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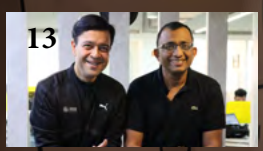
INDIA GLOBAL BUSINESS

Global Edition

The Big China Hack



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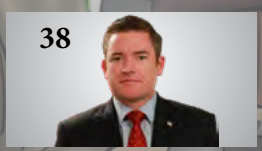

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Tackling the Dragon in India's cyber rooms

I recently read a very disturbing piece in 'The Times' (London) about Russia allegedly "targeting British teenagers as part of a cover campaign to sow discord among young westerners."

The report cites the example of the Kremlin allegedly using fake celebrity posts to spread Russian propaganda with the intention of creating confusion about, among other things, the Salisbury poisoning. These tweets were retweeted hundreds of thousands of times, spreading the fake news far and wide, the report said. That set me thinking.

Information control

Chinese mobile phone companies dominate the Indian market and its internet giants are buying-in big time into Indian start-ups in a variety of verticals, including social media.

Now, setting political correctness aside, I wondered if China could, if it chose to, spread similar disinformation in India. It is no secret that he who controls the flow of information wields the most influence.

That is why totalitarian regimes around the world spend billions of dollars and have large bureaucracies dedicated to spread official propaganda at home and disinformation abroad.

Most strategic experts agree that India is China's long-term rival and that Beijing is doing everything in its power to ensure that India is denied its rightful place at the global high table.

Free run fears

Despite my long-held belief in India's systematic economic liberalisation and opening to global competition, I question the prudence of allowing a free run in India's buoyant social media space.

The country has many fault lines that run across divides of religious, caste, regional, financial and social. These are regrettably exploited by groups sworn to destabilise India, and much more easily these days through the explosion in social media usage.

The question there is whether India is prepared to handle a concerted and determined attack on its social fabric via social media? My concern increases many folds when I read about the opaque dividing line between the Chinese Communist Party, the country's government and its big businesses.

The Chinese security establishment's tentacles run deep into the country's business houses, which are widely rumoured to further Beijing security and strategic objectives.

JUST AS RUSSIA HAS UNLEASHED A DISINFORMATION CAMPAIGN IN THE WEST TO FURTHER ITS OWN STRATEGIC GOALS, IT IS QUITE PLAUSIBLE FOR BEIJING TO DO THE SAME IN INDIA AT A TIME OF ITS CHOOSING.

Dubious intentions?

Nothing that I know, have read or have discussed with experts convinces me that China's intentions towards India are benign. Large Chinese companies such as Alibaba, Tencent, Xiaomi and Oppo, which have become big players in the Indian internet and mobile telephony space can, thus, wield, albeit unobtrusively so far, disproportionate influence over the Indian mind-space.

Just as Russia has unleashed a disinformation campaign in the West to further its own strategic goals, it is quite plausible for Beijing to do the same in India at a time of its choosing.

In my view, it's high time that effective measures to control the possibility of a fallout of such a campaign, but as New Delhi's, and the world's, struggles with Facebook and WhatsApp show, it will be easier said than done. Hence in addition to regulation, Indian business must step up their game through technology, and their own strategic investments in indigenous platforms and striking friendly global alliances.

There are too many points of potential conflict between the two countries; so, India can afford to treat this lightly only at great peril to itself, and indeed, its friends.

Manoj Ladwa
Publisher & CEO, India Inc.
@manojladwa

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The Global Edition of 'India Global Edition' this time tackles the conundrum of Chinese investments into the Indian technology sector and the kind of balancing act that is required to ensure cyber security worldwide. A range of interviews and analyses delve into some of the other topics dominating the news in recent weeks.

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The Big China Hack

China has invested to the tune of $10 billion in Indian start-ups since 2014. This can give it access to data on hundreds of millions of Indian consumers and enable it to nudge the public discourse in a direction it desires and could acquire a critical strategic dimension in the years ahead.

Chinese internet giants such as Alibaba, Tencent, Fosun and Baidu poured in as much as $5.2 billion in Indian tech, especially internet-centred start-ups last year, almost five-and-a-half times the figure of $930 million in 2016. The figure jumps to $9.2 billion if one considers the period since 2014.

Most top of the line Indian internet-based start-ups like PayTM, Flipkart, Zomato, Ola and Gaana, among several others, have significant Chinese shareholding.

hough the Indian government has not taken any steps to stem this flow of Chinese funds into Indian start-ups – some officials have, in fact, actually welcomed it – several analysts and some Indian investors have expressed their apprehensions, especially on data security, and warned that India should closely monitor the flow of funds from China into Indian companies and especially the start-up eco-system.

The ability and willingness of Chinese investors to write out large cheques while asking fewer questions than their US and European counterparts are the main reasons for their widespread penetration into the Indian start-up and tech sector. But the real payoff they are looking for may be one to watch out for.

Read on for a more detailed analysis of this conundrum.

Dragon's kiss: Chinese investments in Indian start-ups can compromise data security

by India Inc. Staff

China has invested almost $10 billion in Indian start-ups since 2014. This can give it access to data on hundreds of millions of Indian consumers and enable it to nudge the public discourse in a direction it desires and could acquire a critical strategic dimension in the years ahead.

India and China may not see eye to eye on many things – especially after the eyeball to eyeball confrontation at Doklam near the India-Bhutan-China tri-junction – but that has not stopped Chinese tech companies from investing in India, and Indian start-ups enthusiastically lapping up billions of dollars of Chinese investments.

Chinese internet giants such as Alibaba, Tencent, Fosun and Baidu poured in as much as $5.2 billion in Indian tech, especially internet-centred, start-ups last year, almost five-and-a-half times the figure of $930 million in 2016. The figure jumps to $9.2 billion if one considers the period since 2014. Most top of the line Indian internet-based start-ups like PayTM, Flipkart, Zomato, Ola and Gaana, among several others, have significant Chinese shareholding.

Concerns over data security

Though the Indian government has not taken any steps to stem this flow of Chinese funds into Indian start-ups – some officials have, in fact, actually welcomed it – several analysts and some Indian investors have expressed their apprehensions, especially on data security, and warned that India should closely monitor the flow of funds from China into Indian companies and especially the start-up eco-system.

"Today, internal security issues are not restricted to military installations and high-value targets. Information security and network security issues are vital concerns. Any international

participation in India should not have access to critical information that is crucial to national security," Ajeet Khurana, a serial investor and a blockchain expert, has been quoted as saying.

"On the one hand, increased Chinese investment into India is a clear indicator of the Indian opportunity; on the other hand, India needs to ensure that we aren't surrendering our strategic interests in the region," he added.

Several other experts 'India Global Business' spoke to pointed to allegations that UCWeb browser, which is owned by the Jack Ma-promoted Alibaba, had been stealing data from Indian users. This prompted the government of India to step up checks on Chinese smartphone makers such as Xiaomi, Gionee and Oppo, among others. The matter is complicated by the fact that even so-called Made in India phones are assembled in Indian factories using Made in China components. And therein lies the rub.

New age spying

Most Indians haven't heard of Elemental Technologies, a company that makes software for compressing massive video files for use in devices such as laptops, iPads and smartphones. In 2015, Amazon was evaluating acquiring Elemental to facilitate the expansion of Amazon Prime Video, its video streaming service.

It was while conducting a routine security due diligence that a third-party service producer discovered a proverbial smoking gun – a rice grain-sized microchip built into the motherboard of the servers that Elemental's customers installed in their networks to compress the large videos. This microchip wasn't part of the original design and had obviously been installed there for a purpose. Since Elemental servers, made from motherboards produced by a San Jose company called Supermicro, were used by the US Department of Defence, the US Navy and the Central Intelligence Agency (CIA), this led to a top secret but wider investigation that concluded that the offending microchip, which made it easy for hackers to "look into" the data storage systems of Elemental's customers, had been installed at a couple of factories run by sub-contractors of Elemental's primary vendor in China.

Though the alleged victims of this hack job – Amazon, Apple, the US defence and strategic establishment and 30 other leading US high technology companies – have denied the report that first appeared in 'Bloomberg Businessweek', the well-respected media house has stood by its story. Tellingly, none of the alleged victims even sent it a legal notice, giving rise to the belief that the story was correct.

CHINESE INTERNET GIANTS SUCH AS ALIBABA, TENCENT, FOSUN AND BAIDU POURED IN AS MUCH AS $5.2 BILLION IN INDIAN TECH, ESPECIALLY INTERNET-CENTRED, START-UPS LAST YEAR, ALMOST FIVE-AND-A-HALF TIMES THE FIGURE OF $930 MILLION IN 2016.

The China-based vendor and its sub-contractors were all ostensibly privately-owned companies with no apparent links to the Chinese government or its security establishment. But the microchips had obviously been installed there at the instance of the People's Liberation Army (PLA), which runs a vast economic empire in China with its tentacles spread over every field of activity.

