major wants a bite of this market. The Indian Cabinet recently eased foreign investment norms in the pharmaceutical sector, allowing foreign rivals to buy up to 74 per cent stake in Indian companies under the automatic route and stakes beyond 74 per cent with government approval. Following the relaxation of FDI rules, China's Fosun Pharmaceutical is buying Hyderabad-based Gland Pharma for $1.26 billion and US-based Baxter International has an agreement to buy Claris Injectables for $625 million.

Analysts expect many more such deals to take place in the future. This will increase the already intense competition among domestic companies by several notches.

## Consolidation

Competitive pressures will force the highly fragmented Indian pharmaceuticals industry to consolidate. The stronger, larger players will buy up smaller rivals, not only to win marketshare but also to prevent rivals from beefing up their presence.

At least two analysts whom India Inc spoke to expect the industry to reach that phase very soon.

When that trend plays itself out, India may be left with three or four large domestic players and a few smaller companies catering to specialised niches in the market.

## The future

The road ahead will be very tough and much more competitive than before, but the winners will be able to tap a market that could grow to $100 billion by 2025 driven by rapid urbanisation, increased consumer spending, the spread of health insurance and rising awareness about health and wellness issues.

# AFFORDABLE BIO-PHARMA INNOVATION THAT IS MADE IN INDIA

**Kiran Mazumdar-Shaw is a consistent presence on definitive global lists as one of the world's most powerful women. As the Chairman and Managing Director of Biocon Limited, she is a trendsetter in the field of biotechnology in India. Here she takes time out for 'India Global Business' to give us an insight into her entrepreneurial drive and India's own biotech journey.**

**How has India's biotech sector grown since you entered as a pioneer in the field?**

The Indian biotech industry has grown exponentially since the seventies, when I started Biocon with the objective of manufacturing bio-enzymes which were eco-friendly and helped in replacing industrial chemicals in order to 'Green the world'.

Over the years, entrepreneurs have used innovative techniques to launch a wide variety of products with applications in healthcare, diagnostics, agriculture, industry etc. Leveraging the power of biotechnology, India has achieved critical mass in recombinant technology based agricultural and pharmaceutical products. India has thus emerged as the world's largest vaccines producer, global scale insulin manufacturer and the world's largest supplier of genetically modified cotton. It is estimated that enabling policies can create a favourable business environment capable of generating biotech revenues of $100 billion by 2025.

India's bio-economy is estimated to be at $35 billion currently, of which Biopharmaceuticals & Diagnostics account for nearly $19 billion.

Agricultural biotechnology is worth $ 9 billion, while Bio-services, Industrial BT, Biofuels and Bioinformatics contribute the balance $7 billion.

However, when I started Biocon in late 1970s, it was a total different ball-game since biotechnology as a science was unknown. The success of biotechnology in India then was a distant dream due to challenges associated with funding, availability of talent and long gestation period. For a very long time after I started, the investor community was reluctant to invest in biotech.

The government of India had set up the Department of Biotechnology (DBT) under the Ministry of Science and Technology in 1986 with the aim of encouraging the fledgling Biotech Industry in the country.

Since then, India has emerged as a thriving centre of biotechnology, with Bangalore being the vibrant Biotech hub due to the availability of high-end scientific talent pool and an enabling ecosystem.

**BIOCON HAS BEEN DRIVEN BY ITS MISSION TO DEVELOP AFFORDABLE BIOPHARMACEUTICALS FOR CANCER, DIABETES AND AUTOIMMUNE CONDITIONS AND IS COMMITTED TO TAKE SAFE, EFFICACIOUS AND AFFORDABLE DRUGS TO COUNTRIES CHALLENGED WITH A RISING INCIDENCE OF NON-COMMUNICABLE DISEASES (NCDS).**

**Which are some of the geographies Biocon has a strong presence in?**

Biocon has been driven by its mission to develop affordable biopharmaceuticals for cancer, diabetes and autoimmune conditions and is committed to take safe, efficacious and affordable drugs to countries challenged with a rising incidence of non-communicable diseases (NCDs). Our commercial footprint now stretches across 120 countries, including emerging markets and key developed markets like Japan, Europe and USA.

We are a leading producer of statins and immunosuppressants, with 'one in three' statin pill sold anywhere in the world containing the drug substance made by Biocon. We are also the fourth largest insulins producer, serving the needs of patients across the globe. Our ready-to-use prefilled Insulin Glargine pen launched in Japan last year has been fast gaining market share due to the increasing acceptance among patients and physicians.

**What are some of the company's future global expansion/acquisition plans?**

Biocon is among the pioneers in bringing the benefit of high quality, yet affordable insulins and biosimilars to thousands of patients in India. Having developed and launched five biosimilars in India, we are now leveraging that experience to take our robust portfolio of biosimilars spanning human insulin/insulin analogs, monoclonal antibodies and other biologics with an addressable market size of over $60 billion to a global patient population.

We are now preparing to extend the benefits of our 'highest quality at lowest cost' affordable healthcare model to address the unmet needs of patient populations in developed markets. For this, we have laid the foundation through strong development capabilities, world-class manufacturing facilities, unblemished track record of quality compliance and strong global and regional partnerships.

With the commercialisation of our new Malaysia facility, designed as Asia's largest integrated insulins manufacturing plant, we are on track to become one of the world's largest insulin producers. Our aim is to provide our affordable insulins to 'one in five' insulin dependent people with diabetes, over the next few years.

**Is Trump's negative rhetoric on drug production in countries like India a concern for the bio-pharma industry?**

The Indian pharma industry has for decades contributed significantly to contain and bring down healthcare costs in the US by supplying high-quality yet affordable generic drugs to the country. The US bought $4.74 billion, or over a third of the $12.54 billion worth of drugs exported by India in 2015.

With India now emerging as a leading global supplier of biosimilars, biopharma companies are well-placed to address the unmet need for


> BIOCON HAS HARNESSED THE POTENTIAL OF BIOTECHNOLOGY TO INCREASE AFFORDABLE ACCESS TO HIGHLY COMPLEX BIOPHARMACEUTICALS.

more affordable versions of biologic products around the world including the US.

If controlling healthcare costs is a priority for the new administration, I believe the Indian pharma industry is already aligned with US President Donald Trump's vision. Mr Trump would focus on introducing new pricing models that will make expensive innovator drugs more affordable. Considering the fact that India offers a low-cost innovation and manufacturing hub and India-made generics sometimes cost almost one-tenth of branded drugs sold in the US, we are likely to be least affected by the anticipated policy changes.

**How far do you feel Biocon is succeeding in your mission to make medicine affordable to the poorest of the world?**

Biocon has harnessed the potential of biotechnology to increase affordable access to highly complex biopharmaceuticals like Insulins and Antibodies for the benefit of people with diabetes and patients suffering from cancer.

We entered the diabetes space over a decade back, when the disease was assuming epidemic proportions in India but treatment was by and large inaccessible to most due to the high cost of imported products. We, therefore, developed a recombinant human insulin (rh-Insulin) through an innovative proprietary fermentation technology, which allowed us to make a significant difference to diabetes management in the country and expand access to insulin to a much larger patient pool by making it affordable. We also launched Basalog®, a long-lasting basal Insulin Glargine for Type 1 & Type 2 diabetes, at an affordable price point in 2009.