Blurred lines

Bestselling author Duncan Clark, who wrote 'Alibaba: The House That Jack Ma Built', says the Chinese government often uses the reach and networks of large ostensibly private Chinese technology giants as an extension of the state apparatus – mostly for security and spying missions. "The party is still in charge and the party is going to use them," he adds.

The US Committee on Foreign Investments, for instance, has taken several close peeks into allegations that Chinese tech companies are effectively operating, at least in some domains, as arms of the state.

For example, Tencent, which is investing heavily in the Indian internet start-up eco-system has an app called WeChat that enables users to obtain a digital ID, needed for several official purposes, by scanning their faces with the app.

This offers a close look into the shadowy world at the intersection of Chinese big business and its ruling Communist Party's secretive and powerful security establishment. Fraser Howie, author of Red Capitalism, calls these new age Chinese companies "state overseen enterprises". "Being non-state does not mean you are private. It was always a blurred line and it's become ever more so," he adds.

In totalitarian China, it is obviously the party that has the upper hand in its dealings with the country's corporate sector. That is why India ought to be careful about the flood of Chinese investments in a sector that could acquire a strategic dimension in the years ahead.

Indo-Pacific game of poker

On the face of it, India is still decades behind China on most important counts. The most important difference is in the relative size of the two economies. China clocks a GDP figure of $12 trillion compared to India's $2.5 trillion. Then, China spends at least $150 billion annually on its military, while India spends less than one-third that amount.

It will need India to grow at more than 8 per cent annually every year for three decades to catch up with its powerful northern neighbour. Despite

this asymmetry on almost counts of conventional power, the world sees India as a potential counterweight to the rise of a not-so-peaceful and clearly hegemonic China.

Beijing bristles at these comparisons – it likes showcasing its similarities with, and superiority to, the US only – and misses no opportunity to show India down by thwarting its global ambitions, be it by stalling New Delhi's bid to gain membership into the Nuclear Supplier's Group (NSG) or by consciously stalling India's bid for a permanent seat in the United Nations Security Council (UNSC). Then, strategic relationship with the US and Japan has clearly rattled China. Quite uncharacteristically, it discussed India's purchase of sophisticated arms platforms from the US during President Xi Jinping with US President Donald Trump and declared that India's successful test of the Agni V intercontinental ballistic missile, which can hit targets across all of China, was in contravention of UN rules.

CHINA HAS LONG USED ITS STATE-OWNED AND PRIVATE BUSINESS ENTERPRISES TO CARVE OUT STRATEGIC AND MILITARY BEACHHEADS IN FOREIGN COUNTRIES.

India now a lot more assertive

This marks a decisive change in China's attitude towards India, especially since it has, in the past, followed a policy of studied neglect and occasional barbs. This is a direct result of the Narendra Modi-led Indian government's willingness to look China in the eye and meet China head on, in stark contrast to previous Indian governments that appeared reluctant to take on China.

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 the Maldives with ones that are more amenable to considering India's sensitivities has considerably strengthened New Delhi's hands.

Businesses as strategic beachheads

China has long used its state-owned and private business enterprises to carve out strategic and military beachheads in foreign countries. As Sri Lanka's experience with

THE ABILITY AND WILLINGNESS OF CHINESE INVESTORS TO WRITE OUT LARGE CHEQUES WHILE ASKING FEWER QUESTIONS THAN THEIR US AND EUROPEAN COUNTERPARTS ARE THE MAIN REASONS FOR THEIR WIDESPREAD PENETRATION INTO THE INDIAN START-UP AND TECH SECTOR.

the Hambantota Port, Maldives' experience with the Friendship Bridge and Pakistan's experience with the so-called China Pakistan Economic Corridor (CPEC) show, Chinese business enterprises entering a country are only the thin end of the wedge.

India is a vastly larger and much more complex country than the three mentioned above and is unlikely to welcome large Chinese investments in its strategic assets. That is why Chinese access to data of Indian consumers is raising eyebrows in many quarters in India.

Opportunity to spy on Indians

Today, more than half of all mobile phones sold in India are made by Chinese companies. As stated above, though many of them are nominally made in India, they are actually only assembled in this country with components shipped from China.

This presents a golden opportunity for the Chinese security establishment to launch an Elemental-like operation in India – not to read secret government files but to spy and collect big data on ordinary Indians.

Then, popular websites are massive repositories of data on how India's live, work, shop and play. The social media also influences popular opinions on a number of issues and definitely sets the direction of media coverage.
Having access to, and sometimes even a controlling interest in, the decision-making levers of Indian start-ups could give Chinese-owned companies the wherewithal to nudge and influence the Indian public discourse in the direction their leadership desires.

Store data in India, says government

For example, Chinese start-up news aggregator Toutiao, which means today's headlines, has developed highly advanced algorithms that allow it to serve completely personalised and customised content to users. Toutiao has recently launched a social media app called Helo in India.

Given the level of customisation it has achieved in China, it is not inconceivable that it can achieve similar levels in India. And given the close links that Chinese private businesses have traditionally had with the Chinese security establishment, it is quite probable for this data to be mined for Beijing's strategic use.

Of the estimated 400 million-plus internet users in India, only about 175 use English language apps. The rest use vernacular apps and services. This gap will widen over the next three years, says a recent report by Google and KPMG.

Western internet giants are still focused mainly on India's English-speaking market and Indian start-ups still lack the critical mass to fully exploit this massive market.

But Chinese internet giants have the financial muscle, the technological prowess as well as the patience to seed this market and wait for this market to grow profitable over time.

It is because of fears of such data being misused that the Indian government has directed Chinese cellphone makers to store user data they collect from Indian customers in this country.

But apart from this intervention, the Indian government, which has made little secret of its strategic reservations about China, has largely welcomed this inflow of Chinese investments.

Large cheques the main attraction but…

The ability and willingness of Chinese investors to write out large cheques while asking fewer questions than their US and European counterparts are the main reasons for their widespread penetration into the Indian start-up and tech sector.

But the real payoff they are looking for may be strategic in nature and may not always be measurable in money terms.

That is an issue India will do well to guard against.

Striking a direct chord with real-time, personalised online content

Virendra Gupta, Founder & CEO of Dailyhunt, and Umang Bedi, the President of India's mobile app-based news publisher and aggregator, give 'India Global Business' an insight into the business model that caters to the demand for news in multiple languages across India and the world. The dynamic duo behind this news revolution believe the winning combination lies in the three Vs – Volume, Veracity and Velocity of fresh content.

How has the online media space transformed in India in recent years?

Let's first understand the key trends emerging in the Indian market. There has been a tremendous increase in the Internet user base year after year. With over 460 million Internet users, India currently ranks as the second-largest global online market and these numbers are expected to increase to 635 million by 2021. Secondly, as per a study by emarketer, more than a quarter of the population, nearly 337 million people, will use a smartphone by the end of 2018, clocking a growth of 18 per cent — the highest growth rate of any country in the world.

Moreover, India is a very young country with a large majority of its population aged between 17 to 35 years of age. These young minds, often described as millennials, are always on the go, accessing online content via smartphones.

DAILYHUNT PLATFORM USES UNIQUE MACHINE LEARNING AND DEEP LEARNING TECHNOLOGY THAT ENABLES SMART CURATION OF CONTENT AND TRACKS USER PREFERENCES TO DELIVER REAL-TIME, PERSONALISED CONTENT AND NOTIFICATIONS.

With increasing Internet penetration and smartphone proliferation, the advent of 4G and the rise of millennials demanding digital content, the online media space has also grown exponentially. A close look at the latest statistics suggests digital media transformation over the past few years. As per the FICCI-EY report 'Re-imagining India's M&E sector', in 2017, digital media grew 29.4 per cent on the back of a 28.8 per cent growth in advertising. Most importantly, it is hard to ignore the growing penchant for consuming digital content in native languages.

Industry reports suggest that three-fourth of the Internet users will be vernacular, which is close to 550 million out of the total 750 million users, while English language users will only be 199 million by 2022.

What are the kind of steps being taken by your company to combat fake news and data privacy issues?

Dailyhunt, being a content aggregator platform rather than a creator, does not experience the challenges pertaining to fake news. In the last one decade, Dailyhunt has managed to curate content in 14 languages licensed from over 1,000+ verified publication partners. Our platform boasts of high quality, reputable, validated local language content from authoritative and authentic sources. We would like to reiterate that our platform essentially represents the three Vs – Volume, Veracity and Velocity of fresh content across genres which makes it a winning combination.

As far as the issue of data privacy is concerned, it is important to note that the Dailyhunt platform uses unique machine learning and deep learning technology that enables smart curation of content and tracks user preferences to deliver real-time, personalised content and notifications. The platform does not make it mandatory to share user's personal details such as phone number, email ID, password therefore the problem of data privacy does not arise.

What is the USP of the Dailyhunt model?

Dailyhunt's key differentiation lies in our ability to strike a direct chord with the consumers in India. Dailyhunt has evolved to become India's leading, news and local language content application with over 225 million app installs offering 100,000 news articles every day in 14 languages licensed from over 1000+ publication partners. As highlighted earlier, it's unique machine learning and deep learning technology enables smart curation of content and tracks user preferences to deliver real-time, personalised content and notifications.

Dailyhunt's partnership with 1,000+ premium regional partners have already helped us reach the target audience residing in Tier 2 and Tier 3 Indian cities. Moreover, with our focus on personalisation technology that promises to provide a highly superlative user experience – a key factor that ensures a loyal consumer base, we believe, gives us long-term differentiation vs the competition.

What are the kind of opportunities available in this field for global investors?

As far as content-based digital businesses like Dailyhunt are concerned, there are numerous opportunities. It is evident that such businesses are carrying a lot of potential – purely due to factors such as India's demographics, mobile Internet penetration and smartphone proliferation. Additionally, a large majority of users in India prefer short-form/snackable online content, be it text or videos in regional Indian languages.

Global investors should focus on supporting those digital platforms that capture the imagination of the real India that resides in Tier 2 and Tier 3 cities/towns, apart from the key metros aiming to achieve user traction and scalability by developing core understanding of the interests and preferences of the end users.

What are Dailyhunt's expansion plans going forward?

The core focus of our business is and will always be on regional language content play as it plays a significant role in bringing traffic across various verticals of Dailyhunt group. The company plans to capitalise on the growth by essentially focusing on aggressive user growth via videos – a content form which is extremely popular among our TG.

Our expansion plans are largely based on the premise that the single biggest opportunity on the Indian Internet is "Local Language". We strongly feel that the future certainly lies in winning the regional language audiences – we have the first-mover advantage in understanding and betting big on this segment.

Additionally, we would also be focusing on exploring ways to augment the gallery of video content. This is essentially based on the premise that the consumption of videos has witnessed an all-time high, across all niches. In fact, Video constitute 60 per cent of overall mobile internet consumption in India, making us the largest mobile data consuming market in the work at 1.4 billion GB per month.

On a macro level, our core strategy stems from deep consumer and content (video) understanding, along with personalisation technology, and these would constitute the building blocks for market success.

WITH INCREASING INTERNET PENETRATION AND SMARTPHONE PROLIFERATION, THE ADVENT OF 4G AND THE RISE OF MILLENNIALS DEMANDING DIGITAL CONTENT, THE ONLINE MEDIA SPACE HAS ALSO GROWN EXPONENTIALLY.

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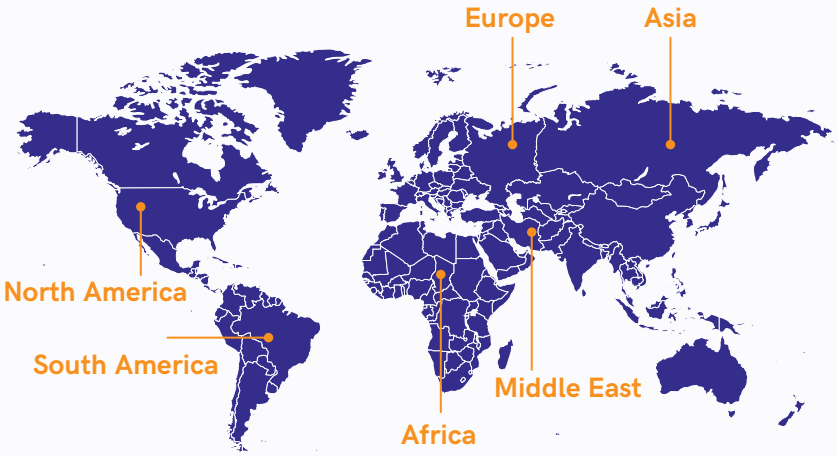

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Investing in the capital-starved sectors of India

by Holger Rothenbusch

A prominent global development finance institution weighs up channeling commercial investment to underserved Indian states in the North-East and to sectors that can deliver real development impact.

Thirty years ago, CDC, the UK's government-owned development finance institution, made its first major investment in India. Since then, as India's economy has changed beyond recognition, we have helped to build some of the country's most important businesses and financial institutions, including Apollo Tyres, UTI Bank (today Axis Bank), IDFC and Glenmark Pharmaceuticals.

At a special event in Delhi in October, we are marking both that 30-year milestone and the 70-year anniversary of CDC's creation back in 1948 as the world's first development finance institution. We're meeting key business leaders and will hear from government representatives about how the UK can continue to work with India to support its economic development. This is a country that has enjoyed significant growth but still has developmental challenges, a country where CDC's long-term capital and expertise can make a huge difference.

Since those first investments in the late 1980s, CDC has worked with Indian entrepreneurs and investors to build a $1.7-billion portfolio of over 300 investments in India. Measuring and evaluating the impact of those 300 investments is central to the work we do as a development finance institution. Our analysis shows us that those CDC-backed companies support around 350,000 direct jobs in India and many more in their supply chains. But we also know that our impact is about more than just jobs. We measure the local taxes paid by our Indian investee companies, which came to over $1.1 billion in 2017.

SINCE THOSE FIRST INVESTMENTS IN THE LATE 1980S, CDC HAS WORKED WITH INDIAN ENTREPRENEURS AND INVESTORS TO BUILD A $1.7-BILLION PORTFOLIO OF OVER 300 INVESTMENTS IN INDIA.

And the work we do with financial institutions shows that they generated a loan portfolio in India of $45.2 billion, helping to provide finance for small businesses; unbanked customers and many others who previously had little or no access to basic financial products.

It's clear that India's economic powerhouses – sectors like IT and regions such as the South and the West of the country – have succeeded in attracting capital from both leading Indian and global investors. CDC's focus as a development investor means that our priorities change as the need for capital in India changes. We're now more focused than ever on getting commercial investment to the underserved and more capital-starved states like the North-East, and to those sectors that can deliver real development impact.

With that in mind, we are announcing that CDC aims to invest around $1.7 billion in India and its neighbouring states over the next three years.

What does this mean in practice; and what type of investments will CDC make? Our objective is to make investments that can combine both financial return and social impact so our focus will be on finding opportunities that meet these criteria. We'll invest in companies that aim to provide affordable and accessible goods and services whether in healthcare, energy or financial services.

INDIA IS ALREADY AN IMPORTANT ECONOMIC PARTNER FOR THE UK AND AS WE MOVE TOWARDS A POST-BREXIT FUTURE THAT RELATIONSHIP WILL STRENGTHEN FURTHER.

Micro, small and medium-sized enterprises are critical to economic development in India but as many as 90 per cent of these firms can't access the finance they need to grow, so we'll back the microfinance and non-banking finance companies that reach them. That will mean more investments like those we made in RBL Bank and IIFL Finance supporting microcredit, agribusiness, affordable housing and SME loans. Or in Equitas, a Chennai-based finance company that reaches poor and unbanked customers with a broader range of financial services.

We intend to increase our direct investments in job-creating industries such as healthcare, particularly those providers bringing new treatments to the market; finding new ways to serve poorer groups by reducing costs; or those that can train thousands of healthcare professionals. We'll also back sectors like food & agribusiness that need to mobilise more private capital; and in clean energy projects like our investment in Ayana Renewables Power that help India make its transition to low carbon power generation.

Our support for the Indian investment ecosystem will increase too. CDC has played a crucial role in India's investment funds market since the 1990s, backing 57 India-focused investment funds, more than any other Limited Partner in the private equity space. We'll focus on both the mid-cap market and on a venture capital programme designed to finance innovative and high-tech firms. Our venture capital approach will support funds that back technology firms providing affordable goods and services at scale in areas such as healthcare, like our recent investment in Pi Ventures. And we'll be committing more to investment funds targeting job-creating sectors like infrastructure, agriculture and affordable housing. In October, for example, we're launching a $50-million investment pilot with the Kotak group that will increase affordable housing in many of India's lower-income states.

India is already an important economic partner for the UK and as we move towards a post-Brexit future that relationship will strengthen further. CDC is committed to playing a key role by bringing our capital and expertise to the Indian entrepreneurs who are transforming the country's business environment, opening up its markets and changing the lives of some of its poorest people.

Holger Rothenbusch is Managing Director at CDC, a UK-based development finance institution, and has built CDC's new Debt business.

Asian, British investors keen on India

Foreign companies in India eyeing sizeable growth.

HOOQ to double India investments

Singapore-based video-on-demand streaming service HOOQ is doubling its India investments and has changed strategy to focus on Hollywood and English premium video content to take on Netflix and Amazon prime, and drive growth in India's highly competitive over-the-top (OTT) video market.