In our quest to make cancer care affordable, we developed and introduced BIOMAb EGFR® for head and neck cancer patients in 2006. This affordable novel monoclonal antibody therapy developed by Biocon is considered the best available treatment in its class of drugs given its efficacy and superior safety profile in terms of minimal skin toxicity.

In 2014, Biocon introduced yet another affordable therapy for breast cancer in India. CANMAb™, the world's first follow-on Trastuzumab, provided enhanced access to an affordable treatment for patients suffering from an aggressive form

of breast cancer in India. Several thousand patients have benefited from Biocon's drug since then.

At Biocon, we believe that innovation should go hand-in-hand with affordability – it is only when the benefits of research reaches the person on the lowest rung of the economic ladder that it can be considered to deliver true value.

**What have been some of your high points as the chief of India's leading biotech firm?**

There have been several high points in this journey, including the Indian government's decision to confer the Padma Shri and the Padma Bhushan for my pioneering work in biotechnology.

Another milestone that I am proud about is Biocon's record-setting IPO in 2004. On the day Biocon debuted on the stock market, its market capitalisation soared to $1.11 billion, making it only the second Indian company to cross the $1 billion mark on the first day of listing. Our ability to create long-term value for our shareholders was proven once again when Syngene's market capitalisation crossed $1 billion within a week of its listing on 11 August 2016.

In between the two market listings, Biocon has made a big difference to the lives of millions of patients suffering from chronic diseases in India by launching two novel biologics – one for cancer and the other for psoriasis – and five biosimilars.

**Is India on track to become a globally recognised research and innovation hub in the sector?**

There have been several high points India is now ranked among the Top 12 biotech destinations in the world and second in Asia. Already a biotech hotspot, India has all that it takes to become a global biotech innovation hub. Its competitive edge lies in its large, qualified English-speaking scientific talent pool, production costs that are roughly a third of that in the West, a network of reputed research laboratories, state-of-the-art pharmaceutical labs, global scale manufacturing facilities and bio-diversity.

India now needs to create an optimal ecosystem to enable its evolution into the preferred destination for biotech innovation.

**On a personal note, what continues to motivate you on a daily basis?**

I personally believe that 'right to health' should be the fundamental right of every human being. But, unfortunately, that's not the case. The world over even basic healthcare facilities are a distant dream for the poor and underprivileged.

I am driven by the belief that the pharmaceutical industry has a humanitarian responsibility to provide affordable access to essential drugs for patients who are in need.

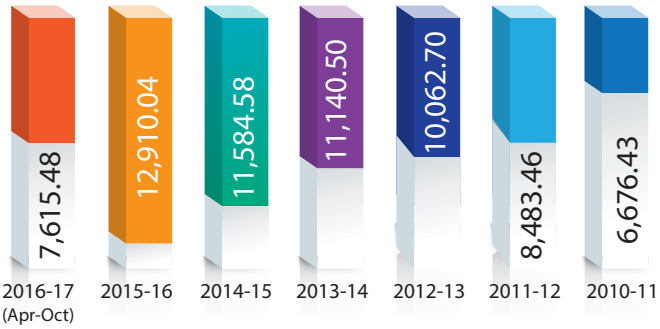
My vision for our research programmes for treating diabetes and cancer is to bring transformative change in treatment paradigms.

I am therefore focused on leveraging affordable innovation to develop high quality cost effective drugs with a 'Made in India' label that can change the lives of billions of patients around the world.

# INDIAN PHARMA'S JOURNEY IN THE GLOBAL MARKET

## Indian Pharma Exports

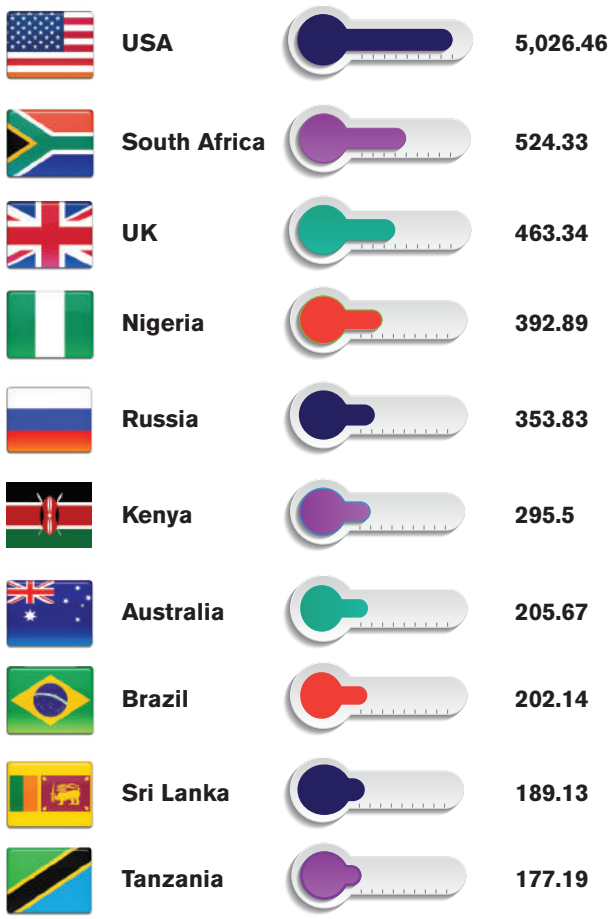
Amount in US$ mn




Source: Indian Ministry of Commerce and Industry, Department Of Commerce

## India's Pharma Export Destinations FY 2015-16

Exports (Values in US$ Million)




## Indian pharma in global markets

- Indian pharmaceutical sector accounts for about **2.4 per cent** of the global pharmaceutical industry in value terms and **10 per cent** in volume terms
- India accounts for **20 per cent** of global exports of generics
- India is the largest provider of **generic medicines** globally; expected to rise even further in coming years
- Indian drugs are exported to more than **200 countries** in the world
- The **US** is the largest market for India
- Indian pharmaceutical exports have grown at a CAGR of **14 per cent** during FY12–15
- India is the **third-largest** global generic API merchant market in 2016
- Indian pharma industry accounts for the **second largest number of Abbreviated New Drug Applications (ANDAs)***
- India is the world's leader in **Drug Master Files (DMFs)*** applications with the US
- By 2020, India is likely to be among the top three pharma markets in terms of growth & **sixth largest market** globally in absolute size
- India's **cost of production** is significantly lower than that of the US and almost half of that of Europe, giving Indian companies a competitive edge

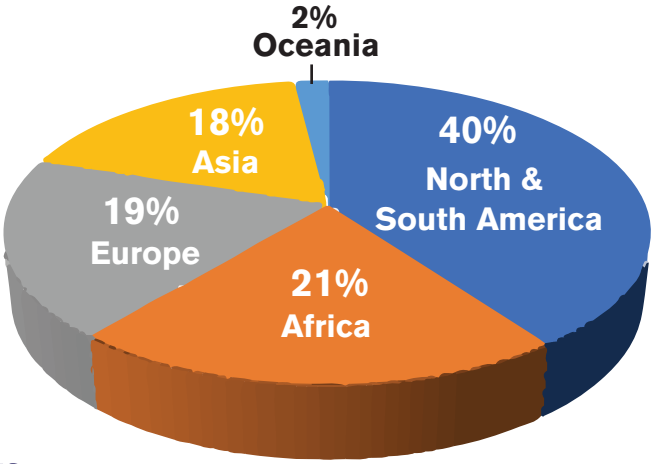
*ANDAs are the first stage before approval for manufacture of generic drugs

*DMF is a document containing complete information on a finished drug dosage

**The Indian pharmaceutical industry is the world's third largest in terms of volumes and has been on a consistent growth trajectory in recent years. Here we present a broad outlook of the sector's global ambitions.**

## Indian Pharma Exports FY 2016

North & Sourth Americac constitutes to be a major chunk of exports for FY 2016.