Zulfiqar Khan, managing director at HOOQ India, told Indian media: "We are doubling up on our investments for India. We are investing in content, manpower as well as technology."
On the new strategy, Khan said Hooq has narrowed its focus on Hollywood and English premium content, and it has started phasing out regional and Hindi content.

India is expected to be among the top 10 OTT video markets in the world in four years and is growing at a CAGR of 23 per cent, according to PwC. A separate report by Strategy Analytics said India's OTT video revenue is expected to grow at a CAGR of 30 per cent to reach $2 billion in 2022, compared to $529 million in 2017.

Khan said, "Every player wants the consumer to pay for content. That's the biggest challenge on how to get a customer to pay.

"The focus is also to provide customers with an easier way to pay. If that means working with a telco or financial partners, we will do that."

Ola raises $50mn from Chinese investors

Ola, India's largest cab-hailing service, has raised $50 million at a valuation of roughly $4.3 billion from Hong Kong-based Sailing Capital and the China-Eurasian Economic Cooperation Fund (CEECF), as part of the SoftBank-backed start-up's move to raise fresh funds of at least $1 billion.

Sailing and CEECF, a state-backed investment fund of China, will hold a combined stake of more than 1 per cent in Ola, implying that the latter's valuation has inched up since its previous fund-raise, showed regulatory documents filed by Ola with the ministry of corporate affairs and sourced by business intelligence platform Paper.vc.

The latest fund-raise from the two Chinese investment firms comes at a time when Ola is aggressively expanding outside and within India, while also building up a strong food-tech business to compete with Swiggy and Zomato, as the Bengaluru-based company looks to fortify its lead against arch-rival Uber Technologies in India.

Diageo India eyes growth in Tier 2 towns

Diageo India, the makers of Johnnie Walker, Black & White and Black Dog whiskies, is eyeing Tier 2 cities to fuel its growth in India.

Abhishek Shahabadi, head of marketing for the luxury and premium portfolio of Diageo India, said: "For the longest time, we have been focused on the top 5-6 cities for selling premium scotch and premium whisky brands."
The company is in the midst of repurposing its advertising and marketing spends to focus on the top 25-26 cities as growth in the sector is coming from smaller towns like Indore and Guwahati.

The India unit of Diageo Plc has about a 45 per cent volume share in the three million case per year scotch whisky market and is growing at a rate of 8-9 per cent. The growth rate in non-metro towns, in early- mid double digits, is outpacing the overall market growth rate, said Shahabadi.

Penetration is also being driven by growing affluence and the younger consumer who is open to experimentation. Out-of-home consumption accounts for 64 per cent of domestic sales.

The company is focused on driving this by presenting scotch whisky with a whole range of new experiences—like the Johnnie Walker Gourmet Experiences, a curated tasting session where food is paired with a drink.

India-EU trade relations: At a crossroads

by India Inc. Staff

An analysis of the prospects of an India-EU Free Trade Agreement (FTA) against the backdrop of the Indian President's recent visit to three European Union countries.

Indian President Ram Nath Kovind's three-nation tour to Central Europe — Bulgaria, Cyprus and the Czech Republic – in early September resulted in the signing of 12 memoranda of understanding in the field of energy, environment, defence production, tourism, trade and investment and financial services. Given that the President is just a titular head in India and state visits are mostly cultural and diplomatic in nature, the flurry of MoUs underlines the importance of this trip. Yet, the visit did not, and unsurprisingly so, alter the status quo on the India-EU free trade agreement.

This agreement that was first initiated in 2007, is one of the long-standing enigmas of all global multi-lateral agreements that have been initiated till date. At least on paper, an FTA between India, the world's fastest growing economy, and the EU, one of the world's largest trading blocs makes perfect sense. Thanks to its colonial past, India also has historical ties with Europe and much of its federal structure of governance is borrowed from the developed economies of Europe.

Ground reality

In the present tense as well, there is a lot to like. Already the EU is India's largest trading partner, with total bilateral trade of over $100 billion. While nearly a quarter of it is accounted for by the UK, which post Brexit will not be part of EU, Europe would still remain important to India. Excluding the UK, EU's bilateral trade with India is worth $77 billion, which accounts for almost 12 per cent of India's total trade, 14 per cent of its total exports and 10 per cent of total imports.

India's major exports to the EU comprise of gems and jewellery, apparel and textiles, machinery, organic chemicals, automobiles, iron and steel, mineral fuels, and pharmaceuticals while its major imports from the EU comprise of machinery and equipment, gems and jewellery, auto, plastics and organic chemicals.

The FTA has the potential to enhance this relationship further, creating investment and jobs on both sides. According to estimates by the European Parliament, an FTA can help expand EU's GDP by 0.14 per cent and India's GDP by 1.3 per cent a year. A trade sustainability impact assessment of the FTA done back in 2009 had said India was expected to gain €4.9 billion in the short run and €17.7 billion in the long run, while the EU was expected to gain €4.4 billion in the short run and €1.6 billion in the long run. A follow-up report to the study was never done so what those numbers would be like if the FTA is finalised today is anybody's guess but

it would definitely be higher. Bilateral trade could potentially treble in a decade from the commencement of the FTA.

Stop-starts

Yet the FTA between the two partners, officially referred to as the Bilateral Trade and Investment Agreement (BTIA), has been hanging in the air despite several rounds of talks – 16 to be exact. Negotiations have been stalled since May 2013 as both sides could not build a consensus on a range of issues.

It isn't for lack of trying. Last year in May, German Chancellor Angela Merkel made a renewed push for the FTA while hosting Indian Prime Minister Narendra Modi.
"It's important to us that we make progress on the German-Indian, or rather EU-Indian free trade agreement," she said at a Berlin business forum, where she shared a platform with Modi. "We will do a major push in Brussels to ensure that these negotiations progress again."

True to her words, efforts were made to re-start negotiations during the year but they amounted to nothing. However, in March earlier this year, India's Minister for Commerce and Trade Suresh Prabhu almost echoed her words and expressed his wish that both sides should get back to the negotiation table.

"We have started work on India-EU FTA again. We have invited them and are looking at it," Prabhu said at an event organised by Indian industry lobby group Confederation of Indian Industries in New Delhi. At the time, Prabhu also allayed any fears that India too would get overly conservative in the wake of rising protectionism in global economy. "We have decided that we will be a country which will engage with all our traditional friends and at the same time start making new friends," he added.

Europe for sure falls under the category of traditional friends but the differences between the two sides represent a bonafide tangled mess.

ACCORDING TO ESTIMATES BY THE EUROPEAN PARLIAMENT, AN FTA CAN HELP EXPAND EU'S GDP BY 0.14 PER CENT AND INDIA'S GDP BY 1.3 PER CENT A YEAR.

Key demands

What India seeks mainly is improved market access for its IT professionals. Currently, there are many barriers to movement of professionals in Europe with unwieldy rules on work permits, wage parity conditions, visa formalities and non-recognition of professional qualifications. Worse, these rules are not harmonised across Europe and different countries have different parameters. India wants a relaxed, harmonised and preferential Mode 1 (ITeS/BPO/KPO) and Mode 4 (movement of software professionals) and also seeks data secure status. Getting such a status brings down the cost of compliance with the existing data protection laws and procedures that will benefit many of India's backend service providers.

The EU, on the other hand, seeks further liberalisation of FDI in multi-brand retail and insurance, and opening up of the currently closed sectors such as accountancy and legal services. European banks have been eyeing India's relatively under-tapped banking space, but are wary of the restrictive rules on priority sector lending and obligation on financial inclusion. EU also wants India to substantially lower its import duties on wines and spirits, dairy products and automobiles. India levies one of the highest duties for imported luxury cars in its market which makes such cars from Europe one of the most expensive in the world.

"Can you imagine owning a Lamborghini in India is 2.5 times more expensive than owning it in any part of Europe," questions Sharad Agarwal, Head, Lamborghini India.

Elusive consensus

The two sides have struggled to arrive at a consensus on how much to relent so that the other can also open its markets. European companies have traditionally struggled in the Indian market and are keen to get better access in a market that has a population of 1.3 people so that they can effectively compete with the Japanese and Koreans. The Indian industry has been however opposed to any relaxation in the wines and spirits, dairy as well as automobile sectors.

"Indian cars can already be exported at 10 per cent duty to Europe. Obviously, India will not gain much by further reduction of EU duties for our cars but if Indian duties are reduced by 50 per cent or even more, it will be a substantial reduction in tariff. The gains will clearly be for the EU industry," says India's automobile industry body Society of Indian Automobile Manufacturers (SIAM). There are other contentious issues

as well. EU wants India to liberalise professional services and strengthen intellectual property right (IPR) regime. While India may consider liberalizing professional services but changing its existing IPR regime may have a critical impact on pharmaceutical and generic drug industry. Any concession by India in this would mean pharma companies from European Union would stand to gain and their Indian counterparts may have lesser scope.

While the negotiations have been stalled for some time, relations between the two partners received a fresh jolt in August 2015 when the EU imposed a ban on 700 drugs clinically tested by GVK Biosciences, an Indian drug company.

Brexit effect

Exactly a year later, the referendum on Brexit where UK decided to opt out of EU exacerbated matters further. As a significant player in the EU, UK's exit meant the FTA had to be looked at with a new perspective. Sentiments are at a new low and there is talk that the FTA is a foregone conclusion. But there are positives spin-offs of Brexit as well.

The demand for lowering duties on wines and spirits for example, came largely from Scotch whisky makers of UK. With them gone, at least one crease could be easily ironed out. Further, Britain was also concerned that a more liberal immigration regime in EU would bring hordes of Indian professionals to the UK. Already, UK has a robust Indian diaspora and is averse to adding to it substantially.

"It is not going to be easy considering prickly topics like the tariff on cars and dairy products but there is a bit more room for compromises now," says Sunil Prasad, secretary general of Europe India Chamber of Commerce. "Also, most Indian companies used to go to Britain as their entry point to Europe. With them gone, they will now look at a Germany, France and Belgium so would hope for a trade deal to facilitate investment and trade."

The lack of an FTA however is affecting both partners. Since fiscal 2012, bilateral trade declined for four consecutive years from $109.6 billion to $ 88.5 billion in fiscal 2016. In the next two fiscals trade improved to $101.5 billion in fiscal 2018 but it is still an underachiever.

Brexit has complicated matters and, at least for now, it looks like till the time the EU and UK can separate themselves from each other, an FTA with India for either or even closer business relations would be difficult. But it has also opened new doors. They may not be fully ajar right now but will be in due course.

Lack of political will to conclude an India-EU free trade agreement

Geoffrey Van Orden is Britain's Member of the European Parliament (MEP) for the East of England and Vice-Chair of the European Conservatives and Reformists (ECR) Group. In this interview, he tells 'India Global Business' what Brexit means for India-EU relations and why he fears the prospect of a free trade agreement (FTA) will continue to be hampered due to a mismatch in ambitions.

As Chairman of the European Parliament's Delegation for Relations with India, how do you see the India-EU relationship transforming in the context of Brexit?

Britain has always been the driving force in terms of the EU relationship with India but many other European countries have now come to understand the importance of that relationship.

In the European Parliament, the India Delegation (the formal body for relations with India) has 43 members – 12 per cent of which are currently MEPs from Britain from across the political spectrum.

However, MEPs from countries such as the Netherlands, Belgium, Italy and Romania and many other countries take a close interest and will undoubtedly become even more active.

Is there any prospect of India-EU FTA talks moving on to the next level?

There seems to be little likelihood of progress on the Free Trade Agreement in the near future. So far this year there have been two meetings between the Chief Negotiators, most recently in June. These meetings have seen no great breakthroughs.

There seems to be a mismatch of ambitions and the same barriers that have remained obstinate since negotiations began in 2007 continue to block progress.

There are currently no further plans for meetings between the EU and Indian FTA Chief Negotiators. The senior official from the European Commission's trade directorate was to have met the new Indian Commerce Secretary in early September, but this meeting has been postponed until mid-November, in Brussels. There doesn't seem to be the political will on either side for an FTA to be concluded.

The Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU was concluded within five years. Clearly when there is the desire, agreements can be finalised in a smaller timeframe. The language used in the 2017 EU-India Summit communique also suggests a lack of urgency in talks. Within the 10-page, 53 paragraph document there was only one mention of the FTA stating that "there was shared commitment towards timely relaunching negotiations".

In short, there is the intention to possibly start discussing the possibility of a deal. Language such as this does not fill me with optimism.

Is Britain likely to lose out to the EU on trade with India following its exit from the bloc?

No. Over the past 14 years, the UK has been the biggest G20 investor in India, 270 British companies operate in India and employ nearly 800,000 people and Britain imports approximately €8 billion of goods a year from India, more than any other EU country.

At the same time, India invests more in the UK than any other country in the EU with some 800 Indian companies operating in Britain. Bilateral trade between the UK and India has risen by 300% since 2000 and this continues to increase. The departure of the United Kingdom from the EU leaves the UK free to sign a Comprehensive Economic Partnership Agreement (CEPA) to strengthen this economic relationship further.

And I would like to see the concept of "strategic partnership" more precisely defined so that it includes substantive economic, trade, environmental, security and defence relations.

Britain should very naturally be among India's top three such strategic partners.

What does India's relationship with the EU mean on the ground?

In 2016, a migration and mobility agreement was signed which adopted a common agenda on migration to help achieve better regulation and reduce people trafficking. More recently, in October of last year, agreements were reached on clean energy and climate change, combatting terrorism and smart and sustainable urbanisation.

In terms of financial cooperation, in 2017 the European Investment Bank (EIB) provided €1.4 billion in loans to India. Part of this was a €500 million loan agreement to help fund the Bangalore Metro Phase-II Project. India is also the largest beneficiary of Erasmus programmes on higher education to third countries. Currently 50,000 Indian students are studying in over 400 universities in Europe as part of this scheme.

With regards to the 2014-2019 term of the European Parliament, how have you seen the EU-India dynamic evolve?

THERE SEEMS TO BE A MISMATCH OF AMBITIONS AND THE SAME BARRIERS THAT HAVE REMAINED OBSTINATE SINCE NEGOTIATIONS BEGAN IN 2007 CONTINUE TO BLOCK PROGRESS.

In recent years there has been a general improvement in EU-India relations. There were EU-India Summits annually from 2000 to 2007 when negotiations on an FTA began. These continued until 2012 – then there was a break and normal service resumed in 2016. At the last EU-India Summit in Delhi in October last year, there were agreements on climate change and energy and smart and sustainable urbanisation, as well as counter terrorism. In 2017, the Parliament also passed an excellent resolution on political relations with India authored by my colleague Cristian Dan Preda MEP.

I was elected as Chairman of the Parliament's Delegation in 2014. Our Delegation has already made two visits to India to engage with ministers and to see developments on the ground in Delhi, Bangalore and Jaipur. We have welcomed the Speaker of the Lok Sabha, as well as many Indian parliamentarians to Brussels.

To raise awareness and help boost our relationship. we have organised economic conferences and celebrated events such as Diwali and World Yoga Day, when we have been joined by Sri Sri Ravi Shankar. I speak regularly at the Raisina Dialogue in Delhi and shall be in India again in October and in January. It has been a very busy and fruitful period.

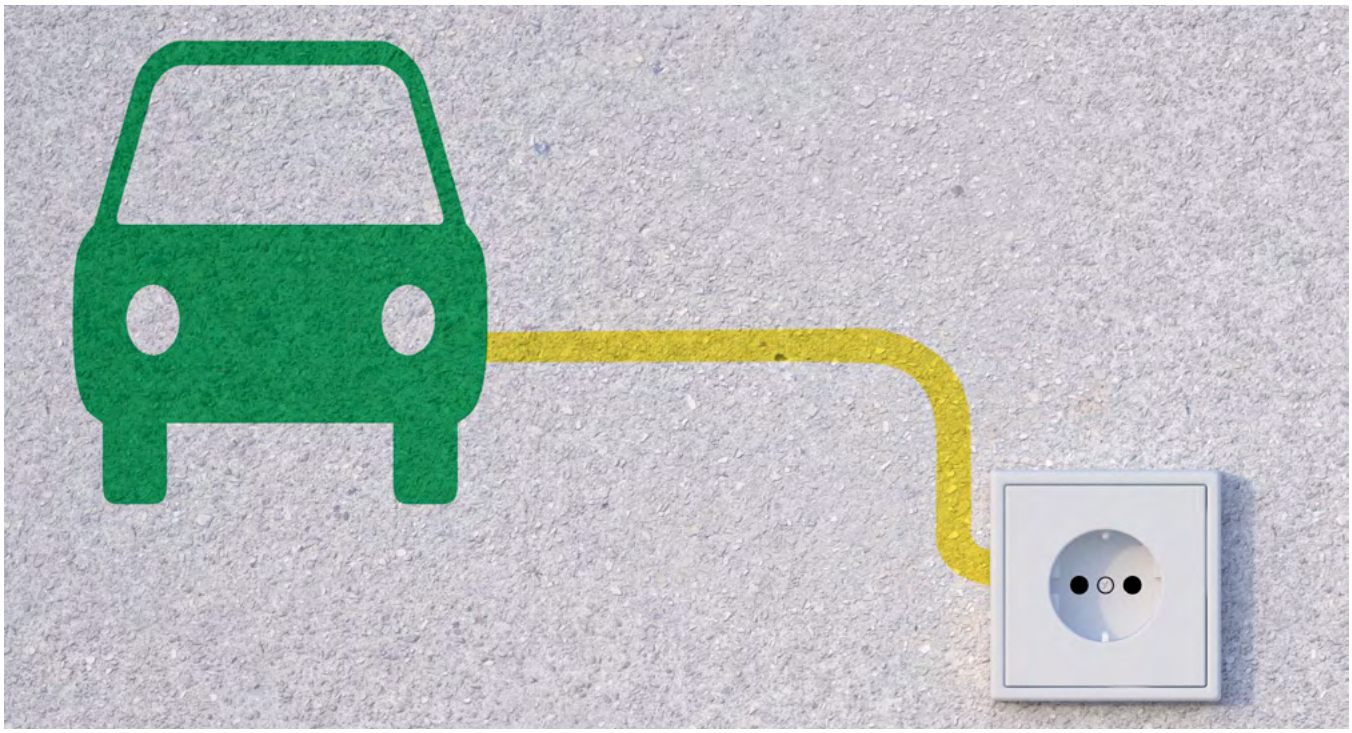
Does the EU really take its relations with India seriously?