## Recent Indian Overseas Investments

### Cipla

- Acquired two US-based generic drug makers, InvaGen Pharmaceuticals Inc and Exelan Pharmaceuticals Inc, for $ 550 million
- To invest Rs 600 crore ($89 million) to set up a biosimilar manufacturing unit in South Africa to make affordable cancer drugs
- To set up a 75:25 JV with Ahran Tejarat Company for manufacturing and marketing of pharmaceutical products in Iran at an investment of €16.9 million via its subsidiary in Netherlands

### AUROBINDO

- To acquire Generis Farmaceutica SA of Portugal from private equity firm Magnum Capital Partners for €135 million (Rs 969 crore) in an all cash deal.

### Cadila Healthcare Limited

- To acquire California-based specialty pharma company Sentynl Therapeutics for $171 million
- Zydus Cadila acquired six brands from global pharma major MSD and its subsidiaries for an undisclosed sum

### LUPIN PHARMACEUTICALS, INC.

*Research Driven. Quality Committed. Customer Focused.*

- Completed the acquisition of US-based GAVIS Pharmaceuticals in a $880-million deal to expand its pipeline in dermatology, controlled substances and high-value specialty products.

### Emcure

SUCCESS THROUGH INNOVATION

- Acquired Canada's International Pharmaceutical Generics Ltd & its marketing arm Marcan Pharmaceuticals.

### INTAS

- Acquired Actavis, the UK & Ireland generics businesses of Teva, for £603 million

### Dr.Reddy's

- A strategic collaboration with Gland Pharma to market and distribute a diverse portfolio of eight injectable abbreviated new drug applications (ANDAs).

# Pharma sector makes its mark on the world

**Some of India's leading pharmaceutical majors made their mark with acquisitions in recent months.**

## Aurobindo Pharma buys Portugal firm

Aurobindo Pharma has announced the acquisition of Portugal's Generis Farmaceutica SA.

The Hyderabad-based company said a definitive agreement was signed by its step-down subsidiary, Agile Pharma, Netherlands. The acquisition will be from Magnum Capital Partners for an all-cash deal, the company said.

It will include a manufacturing facility in Amadora, Portugal, which has the capacity to produce 1.2 billion tablets or capsules annually. After the acquisition, the Aurobindo Group will be the largest in the generic pharmaceutical market in Portugal, with a portfolio of 271 generic products.

Generis has a wide portfolio of products, with a major share in therapeutic areas such as cardiovascular, central nervous system, anti-infective, and the genitourinary system.

Aurobindo expects to complete the deal by next month, after the Portuguese Competition authorities clear the deal.

## Zydus Cadilla buys US brands

Ahmedabad-based drug major Zydus Cadila, through its wholly-owned subsidiary Zydus Healthcare Limited, has acquired six brands from global pharma major MSD and its subsidiaries for an undisclosed sum.

The brands include Deca-durabolin, Durabolin, Sustanon, Multiload, Sicastat and Axeten range, which fall in the men's health, women's health, cardiovascular and wound management therapy segments.

The company said in a statement that the deal includes the transfer of distribution and commercialisation rights and assignment of trademarks of all the six brands to Zydus Healthcare Limited in India.

As part of the deal, Organon (India) Private Limited, one of the legal subsidiaries through which MSD operates its business in India, has also transferred the distribution and commercialisation rights for Deca-Durabolin and Durabolin to Zydus for Nepal.

Merck is known as MSD outside the United States and Canada. It operates in areas including prescription medicines, vaccines, biologic therapies and animal health products and has a presence across 140 countries.

## Sun Pharma in Russian acquisition

One of India's largest drug manufacturers, Sun Pharmaceuticals, has signed definitive agreements to acquire 85.1 per cent stake in Russia-based JSC Biosintez for around $24 million.

The Mumbai-headquartered firm will also assume a debt of about $36 million as part of this transaction.

Aalok Shanghvi, head of emerging markets of Sun Pharma, said: "This transaction gives us access to local manufacturing capability across multiple dosage forms in Russia, enabling us to serve the Russia pharmaceutical market more effectively."

Biosintez is focused on the hospital segment with annual revenues of around $52 million for 2015. It has a manufacturing facility in Penza region with capabilities to manufacture a wide variety of dosage forms, including injections, blood substitutes, blood preservatives, ampoules, tablets, ointment, creams, gels and suppositories.

According to Sun Pharma, the transaction is likely to be completed by the end of this year subject to the approval of Russian regulators. The Russian pharmaceutical market is pegged at about $10 billion, growing at 7.4 per cent in local currency terms.

Artur Valiev, Sun's Country Head for Russia, said the acquisition signified its commitment to Russia and the Russian 2020 plan for localisation.

India Inc. Founder & CEO Manoj Ladwa opens the Go Global launch session in New Delhi in December 2016.

# INDIAN COMPANIES GO GLOBAL AS JOB MAKERS

**India Inc. has envisioned its first-ever Go Global Expo & Conference 2017 as a hub for Indian companies on a decisive global expansion march as well as new start-ups ready for the leap. Here 'India Global Business' delves into the high-profile launch of the event in New Delhi.**


Panelists (L to R) Siddharth Zarabi, Madhav Shriram, Manjit Rajain, Ritesh Bawri in Pannel Discussion

Audience members at the launch of Go Global Expo & Conference, to be held later this year.

There was a time barely two centuries ago, when India accounted for 21 per cent of global trade and Great Britain barely 1 per cent. At the height of the British Empire, this relative ratio had been turned on its head, with the United Kingdom as the most dominant trading nation in the world with more than a one-fifth share of world trade and India reduced to a peripheral player with only a 1 per cent share.

But the time is ripe for the country to reclaim its lost global trading heritage. And Prime Minister Narendra Modi's flagship Make in India programme has identified the 25 sectors that India enjoys a relative competitive advantage in.

"These were actually based on investors' impulses. We identified those sectors where we had inherent strengths to turn India into a manufacturing hub for those sectors within a three-to-five-to-seven-year horizon. We have frugal engineering as one of our strengths and frugal not only means cheaper but cheaper and better," said Deepak Bagla, CEO of Invest India, India's investment promotion and facilitation agency, speaking at the December 2016 launch of the first-ever Go Global Expo & Conference, being organised by India Inc. later this year.