For a country whose economy is already the sixth-largest in the world, experiencing the fastest rate of growth, shortly to become the world's most populous nation, and with possibly the fourth most powerful armed forces, the relationship is undoubtedly not given the attention it deserves. Within the EU institutions there are more debates, events and reports looking at relations with other Asian countries such as Japan and China. And there has been almost no progress over the last decade in securing an FTA.

There is great potential in the relationship between the EU and India, however unless it is given more focus it will remain untapped. The strong bilateral links between India and many European countries, not least the UK, will of course continue to prosper.

India's e-mobility challenge: Mass adoption will take at least another decade

by India Inc. Staff



Indian and foreign car-makers are making the first large investments in setting up e-vehicle and battery manufacturing facilities in India. But battery charging infrastructure will have to be rolled out across the country and the upfront cost of electric vehicles (EVs) will have to fall significantly for these eco-friendly models to gain mass acceptance.

Consider this: one has to spend an average Rs 5-6/km ($0.07-0.08) for fuel to drive a petrol car in India. Add the wear and tear, maintenance and occasional replacement costs of about 1,800-2,000 moving parts and you could be looking at a running cost of about Rs 8-10/km ($0.10-0.14) over the lifetime of the vehicle.

Now consider an electric vehicle (EV): the cost of charging batteries would come to less than 30 paise (less than half a cent) per kilometre. Together with the cost of replacing the battery maybe once every three to four years it will cost less than Rs 1 per km (about one and a half cents) per kilometre.

Since these vehicles have only 18-20 moving parts, or one hundredth the number in regular cars running on internal combustion engines, the maintenance costs, too, will be much lower. The cars will, therefore, last much longer – up to, it has been estimated, two million kilometres.

EV PENETRATION IN INDIA IS STILL VERY LIMITED. AS OF DATE, THERE ARE ONLY ABOUT 150,000 EVS IN INDIA, MOSTLY THREE- AND TWO-WHEELERS.

Remember what happened to analogue films and Kodak? It couldn't survive the onslaught of digital cameras (despite inventing the device) as consumers shifted en masse to the new product despite its higher price because of zero marginal costs.

Likewise, e-vehicles have the advantage of almost zero, or at least extremely low, running costs compared to petrol and diesel cars. Then, there are other benefits such as zero emission, almost negligible carbon footprint and the associated benefits for the environment and the health of all living beings.

Vision for the future – 7 Cs

Little wonder then that the world at large and India in particular are so excited at the prospect of ushering in e-mobility.

The Narendra Modi government has announced that it will encourage e-vehicles though it seems to have dropped its earlier proposal of phasing out all internal combustion vehicles by 2030.

Speaking at the first Global Mobility Summit in New Delhi recently, Modi said: "My vision for the future of mobility in India is based on 7 Cs – common, connected, convenient, congestion-free, charged, clean, cutting-edge... We will soon put in place a stable policy regime around electric and other automated vehicles...Clean mobility powered by clean energy is the most powerful weapon in our fight against climate change."

EVs help fight climate change

India is currently the fourth-largest emitter of greenhouse gases (GHG) in the world. The transport sector accounts for 13 per cent of India's energy-related CO2 emissions, according to INCCA (2010).

The automobile industry has grown at a CAGR 9.6 per cent in the decade from 2006-16 and its contribution towards GHG emission is expected to grow at a much larger pace, if business grows at the same pace going forward.

India also has the world's third largest automobile industry and second-largest two-wheeler manufacturer with two wheeler production to rise from 18.8million to 34 million by 2020.

There were 192 million private on the roads in 2016. The penetration of private vehicles, however, was still very low at about 30 per 1,000 people compared to countries such as the US, which had about 800 vehicles per 1,000 people or even China, which had 69 per 1,000 people. India imported 202 million tonnes of crude oil last year amounting to 81 per cent of total crude requirement. This accounted for almost 50 per cent of the country's total import bill.

Cutting fuel consumption in India, therefore, will not only help fight climate change and meet India's targets under the Paris Accord but also reduce the import bill and help the country economically.

Incentives galore

EV penetration in India is still very limited. As of date, there are only about 150,000 EVs in India, mostly three- and two-wheelers. That's less than one-tenth of 1 per cent of the total number of vehicles plying on Indian roads.

But the government is moving to improve this. Last year, it placed an order for 10,000 electric cars with Tata Motors, which emerged the lowest bidder, to replace its fleet of diesel and electric cars.

Then, addressing the 58th annual convention of the Society of Indian Automobile Manufacturers (SIAM) recently, India's Road Transport and Highways Minister Nitin Gadkari said his ministry plans to roll out non-fiscal incentives to ensure that EVs make up 15 per cent of vehicle sales in India in five years. Further, electric (and CNG) vehicles will not need road permits, he announced.

"Electric vehicles attract 12 per cent GST and no further subsidies are needed and we don't have any intention of subsidising personal vehicles. The non-fiscal incentives that we will announce will increase sales of electric vehicles to 15 per cent of total sales. There is no need for automobile companies to ask for incentives any more. They should rather develop a pool of drivers to enhance skill development," he said.

Some of the other major initiatives to encourage EVs in India are:

- The Government plans to introduce a new Green Urban Transport Scheme with a central assistance of about Rs 25,000 crore ($ 3.5 billion), aimed at boosting the growth of low carbon urban transport.
- Govt. established NEMMP (National Electric Mobility Mission Plan) with corpus of Rs 14,000 crore ($1.9 billion) and created TPEM (Technology Platform for Electric Mobility) giving 60 per cent subsidy to all eligible R&D projects

- In 2015, the government formulated Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India (FAME) , under the National Electric Mobility Mission 2020 to encourage the progressive induction of electric and hybrid vehicles in the country. FAME provides demand incentives for EVs and hybrids—up to Rs 29,000 for 2-wheelers and Rs 61,000 for 4-wheelers. The goal: have 6-7 million "EV+" vehicles by 2020.
- The Rs 5,500 crore ($750 million) FAME II will take these incentives forward to drive faster EV adoption in India.

… and some more

"I will give you all clearances on a platter... Clearances have been major hurdle causing delays in projects and resulting in cost overruns. Come forward for public transport system on electricity or alternative fuel," Gadkari told the Global Mobility Summit.

"I am ready for electric highways. We can put electric cables in a lane of Delhi-Mumbai expressway and 40-tonne capacity trucks can easily go on that. We will give right of way and clearances for the project. We have said if somebody wants to come then he or she is welcome. If anyone wants to run cable cars we are ready to give clearances and right of way," he added.

The technology for electric highways was developed in Sweden; it allows hybrid trucks to run on electricity when on these highways and use their alternative powertrains when on other roads.

SEVERAL LARGE INDIAN AND FOREIGN AUTO MAJORS ARE BETTING BIG ON EVS AND INVESTING BIG BUCKS ON SETTING UP EV-MAKING AND RELATED FACILITIES IN INDIA.

Auto majors bet on electric vehicles

Several large Indian and foreign auto majors are betting big on EVs and investing big bucks on setting up EV-making and related facilities in India.

- Ford Motor Co. plans to invest Rs 1,300 crore ($195 million) to build a global technology and business centre in Chennai, which will be designed as a hub for product development including e-mobility solutions and business services for India and other markets.
- Masayoshi Son, CEO of SoftBank Group, has said Ola Cabs, a local Indian competitor to Uber, may introduce a fleet of one million electric cars in partnership with an electric vehicle maker.
- Nissan Motor Co. is in discussion with the Government of India to bring electric and hybrid technologies to India as the government plans to reduce air pollution caused by vehicles.
- Mahindra & Mahindra and Tata Motors are already making EVs in India
- Suzuki, Toshiba, Denso plan to make lithium-ion batteries for electric vehicles in India

Investments in batteries

"We want to drive investments across the value chain from batteries to smart charging to electric vehicle manufacturing," the Prime Minister said at the Summit, adding: "India's entrepreneur manufacturers are now poised to develop and deploy break-through battery technology."