The day-long launch seminar brought together leading Indian industrialists, bureaucrats, analysts and thought leaders to discuss and brainstorm on globalisation in the Indian context. Putting the seminar and the topic in perspective, Manoj Ladwa, India Inc. founder and CEO, said: "It is an oft-quoted phrase that India is a bright spot in a gloomy and turbulent global economy. We have seen in the last 25 years, the Indian economy gradually going up the value chain of countries around the world to take a premier position as THE place for foreign direct investment (FDI).

"In the UK, where I live and work, India has now emerged as the third-largest foreign direct investor and the largest employer in the manufacturing sector."

**"IN THE US, DESPITE ALL THE CALLS FOR PULLING UP THE DRAWBRIDGE, INDIAN COMPANIES IN THE IT SECTOR ALONE EMPLOY OVER A 100,000 LOCAL WORKERS. IT PROVES THE POINT THAT INDIANS ARE JOB MAKERS AND NOT JOB TAKERS."**

Emphasising that for India to go global is natural, Sunil Kant Munjal, Chairman & Managing Director of Hero MindMine Institute Ltd and one of the leading international businessmen from India, said: "I don't think the question we need to address is whether India can turn global. The question is only how quickly will it get accepted among the leading nations in the world.

Global trade and business is absolutely not new for India. If you go back in history, in many ways, India actually taught the world how to trade, whether it was in spices or fibres and yarn like cotton. There is a long list of what India was doing for world trade in the past.

**Sunil Kant Munjal**
**Chairman & Managing Director of Hero MindMine Institute Ltd**

"Global trade and business is absolutely not new for India. If you go back in history, in many ways, India actually taught the world how to trade, whether it was in spices or fibres and yarn like cotton. There is a long list of what India was doing for world trade in the past."

But what do Indian companies want while reclaiming the nation's global trading heritage?

"The reason a company like ours would go global is… what we want over there is essentially access to better processes, better systems and more efficiencies. Double it up with the huge growth potential of an emerging market where we function, and it becomes a winning combination," said Major Manjit Rajain, Group Chairman of Tenon Group of Companies.

"I would argue that one of the biggest factors that has driven the Pax Indica across the world is the need to have a brand and I think it's more of an emotional need to have a brand that rings and holds true across the world because when it comes to western businesses, we know that branding is something that is taken seriously," said Siddharth Zarabi, Executive Editor, BTVI, formerly Bloomberg TV, who moderated the session on 'What Indian companies want when they go global'. Joining the discussion, Madhav Shriram, Deputy Managing Director of DCM Shriram Industries, which has a presence in three different industries – sugar, tyre cord and pharma, pointed out: "I don't think anybody can give you a one size fits all solution but we can definitely talk about these three industries.

"India is ready to supply sugar technology to the world. In tyre cord, we now have a global market share of almost 10 per cent and we have become part of their indispensable supply chain; so we are working with the various tyre companies in Europe on how to upgrade their products. That's a very unique fit and last but not least is the pharma and chemicals vertical, where we are doing good research and development."

Major Rajain agreed with Shriram that one size does not fit all "very simply because you may be in manufacturing, you may be in different

Invest India CEO Deepak Bagla addresses the event

From the nineteenth century onward, each successive wave of industrial progress has left the world more globalised.

**Ashok Malik**
**Political commentator and Distinguished Fellow, Observer Research Foundation**

industries. We are in the service industry, so ours is a very different model. We run a security company, a facilities management company, mechanical electrical engineering companies, basically companies in the services sector. Therefore, it begs the question: Why should a services company, which has enough opportunities in India, try to go overseas at all?"

Ensuring that his very relevant question didn't remain a rhetorical one, he answered it himself, exposing one of the definitional problems Indians have with globalisation. "The reason we decided to go into what we would call the mature markets was a very simple one. We had a presence in many countries in Asia and some in Africa. But we realised that despite our presence in multiple geographies, we were still not really considered global. It took us sometime to understand that the only way you are really global is when you are present in a mature market," Rajan added.

After a hiatus of almost three centuries, an opportunity to go global has presented itself again. So, are we set for a major global expansion by Indian companies?

Implying that it is an imperative that cannot be avoided, Munjal said: "[Former UN Secretary General] Kofi Annan used to say that talking about deglobalisation is like challenging gravity… the value chain right now is actually staggered across the word. You cannot close that up in one nation; it's not possible.

"You can make an attempt but you won't succeed… [Trying to reverse the trend of globalisation] will create some good political mileage and will also create some local jobs for sure but I don't think you can completely close yourself to global trade; no country can any longer become an island and close itself to the rest of the world."

Elaborating on what Munjal said, Arvind Gupta, Head of the BJP's IT Cell & tech entrepreneur, pointed out that though most iPhones are manufactured in China, the main value, the ownership of the intellectual property and management control lie elsewhere. "Things will happen globally but where the IP lies is where the management control is, and that's where the value gets

Madhav Shriram at the Go Global launch in December 2016

**WE HAVE SEEN IN THE LAST 25 YEARS, THE INDIAN ECONOMY GRADUALLY GOING UP THE VALUE CHAIN OF COUNTRIES AROUND THE WORLD TO TAKE A PREMIER POSITION AS THE PLACE FOR FOREIGN DIRECT INVESTMENT (FDI).**


Panelists (L to R) Ashok Malik, Sunil Kant Munjal, Deepak Bagla, Arvind Gupta at the Go Global Expo & Conference launch.

created," he said. Agreeing with Munjal's contention that globalisation is an irreversible tide, Ashok Malik, political commentator and Distinguished Fellow, Observer Research Foundation, said: "From the nineteenth century onward, each successive wave of industrial progress has left the world more globalised." He accepted that there have been phases in between that some have called deglobalisation but none of these phases has resulted in the tide turning back.

> When we talk about going global, I think what we are really looking at learning from the world is an understanding of what the future holds, which is, in many ways, a jobless future and I think we need to understand when we are looking at investments, we are actually looking at job creation. The threat is automation.
>
> **Ritesh Bawri**
> **Founder, Quantta Analytics plc**

However, Ritesh Bawri, Founder, Quantta Analytics plc, had a slightly different take on globalisation. "When we talk about going global, I think what we are really looking at learning from the world is an understanding of what the future holds, which is, in many ways, a jobless future and I think we need to understand when we are looking at investments, we are actually looking at job creation. The threat is automation."

Shriram also pointed out that unlike Chinese companies, which received the full backing of their state while spreading wings abroad, Indian companies have mostly got little or no official support till the Narendra Modi government came to power.

"We hope that the Government of India can at least give us some kind of comfort when we are investing abroad. I think this present government is making changes in the way our embassies function. Now, the government and the relevant embassies say yes we are here for you. The focus is on economics more than just meandering negotiations at the top between diplomats. The change is happening," he admitted.

Countering the popular narrative in the US that Indian IT companies, the most visible beneficiary of the country's march to globalisation, are shrinking opportunities for US citizens, Ladwa said: "In the US, despite all the calls for pulling up the drawbridge, Indian companies in the IT sector alone employ over a 100,000 local workers. It proves the point that Indians are job makers and not job takers."

Urging all stakeholders to come together for the cause of globalisation, he added: "This is an opportunity to create a joint vision whereby countries around the world come together on a common platform of our Go Global Expo & Conference 2017."

**To know more about the Go Global Expo & Conference: www.goglobal-india.com*


# FOR INDIA TO GO GLOBAL IS NATURAL

by Sunil Kant Munjal

**One of India's leading international businessmen traces the factors behind India's natural instinct towards going global.**

The question isn't whether India can turn global; it is how quickly will India be accepted among the leading nations in the world.

Global trade and business is not new for India. The past is replete with examples of India's contribution to world trade; in fact, India actually taught the world how to trade, be it spices or fibres or cotton yarn.
In the year when the British came into India – India as a single entity accounted for 21 per cent of world trade. Great Britain was then doing one per cent of world trade. In 1947, when it left India, Britain was doing 21 per cent world trade and India made up 1 per cent!

Not only did we lose trade; we also clung on to the government system that the British left behind. Our erstwhile rulers made a few contributions --- like building a railway network that connected all of India and introducing the English language – which would go on to become the world's business language. But they also left behind a bureaucracy, which we turned into a maze.

It took us a while to understand that to fully re-establish ourselves as a global player. Entrepreneurship, trade and business are intrinsic and genetic to this country—but these elements were shackled for many decades.

In the early 1990s, a transformation took place: an economic emergency forced the Central government to unleash reforms that made it easier to trade, build businesses and invest overseas. Suddenly, both India and Indians wanted to stand up and be counted. So, over the next two decades, global Indians went on to become the biggest ambassadors of India, be it Indian professionals in Europe, the US, Southeast Asia or Africa– they did exceedingly well in all professions.

Yet for a number of years, while Indians were earning their spurs in different domains, India itself was slow on the curve, and not being able to live up to its potential. Now, in the third decade of economic reforms, we are finally recouping lost ground. We are releasing our energy.

Different parts of India are evolving in different ways. The mistake we make sometimes is by looking at India as a homogenous unit, which we definitely are not. Ours is a continent, like Europe. We not only have 28 plus states, but also different cultures, social preferences, languages, food and clothing.

Despite this diversity, a special glue holds us together. This is the spirit of Indian-ness. Indian-ness is completely unique and is now increasingly being seen by the world as being forward-looking. For many years, because of restrictions and shortages, most Indians lived a very frugal life; this allowed and encouraged many developments to take place in a fraction of the cost compared to the the rest of the world.

Today, as we move forward, Indian technology – plus the Indian frugal and innovative mindset-- will become as important to the world as Indian enterprise. So becoming global will be absolutely normal and natural.

There has been a growing realisation that while there is a massive market in India, even bigger markets exist around the world. So company after company has gone out, at times, to trade or to set up Greenfield projects; but in most cases, to acquire existing operations outside. It is a fact that a large number of acquisitions have not always met with desired results. Yet some of them have been exceedingly successful.

For example, some years ago, the Hero Group acquired a small company in Scotland, not in our major business, but in the call centre business. We turned this fledgling company into the fastest growing company in the UK and the most profitable company in Europe. From 1,000 employees, in four years we took this to 6,000.

Indian companies have the ability and experience to work in very complex and tough circumstances. Their ability to go out, be successful and become part of the local landscape stems from a capacity to operate in extremely diverse conditions within India. When Indians go out to do business anywhere, it becomes their second nature to adapt.

Today India is in a phase when its economic size is large enough for making investments, both inward and outward. India is opening itself to influences from around the world; as a result, a growing number of businesses want to use that knowledge as they trade and invest around the world. To be sure, there is a slowdown, but I believe this is a good time to continue to invest, because the moment the market turns around, one can be ready with the right ability and capacity.

India today is a beacon in the global economy. Our strongest suit is our ability to address simple problems as well as complex technological problems around the world. This puts us in a unique position to go out and become equal players in the world market.

However, let me also stress that our quest to go global will remain unfulfilled unless we change the business environment in our immediate neighbourhood. Across the world, around 62 per cent of trade is done within the region, except in the Indian sub-continent. There is no good reason for the same not to happen in our sub-continent—provided we strengthen our relationships in the neighbourhood.

In the meantime, the Go Global Conference will be a good place to showcase what India is about and what India can do.

Sunil Kant Munjal is Chairman of Hero Corporate Service Private Limited.

**Extracts from a speech at India Inc.'Go Global' Launch in New Delhi, December 2016*

# 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 have set up it's 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 in Ireland

- Track Record
- Talent
- Tax
- Ease of Doing Business
- Education
- Europe
- Cities & Clusters
- Connected Research
- Cutting-edge Companies

Source: IDA 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**


Tech Mahindra opens new Centre of Excellence in Dublin

# Leveraging Ireland's rich skills in science & tech

Tech Mahindra, an Indian software major specialising in digital transformation, consulting and business re-engineering, opened its new Centre of Excellence (CoE) in Dublin in January 2017.

The centre, to be operational in the first quarter of calendar year 2017, will be central to Tech Mahindra's operations in the country and would focus on emerging technologies such as Robotics and Automation, Business Analytics, Cloud Infrastructure and Digital Services. The new centre would employ around 150 engineers over the next three years.

Tech Mahindra, one of the top five Indian IT services companies, has been serving Irish customers since its inception, across segments such as telecom, energy & utilities, banking, financial services and insurance (BFSI) and pharmaceutical. Over 700 full time employees work for its Irish customers, of which over 320 are located in Ireland alone specialising in domains such as IT, networks, consulting and customer care.
C.P. Gurnani, CEO & MD of Tech Mahindra, said: "This investment is a testimony of our long-term business commitment in the country [Ireland] and our mission to promote and support local talent leveraging Ireland's rich skills in science and technology.

"The opening of the Centre of Excellence at Dublin will not only enable us to better serve customers in Ireland and beyond, it also builds on the strong partnerships we have already established in the region by working with local organizations, academic institutions and the government."

As a part of a new investment in Ireland, the Dublin CoE will bolster Tech Mahindra's regional footprint in the country and help the company deliver technology services to clients in Ireland as well as Europe.
Mary Mitchell O'Connor, Minister for Jobs, Enterprise and Innovation in the government of Ireland, said:

"We already have a strong footprint of ICT companies in the Greater Dublin area and we are very keen to expand that by attracting a wider range of specialist IT companies. Tech Mahindra's decision to locate its European Centre of Excellence in Ireland, to develop new technologies here and to create 150 high quality jobs, is very good news indeed.

"We have the IT skills available to enable the company to grow and to embed their operations in Ireland, and their arrival is a great vote of confidence in what we have to offer."

Tech Mahindra already has a strong presence in Ireland. In 2015, the company opened a 300-seater delivery centre in Waterford, which currently employs around 220 people that primarily serve two major Irish telecom providers. The new CoE in Dublin will work closely with Tech Mahindra's existing as well as new clients, partners, Irish academic institutions and the start-up community to foster technology innovation.