At the Summit, Suzuki Motor Corporation Chairman Osamu Suzuki announced plans to test of 50 EV prototypes in India keeping in Indian traffic conditions, adding that India needed proactive leadership to ensure the speedy rollout of adequate charging infrastructure to help the growth of EV adoption.

Significantly, he also announced that Suzuki would start making lithium ion batteries, which power EVs, in Gujarat from 2020 and that he plans to launch electric vehicles in India that year in partnership with Toyota.

Long road ahead

Despite these incentives and investments it will take at least another decade before EV numbers ramp up significantly to be taken seriously. The policy challenges are being addressed. But the infrastructure and price challenges remain and will have to be overcome before the potential is achieved.

India's tech sector takes centre stage

The country's technology and cyber space segment has seen a lot of activity in recent weeks.

Samsung opens its biggest store in India

Samsung Electronics Co Ltd opened its biggest mobile store in the world in India as it tries to take pole position in the world's second-biggest smartphone market amid fierce competition from Chinese brands.

The South Korean tech giant's roughly 33,000 sq ft store in the southern tech hub of Bengaluru will help it extend its lead in India over global rival Apple Inc, which has yet to open any flagship stores in the country.

Samsung opened the world's biggest smartphone plant outside Indian capital New Delhi just two months ago.

"India is an extremely important market," Mohandeep Singh, senior vice-president, mobile business at Samsung India was quoted as saying. The company plans to open more such stores in some of India's top 10 cities.

"These stores...will really help us further consolidate our share as we move forward," Singh said.

The new store will feature Samsung mobile devices but also showcase its consumer electronics products and latest innovations. It will also house a service centre for phones.

Microsoft to train Indian women in cyber security

Sloftware major Microsoft and Data Security Council of India (DSCI) launched a programme to train 1,000 women in cyber security for free over a period of next three years. Under the program 'CyberShikshaa', 1,000 science and engineering graduate women between the age group of 20-27 belonging to a family with an annual household income below Rs 500,000 will be trained in cyber security.

Anant Maheshwari, President, Microsoft India, said: "As India leapfrogs into the next phase of growth, we see a multi-fold growth of digital assets. This increases the need for an enhanced cyber security infrastructure and advanced security solutions. This will lead to the next wave of jobs."

The first phase of the programme will be rolled out across Noida, Patna, Hyderabad and Mohali.

The CyberShikshaa curriculum will comprise an interactive, 4-month training course with a combination of theory, case studies and practical hands-on projects managed by a group of training partners led by Centre for Development of Advanced Computing (C-DAC), a company official said.

It will also include mentoring sessions and workshops with industry leaders, soft skills training and technical sessions by Microsoft employee volunteers. Campus interviews will be organised for students on successful completion of the course.

Flipkart acquires Israeli analytics firm

Online retailer Flipkart has now turned overseas to make tech acquisitions. The homegrown player has acquired an Israel-based analytics company Upstream Commerce in a bid to deliver real-time pricing and product analytics to their sellers.

Post the buyout, the 20-member Upstream Commerce team, while a part of Flipkart, will continue to work out of Israel. This will also make Israel one of Flipkart's global centres for future data science work.

Kalyan Krishnamurthy, CEO, Flipkart, said: "With the Upstream acquisition, we will now have tech and talent presence across Asia, US and Israel, some of the key global hubs for innovation."

Flipkart already has an office in California to tap into the tech talent in the Bay Area.

Anil Goteti, head of marketplace, Flipkart, said: "The company uses data science and analytics to provide insights to e-commerce platforms across the globe.

"We believe this acquisition will strengthen our already existing capabilities of providing insights to our sellers on both selection and pricing."

The integration of this technology onto the Flipkart platform is expected to take place in the next few months.

Uttarakhand: An important investment destination

Proactive policies, stable politics and a clean administration has ensured that the small north Indian state of Uttarakhand has attracted major investments in food processing, automobiles, tourism, IT and other sectors from big names such as HP, Mahindra, Adani and Patanjali.

Uttarakhand is better known to the Indian public as a very desirable tourism destination offering a wide variety of options for pilgrims, adventure seekers, wildlife enthusiasts, nature lovers and those seeking wellness and rejuvenation.

But in recent times, it has also emerged as a hub of industry and commerce, with thriving units in sectors such as automobiles, food processing, information technology, textiles, renewable energy, biotechnology and horticulture, besides, of course, tourism.

Large Indian business houses such as Mahindra, Adani, Patanjali and Amul, among others, have announced investments of Rs 70,000 crore ($9.5 billion) in the state at the recently concluded Uttarakhand Investment Summit in Dehradun.

Growing faster than the national average

Forward-looking industrial policies and generous tax benefits have led to massive growth in capital investments in the state over the seven to eight years. The state has clocked a compounded annual growth rate of 10.86 per cent between 2011-12 and 2017-18 to record a gross state domestic product (the state equivalent of the more popular GDP) of $33.21 billion. The net state domestic product has grown at a faster clip of 11.07 per cent over this period.

UTTARAKHAND, WHICH IS LOCATED AT THE FOOTHILLS OF THE HIMALAYAS, IS FORTUNATE TO HAVE ALMOST EVERY AGRO-GEO CLIMATIC ZONES MAKING IT ATTRACTIVE FOR FLORICULTURE, HORTICULTURE AND FOOD PROCESSING.

Figures put out by the Department of Industrial Policy & Promotion (DIPP) show that cumulative FDI inflows between April 2000 and June 2018 was $680 million.

Single window clearances

The Uttarakhand government has a single window clearance system for approvals and licenses; the entire process is web-based and allows investors to obtain necessary licenses and permits without having to physically interact with any authority.

This improves ease of doing business in the state and removes any possibility of corruption or red tape. A survey by the National Council of Applied Economic Research, a highly respected independent non-profit think tank in India, on Perception of Good Business Climate ranks the state as the least corrupt in India. It was among five states – the others being Gujarat, Andhra Pradesh, Assam and Himachal Pradesh – where more than 90 per cent of

the respondents said they faced no problems in getting land.

Handholding support

To facilitate a seamless transition from concept to cash flow, the state has set up an Investment Promotion & Facilitation Centre (IPFC) as a one-stop-shop for the investors providing handholding support in a structured, focused and comprehensive manner.

Investors, especially foreign investors are often daunted by the convoluted and bureaucratic rules and regulations that govern the investment process in India. To overcome this hurdle, the Uttarakhand assembly passed the Uttarakhand Right to Service Act, 2011 and The Uttarakhand Enterprises Single Window Facilitation and Clearance Act, 2012. These statutory provisions facilitate the delivery of permissions, licenses and approvals to investors in a time-bound manner. Other measures to improve the ease of doing business include:

- The Software Technology Parks of India (STPI) earth station at Dehradun ensures high-speed connectivity.
- Uttarakhand Policy for Skill Development & Entrepreneurship was launched in 2018, which aims to increase the employability of workers, competitiveness of enterprise and promotes inclusive growth.
- The single window system facilitates speedy clearances of projects under the Horticulture Mission for North East and Himalayan States, National Mission on Food Processing, National Horticulture Board and Agricultural and Processed Food Products Export Development Authority.
- Uttarakhand Tourism Policy, 2017 promotes the setting up of new amusements parks and new ropeways that would be exempt from payment of entertainment tax in order to promote tourism and develop it as a major source of employment and revenue generation in the state.

Locational advantage

Uttarakhand, which is located at the foothills of the Himalayas, is fortunate to have almost every agro-geo climatic zones making it attractive for floriculture, horticulture and food processing. The state has more than 175 species of rare medicinal, aromatic and herbal plants.

As mentioned earlier, the state is a leading tourist destination in India with several major and minor hill stations, wildlife parks, Hindu pilgrimage centres, mountain streams and trekking routes. Over 34 million domestic tourists and almost 150,000 foreign tourists visited the state last year.

The abundance of rivers makes the state a key destination for hydropower generators. According to government of Uttarakhand figures, the state has a hydropower generation potential of 25,000 MW, of which only about 3,500 MW has been harnessed. Another 12,500 MW has been awarded to various private and public sector companies, leaving an untapped potential of about 9,000 MW.

Then, its close proximity to India's capital New Delhi and excellent road, rail and air connectivity with the rest of the country makes it an attractive investment destination.

BENEFITS AND INCENTIVES

The state offers a wide range of benefits in terms of interest incentives, financial assistance, subsidies and concessions. The main attractions of the state are:

- Availability of cheap and reliable labour
- Abundant availability of water resources
- Transparent land allotment processes and competitive prices
- World class integrated industrial estates
- Skilled manpower
- Sector-specific policies providing fiscal and non-fiscal incentives
- Proximity to the National Capital Region of Delhi
- Handholding through investment promotion and facilitation centre
- Well performing state in Ease of Doing Business with 98.10 per cent compliance
- Good law and order situation; among the lowest number of mandays lost due to industrial tensions

Political stability

Uttarakhand is currently ruled by the BJP, which won 57 seats in its 70-member Assembly last year. The Indian National Congress (INC, aka Congress), which had ruled the state from 2012-2017 won 11 seats.