# INDIA GLOBAL BUSINESS

Published by
india inc.
ENGAGING LEADERS
INCISIVE CONTENT
IMPACTFUL EVENTS

## India's Foremost Outbound Investment Magazine

'India Global Business' (IGB) is the flagship outbound publication of India Inc. The magazine published every other month focuses on India's outward contribution to and engagement with the world.


### EDITORIAL THEMES

- Outbound investments
- Exports
- Worldwide regions attracting Indian investments
- India's strategic role in the world
- Global Indians

### KEY FEATURES

- Enabling India's outward business & global engagement
- Analysis & insights into contemporary/ relevant developments
- Focus on key sectors and geographies exploring why & how to invest
- Online: Published every other month & Special Print Editions
- In-depth perspective from key decision-makers & advisors

**Sign up: www.indiaglobalbusiness.indiaincorporated.com**

For business development and advertising opportunity email: info@indiaincorporated.com

@IndiaIncorp /indiaincorporated /company/india-inc www.indiaincorporated.com

# India has a huge role in my success

**Pankaj Lal was among a handful of scientists to be honoured by outgoing US President Barack Obama with the Presidential Award. 'India Global Business' caught up with him to trace what led to this prestigious achievement and what being a Global Indian means to him.**

**What does an honour like the Presidential Award mean to you?**

I am honoured and excited to receive this prestigious award. It's always exciting for your peers to see the significant value in our work and for federal agencies to invest resources for this. This said, sharing the success with family, friends and students is the greatest reward.

Harnessing science for social good and developing sustainable energy and managing natural resources well are some of the grand challenges facing modern society, and I feel satisfied that that our work is contributing a bit towards improved understanding of this area. This award is a testament that hard work will be rewarded at the opportune moment, and will continue to keep me striving for more in the future.

**What role would you say your Indian roots have played in your success?**

Growing up in India has a huge role in my success. My formative years, at home and in school, instilled in me a strong value-system wherein the importance of hard work and discipline were emphasised.

These qualities have stayed with me ever since and play a significant role in the way I conduct my research.

India has a rich tradition of math and science emphasis in the education system. This quantitative grounding has helped me do well in my professional career as well. In Indian culture, the role of the teacher commands great respect and brings with it the responsibility to shape the minds of the future generations.

During my education in Delhi University and at the Indian Institute of Forest Management, I benefitted from the guidance of numerous professors who were not only great teachers but very good role models.

**What are your views on the drive towards renewables in India?**

India is taking great strides in renewables these days. The increased emphasis on scientific research, business investments, governmental policies and targets are laudable. India is one of the fastest growing economies in the world. However, there is significant disparity in access to energy across the country.

As India continues to grow, and millions of people are pulled out of poverty, aspirations for a better quality of life is resulting in increased energy needs. Thus, it is prudent to diversify the source of energy to complement the country's fossil fuel consumption with renewable sources in the short run and increase the contribution of renewable energy sources in the energy mix over the medium and long run. India's energy priorities are a step towards adopting cleaner energy technologies to benefit the country from economic and environmental perspectives and I think that the

renewable energy sector has very a bright future ahead.

**Does the academic community in the US have concerns over the new Donald Trump administration?**

It is not unusual to have angst during the transition of political administration. With a new federal government there are many in the academic community who are concerned about scientific priorities and funding. While, there are concerns regarding environmental issues not getting the attention they deserve, the country's energy independence goals are also aimed at increasing agricultural output, farm incomes, rural economic development and job growth.

It is still relatively early days to conclusively ascertain the potential impacts of the policies that are likely to be undertaken under the new regime. We will need to wait and watch as things unfold. On an optimistic note, good science always tends to deliver so there will be opportunities as well. And, as scientists we will continue working towards more broadly shared prosperity.

**What are some of the high points in your academic/research career?**

This Presidential Early Career Award for Scientists and Engineers (PECASE) is certainly my most prestigious accomplishment to date. I was nominated by the US Department of Agriculture for this award. I have received over $8.5 million in grants from various organisations, including the US Department of Energy, Wildlife Conservation Society, NJ Department of Environmental Protection, U.S. Environmental Protection Agency.

In 2015, I was awarded the CAREER Award from the National Science foundation (NSF), which is a prominent award for researchers in my field of work. CAREER Award is the NSF's most prestigious award in support of junior faculty who exemplify the role of teacher-scholars through outstanding

**IN INDIAN CULTURE, THE ROLE OF THE TEACHER COMMANDS GREAT RESPECT AND BRINGS WITH IT THE RESPONSIBILITY TO SHAPE THE MINDS OF THE FUTURE GENERATIONS.**

research, excellent education and the integration of education and research within the context of the mission of their organisations.

I am also the Advisory Board member of Rockefeller Foundation and Rand Corporation's initiative on "Valuing the Resilience Dividend", whereby I provide expert guidance and input to this research on returns to resilience investment.

I had some success in terms of grant and research supports and peer reviewed publications in past years and all projects and publications bring with them a satisfaction that that we are doing something special in the study of sustainability of in general and sustainable management of natural and energy resources and its impact on communities in particular.

**What are the kind of links you continue to nurture with India?**

I have both personal and professional links with India. I have continued to maintain existing relationships and build new collaborations with researchers in India. The establishment of the US-India Joint Clean Energy Research and Development Center, a partnership announced by former President Obama and former Prime Minister Manmohan Singh provided an excellent opportunity to work and share ideas with colleagues from institutions such as the Indian Institute of Chemical Technology, Indian Institute of Technology, International Crops Research Institute for the Semi-Arid Tropics.

I have also worked in India in the field of water, forest, renewable and other environmental issues and feel that lot more needs to be done. I nurture and greatly value my professional friends and peers and share my success with them as well.

From a personal standpoint, I still have a lot of my family and friends who live in India. So I visit India to spend time with them at every available opportunity.

*Pankaj Lal, PhD, is an Associate Professor of Environmental Economics and Policy and Associate Director PSEG Institute for Sustainability Studies, Montclair State University, New Jersey. He undertakes integrative, interdisciplinary research that explores interconnections among society and the environment exploring aspects of renewable energy, water, natural resources, and economies.*

# GLOBAL INDIANS MAKING THEIR SCIENTIFIC MARK

**Just days before Barack Obama's term as US President came to a close, he presented a series of President Medals to honour achievements across various fields. Here we profile the Global Indian winners of the Presidential Early Career Awards for Scientists and Engineers (PECASE).**

Presidential Early Career Award for Scientists and Engineers 2016

## Kaushik Chowdhury

Associate Professor, Electrical and Computer Engineering
Northeastern University

**Education:**
M.S. in Computer Science from the University of Cincinnati, OH, in 2006
Ph.D. from the Georgia Institute of Technology, Atlanta, GA in 2009
B.E. in Electronics Engineering from VJTI, Mumbai University in 2013

**Research interests**

- Dynamic Spectrum Access Networks and 5G
- Energy Harvesting Sensors & IoT
- Implantable Sensor Networks

**Awards & Accolades**

M.S. thesis was given the outstanding thesis award jointly by the ECE and CS departments
BWN researcher of the year award during his Ph.D. in 2007
best paper award in the AHSN symposium in IEEE ICC 2009
2015 National Science Foundation CAREER Award
Office of Naval Research Director of Research Early Career Award in 2016
Chair of IEEE Technical Committee on Simulation

# Manish Arora

Associate Professor, Environmental Medicine & Public Health
Associate Professor, Dentistry, Icahn School of Medicine at Mount Sinai

**Education:**
Ph.D. from the University of Sydney in 2006
Postgraduate fellowship training at the Harvard School of Public Health

**Research interests**

- Effects of prenatal and early childhood chemical exposures on life-long health trajectories
- Biomarkers to reconstruct the timing of exposure to various harmful chemicals
- Intersection of oral and systemic health with the environment

**Awards & Accolades**

IADR/Hatton Award in 2005
$1.5 million New Innovator Award in 2014
Fellowship of the International College of Dentists in 2015

# Aradhna Tripati

Associate Professor, Department of Earth and Space Sciences, Department of Atmospheric and Oceanic Sciences, Institute of the Environment and Sustainability, University of California, Los Angeles (UCLA)

**Education:**
Began university at the age 12
B.Sc. Geology from California State University, Los Angeles in 1996
1996 Aaron Waters Award (recognizes the outstanding, senior level student in the department)
Ph.D. Earth Sciences from University of California, Santa Cruz in 2002
1999 Aaron Waters Award (best dissertation proposal in department)

**Research interests**

- Geology and Tectonics
- Geochemistry and Cosmochemistry
- Geobiology
- Changing coastal environments
- Impact of ocean acidification on marine invertebrates

**Awards & Accolades**

University Early Entrance Program in 1992-1994
UC Regents Fellowship in 1996-1997
Gretchen L. Blechschmidt Award from Geological Society of America in 2000
Gates Millennium Scholarship in 2000-2002
Wolfson College Visiting Fellowship, Univ. Cambridge in 2002-2004
NSF ADVANCE Award Lecture (Univ. Ariz.) in 2009

# Do good boards imply good decisions?

by Vladislava Ryabota

Many companies establish a professional board of directors comprising "stars", but sometimes even star teams with sophisticated individuals may take bad decisions, writes a corporate governance expert.

From among many factors that could be responsible for such decisions, two stand out: availability of information and a board agenda.

Good decisions can follow if appropriate and adequate information is shared. To make a high quality "informed" decision, the board should get as much information about an issue as possible. What happens in reality?

A meeting runs according to the agenda, in most cases – set by a company secretary along with a CEO (while best practice suggests that agenda should be set by a board chairperson together with a company secretary). As a person responsible for compliance, a company secretary will try including issues he/she needs an approval on by the board for regulatory purposes. On the other hand, a CEO will include financials (performance for a given period) and other administrative and routine issues. This demonstrates the agenda having extra focus on "regulatory" and "management" issues leaving no space for critical issues like strategy, talent development, succession planning, etc. Sometimes essential "board-appropriate" items such as internal audit and risk management only find place at the end of the agenda.

The average board meeting lasts about 3 hours and considering an agenda has about 10 items (in most cases – 8-12), it leaves merely 15-20 minutes for each item - not much time for high quality deliberations. The crucial question is whether a board member (especially external and independent) can "dive" into regulatory or management issues or engage in complex strategic discussions deep enough to reach a high quality decision within 20 minutes?

The recent guidance note on Board evaluations from SEBI lays special significance to quality of board agenda, dissemination of information and efficiency of board deliberations. According to the note, meetings are considered more effective if the agenda of the meeting is circulated well in advance; having all relevant information; qualitative aspect of board papers is ensured and sufficient amount of time is allocated especially for important areas. From best practice view, it is also critical that the agenda reflects board-level priorities and urgent/challenging issues are placed at the beginning.

Board of directors is no doubt at the paramount of a company's governance structure. The quality of a board determines long-term success of a company. The Indian regulator's attention to board evaluations shows in earnest how important is the board and how bringing its functioning in line with global best practices can help companies improve efficiency of their operations and mitigate risks.

While assessing a board quality, IFC looks at three parameters. The first one is the "Role" which answers the question WHAT?

What is the task of the board? What the board is called to do? What are the functions of the board? The second is "Composition" which answers the question WHO and helps understand whether this particular team of directors is duly equipped to execute the task, and whether the structure of the board is efficient (including board committees). The last one is "Processes", which answers the question HOW? How a board is organizing itself to get to high quality decisions?

Decision making process within a board can be improved with some basic steps. The first step can be providing information well in advance. If materials are sent two-three days prior to

the meeting, the non-executive and independent directors may not have enough time to familiarise themselves with important issues, which often leads to inactive participation in board discussions.

The second step can be ensuring well-structured and high-level analytical data being provided so that the discussion is straight to the point. In fact, reams of data are given to directors confusing them whether the data presented is for information only, or they are expected to take a decision.

Thirdly, board members should seek third party opinions on the company using analyst surveys, media articles, and initiate employee satisfaction surveys instead of relying only on the data provided by the management.

**THE INDIAN REGULATOR'S ATTENTION TO BOARD EVALUATIONS SHOWS IN EARNEST HOW IMPORTANT IS THE BOARD AND HOW BRINGING ITS FUNCTIONING IN LINE WITH GLOBAL BEST PRACTICES CAN HELP COMPANIES IMPROVE EFFICIENCY OF THEIR OPERATIONS AND MITIGATE RISKS.**

Lastly, the board chairperson needs to be a good facilitator, who is able to guide the board from simple information sharing to deeper engagement and decision-making. The contribution of a director should add value to a discussion given his/her knowledge and experience. Only by understanding its role, having a good variety of experiences and knowledge, following effective processes, can a board facilitate productive discussions and, hence, add value to sustainable growth of the company.

*Vladislava Ryabota is the Regional Corporate Governance Lead, South Asia, International Finance Corporation (IFC). She joined the Mumbai office of IFC in October 2013 and is the point of contact for investment and advisory services for IFC in South Asia.*

# DESKTOP YOGA: Use it or lose it

Our yoga expert offers some simple tips to make yoga a part of your daily working lives in this 'India Global Business' exclusive.

Exercise at the work place is an interesting subject because obviously one should be working when at the desk as opposed to doing lunges, hanging off the desk performing tricep exercises, stretching, bending and conducting all manner of cubical calisthenics. It's just not very normal, is it?

Humans, like all other animals, are simply not designed to sit around all day, movement is a very important key to maintaining proper function and is associated with good health and greater life expectancy. I often tell my patients that they had better move it, or lose it! Being slumped and static can drain your energy and sap enthusiasm. Studies have shown that poor posture at work can make you cynical and depressive, none of these qualities give you a competitive or progressive edge.

Over the years, I have tailored exercises for my patients to help off-set their postural problems whilst at work. When we sit and stare at computer screens all day, we adopt a slouched spinal posture which compresses the cartilage and connective tissue in the spine. These tissues give the elastic recoil and shock absorbing qualities to our joints, which over time become degraded resulting in reduced function and eventually pain.

There are literally hundreds of exercises that you can do whilst at work that won't inconvenience you beyond a point, some of these are discreet enough that you could even get away with doing them without people knowing that you're actually exercising away.

I'm going to walk you through a routine that consists of five exercises:

- Let's start with sitting towards the edge of your seat. Sit straight with your spine erect and feet flat on the floor. Cross your right leg over your left and gradually twist your torso to the left rotating each vertebra one by one until you reach the top of the shoulders and the base of the head. You can use your right elbow to increase the twist by pushing it into the inside of the right knee and tightening the twist. Now finally turn the head as far over the left shoulder as is possible and breathe deeply holding the breath in-between in and out breathes for as long as is possible. Observe the stretch as your lungs fill with air and the relaxation and release of tension as you breathe out. Repeat this three-five times to one side before doing the same on the other side and finish by relaxing the hands on your thighs with the palms facing upwards. Following this, gently rotate your shoulders in broad but even circles in the forwards direction. Rotate them approx. five times before changing to the opposite direction.

- Now take your hands above your head and interlace the fingers with the palms facing towards the ceiling. Before reaching the full stretch of straightened arms above the head, drop your chin towards your chest and then fully stretch the arms. Feel the build-up of tension in the arms and shoulders as well as the upper back as the restrictions to the upper spine become apparent through tension, stiffness and quite possibly pain. Soften the arms and extend the head back arching the neck as you look up towards the ceiling, and

straightening the arms again, pushing the palms up towards the ceiling. Repeat according to your needs and when you're done shake your hands and arms off and relax. These next exercises are Sri Sri Ravi Shankar specials and fit nicely into the routine here as the exercises move from muscles to myofascial release.

- Raise both of your arms out to 90 degrees ensuring the palm of the right hand is facing out to the right, away from the right hand side of the body, and the left hand palm is stretched out towards the left. Turn your head towards the right hand and push the heel of the hand out further away from you, feeling the stretch and possibly the pain running deep through the arm into the shoulder and neck. Continue to stretch and straighten the fingers making them point up towards to the ceiling all the while increasing the stretch in the arm. Relax when you feel complete and turn your head to face the left side and repeat the stretch by again pushing the heel of the hand away from you. Repeat the stretch on both sides until you feel a balance or 'evenness' in the neck and shoulders. Once again rotate the shoulders and shrug them off as necessary.

- Interlace your fingers behind your head and have your elbows point out to form a straight line with your arms from elbow to elbow, left to right. Maintain this position and begin to rotate your eye balls within the confines of their sockets clockwise for three to five rounds and then anti-clockwise for three to five rounds. Whilst doing this, take your attention to the back of your head and soften the interlaced fingers without losing the position. Without much effort, simply observe any feelings or sensations in the back of the head whilst the eyes are rotating clockwise and anti-clockwise. Once you have completed this you may take a few moments to relax the hands on the thighs with the palms of the hands facing upward.

- Staring at computer screens and or reading documents creates a great deal of strain on not only the eyes but also the musculature of the face. It takes up to 70 muscles in the face to create a frown or a penetrating look of concentration, but only four muscles to smile! In this next exercise we will keep a gentle smile on our face (even if you have to fake it until you make it). Using our thumb and index finger, we will gently massage the eyebrows, a combination of straightening them and massaging them rubbing the sides of our head and temporal regions gently moving the scalp on the bones of the cranium moving back and forth from the eyebrows to the temples. When you feel ready take your thumbs and place them under the occiput of the skull, this is the area at the back of the head near the neck where the very top vertebra is. Resting your fingers on the cranium begin to massage the scalp apply suitable pressure to invigorate and stimulate. When you feel complete, simply rest the hands back on your thighs and just observe any sensations in the head and whatever changes you feel in the body and mind. You are now ready to get to work, refreshed and ready for the next challenge. Sri Sri calls this Desktop Yoga, but make no mistake the impact is greatly significant.

*Keerti Mathur is an associate at the Gait and Posture Centre at Harley Street in London and has been practicing Osteopathy for 10 years. He is part of the Art of Living faculty and a keen musician. Under the guidance of Art of Living Founder Sri Sri Ravi Shankar, Keerti worked to set up India's first school of Osteopathic medicine in Sri Sri University Orissa.*

# New globalisation paradigm in the offing

Outbound FDI from India will increasingly be driven by a need to fill knowledge and product gaps aimed at the domestic market

India's finance minister, Arun Jaitley, has greased the wheels of the investment cycle with allocations of almost $90 billion for building roads, railway infrastructure, inland waterways, ports, airports and rural infrastructure for 2017-18. This massive public spending spree, marking a humungous increase over the figures for the current year, is expected to translate into large contracts for Indian and foreign companies.

Though private investment remains sluggish in India – and this is expected to continue for a few more quarters – the government's infrastructure building programme will throw up a need for more raw materials, technologies, capital goods and the like. And this is likely to influence, to a large extent, Indian business' appetite for foreign investments and acquisitions, which is likely to become more strategic than before.

Latest IMF data reveals that India is the world's sixth largest source of outbound foreign direct investment (FDI) dollars in the world. The UK and the US are already becoming familiar with big and medium Indian businesses, many of which are household names in India but not very well known abroad.

The Tata Group, for example, is fairly well known in the UK – as the owner of Jaguar Land Rover, the erstwhile Corus steel works and Tetley Tea and as Britain's largest manufacturing employer.
India is already the third-largest foreign investor in the UK, but as opportunities expand in its domestic market, more and more companies will step out and embark on foreign acquisitions to fill in critical gaps in their knowledge and/or product portfolios to enable them to take

advantage of those opportunities. There are signs that this might already be happening – even before the presentation of the Budget. After peaking at $18.84 billion in FY08 and $19.37 billion in FY09, outbound FDI from India maintained its momentum for the following three years before beginning to taper off. But the current calendar year began with a bang after three successive slow years. In a sign that the rising tide in the Indian economy was lifting the confidence of Indian businessmen, Motherson Sumi paid more than $600 million to buy Finland's PKC Group and Zydus Cadila pulled off a $170-million acquisition of US-based Sentynl Therapeutics.

Along with a few other small acquisitions, the outbound FDI figure for January 2017 stood at a very respectable $1 billion. Not bad, considering that Indian companies spent only $5.3 billion, $5 billion and $1.7 billion in each of the last three years on foreign acquisitions.

Now, as the process of building India's smart cities begin, as more rivers are made navigable and converted into inland waterways and as the railways embark on more complex modernisation programmes, Indian companies, eager to protect their turf from foreign competition, will again be forced to spread their wings abroad to buy up companies with the technical knowhow and experience to undertake the many new projects that will come up for bidding.

This will lead to a crucial change in strategy. In the early years of globalisation, many Indian companies succeeded in becoming part of the global supply chain – but their role was primarily that of suppliers of raw materials and intermediate goods for products made in other countries for the global market. The change this time will be that Indian companies will be on the lookout for foreign suppliers of raw materials and manufacturers of intermediate goods for end products to be made in India for the Indian market.

And as the domestic market picks up and corporate health improves across the board, many other companies will resume their quest for a global footprint – and this is expected to fuel outbound FDI flows from India.

The months and years ahead promise to usher in the next phase of globalisation for Indian companies. Watch this space.