The state, which was formed in 2000, has a tradition of alternating between the Congress and the BJP every five years. The Congress formed the first government in the state in 2002 when it was carved out of Uttar Pradesh. The BJP formed the government in 2007 only to hand back power to the Congress in 2012.

Trivendra Singh Rawat of the BJP was elected Chief Minister of the state following the BJP's victory in 2017. Rawat is known for his clean, incorruptible image, austere lifestyle and administrative and political acumen.

Investments pouring in

The Adani group is investing Rs 6,500 crore ($900 million) in the state. Of this, almost 80 per cent will go into a metro rail project, 15 per cent on power transmission and the rest on setting up a logistics park.

Iconic yoga guru Swami Ramdev, who also owns a vast Ayurvedic FMCG empire under the Patanjali brand name has also announced investments of Rs 2,500 crore ($330 million) on education, food processing and wellness.

The Mahindra Group will invest Rs 550 crore ($70 million) on setting up an automobile assembly plant, a tractor plant and resorts.

Ecological challenges remain

Following the devastating floods in 2013 which killed 5,700 people, the Supreme Court has halted the construction of hydropower projects in the state. Environmentalists assessed that rampant deforestation and unregulated development were the main causes.

The state's ecology is very fragile, and this will have to be managed very carefully. So, industries will have to follow stricter environmental norms than in most other states. The government will also have to balance the needs of industrial growth and development with the need to maintain the ecological balance in the state.

Indian companies on a global mission

From start-ups to industry leaders, Indian enterprises are continued their march to enhance overseas impact.

OYO hotel chain announces UK entry

OYO, India's fastest growing hotel chain, is set to shake up Britain's budget accommodation market with a high-tech franchising and marketing strategy to sign up 300 independent hotels by the end of 2019.

Marking its first expansion outside of Asia, the franchiser said it plans to invest £40 million ($53 million) to launch in 10 UK cities over the next 18 months through a smartphone-based service aimed at both franchise owners and guests.

OYO is entering Britain's economy hotel segment, which is led by Whitbread's Premier Inn chain.

Other branded operators include private equity-backed Travelodge and Holiday Inn Express, a unit of Intercontinental Hotels Group.

The company's founder Ritesh Agarwal said that OYO aims to select hotels from among Britain's 35,000-40,000 independent operators, offering interior redesign and revenue management services to help them compete.

Since its founding in 2013, OYO has become South Asia's fastest growing hotel chain, with a network of 211,000 rooms in 349 cities.

TVS Motor enters Mexican market

Slouth India's leading two-wheeler maker TVS Motor Company announced their association with leading distributor in the Mexican region, Torino Motors, a subsidiary of Groupo Autofin to participate in the growing North American market

In the first year of the association, Torino Motors will work with TVS Motor Company to open 40 exclusive stores in the country for the distribution of two-wheelers, the company said in a statement.

With over 40 years of experience in the region, Torino Motors specialises in automobile and retail finance.

R Dilip, Senior Vice President – International Business, TVS Motor Company, said: "We look forward to the market knowledge that they will bring on board. Their insights will allow us to personalise our offerings to suit the customers of Mexico and their vast network of distribution will ensure maximum reach in the country."

Jorge Garcia, CEO, Torino Motors, said: "The range of offerings provided by the Company are very well-suited for the local Mexican commuter and terrain. We are confident that this association will be very successful."

Infosys to buy Finnish firm for $76mn

Indian IT Services supplier Infosys has agreed to spend $76 million to buy Fluido, a Salesforce consulting partner in the Nordics in Europe marking the second acquisition under chief executive officer (CEO) Salil Parekh, who took over nine months ago.

Finland-based Fluido is a privately held firm that was founded in 2010. Infosys said it expects to close the acquisition during October-December.

Ravi Kumar S., President and Deputy Chief Operating Officer, Infosys, said: "Fluido will be an important addition to the Infosys family, bringing a unique combination of market presence, deep salesforce expertise, agile delivery and training, that combined with our existing capabilities will help companies reimagine and transform their businesses. This acquisition also aligns with our efforts to invest in local capabilities in the regions in which we operate."

Bengaluru-based Infosys's latest acquisition is significant for three reasons, according to analysts.

First, Infosys through Fluido can expect to generate more business from clients in the Nordic region comprising Finland, Denmark, Sweden, Norway and Slovakia.

Second, the acquisition will help put the consulting arm back on the growth pedestal after more than two years of tepid performance.

Finally, Infosys's second acquisition after it spent $75million to buy WongDoody, the US-based ad agency in April, suggests that the company is not shying away especially after its three earlier failed acquisitions made under former CEO Vishal Sikka's watch.

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Tough-talking India takes centre-stage at UN

by India Inc. Staff

Beyond the much-hyped clash with Pakistan, the 73rd United Nations General Assembly had a lot more on the cards for India.

Indian External Affairs Minister Sushma Swaraj issued a rallying cry for reform during her address at the UN General Assembly in New York at the end of September. At its heart lay India's long-standing demand for the UN Security Council to reflect the realities of the 21st century.

"Reform cannot be cosmetic. We need to change the institution's head and heart to make both compatible to the contemporary reality," she said.

"If the UN is ineffective, the whole concept of multilateralism will collapse," she warned.

Her sentiment that the UN must not become the instrument of a few at the cost of the many would resonate with many who share India's view that the current composition of the 15-nation UN Security Council does not reflect the changed global realities.

"IF THE UN IS INEFFECTIVE, THE WHOLE CONCEPT OF MULTILATERALISM WILL COLLAPSE."

India-Pakistan clash

While UN reform may have been at the heart of her address, the focus was understandably on the much-hyped India-Pakistan clash in the lead up to the General Assembly. Swaraj, not one to mince her words, was unequivocal in the country's stance on cross-border terrorism and the frustrated peace process with the neighbouring country.

She said: "We are completely engaged in fighting poverty; alas, our neighbour Pakistan seems only engaged in fighting us.

"In our case, terrorism is bred not in some faraway land, but across our border to the west. Our neighbour's expertise is not restricted to spawning grounds for terrorism; it is also an expert in trying to mask malevolence with verbal duplicity."

Beyond this tirade, she also urged

the UN to adopt the India-initiated Comprehensive Convention on International Terrorism (CCIT) in order to enshrine a clearer definition of terrorism worldwide.

"The CCIT was proposed by India in 1996. In 2016, despite the passage of two decades, we are yet to come to a conclusion. As a result, we are unable to develop a norm under which terrorists shall be prosecuted or extradited. Therefore, it is my appeal that this General Assembly acts with fresh resolve and urgency to adopt this critical Convention," she noted.

Her underlying message was that though the international community has become increasingly aware of Pakistan's role in promoting terrorism, the absence of an international agreement on the definition of terrorism allows Pakistan to characterise terrorists as "freedom fighters".

Swaraj's appearance at the UN global stage came amid a particularly tense time in India-Pakistan relations, in the aftermath of the brutal murder of Indian soldiers in the Jammu region. Her snub to Pakistan Foreign Minister Shah Mehmood Qureshi on the sidelines of the General Assembly was symbolic of this freeze in ties.

Economic and social transformation

However, the Indian minister also used the global platform to highlight some of the significant reforms being undertaken by the Indian government, including the world's biggest health insurance programme recently launched by Prime Minister Narendra Modi to benefit 5 million Indians as part of a pledge to build a clean, healthy, educated and energised India.

At the meeting on climate change convened by UN Secretary General Antonio Guterres during the 73rd Session of the UN General Assembly, she highlighted India as the sixth-largest producer of renewable energy, and fifth-largest producer of solar energy in the world.

As part of the country's fight against climate change, she flagged India's target of generating 175GW of solar and wind energy by 2022 and reiterated that the International Solar Alliance (ISA) launched with France has been already signed by 68 countries.

"REFORM CANNOT BE COSMETIC. WE NEED TO CHANGE THE INSTITUTION'S HEAD AND HEART TO MAKE BOTH COMPATIBLE TO THE CONTEMPORARY REALITY."

"The alliance aims to mobilise technology and finances to lower unit costs," she said. The minister also informed the UN about steps being taken towards women's empowerment, including the Ujjwala scheme, under which 50 million gas connections have been provided so far, and 26-weeks' maternity leave. "In India, we have implemented what women across the world need," she declared.

Conclusion

It was a busy time for the Indian delegation at the UN meet, attended by over 120 UN member states. Requests for an estimated 30 bilateral meetings had been received for the Indian External Affairs Minister.

Over the course of the week-long deliberations, Swaraj tackled the issue of climate change, participated in the Non-Aligned Movement (NAM) Ministerial Conference on Palestine and attended other meetings including the India-Brazil-South Africa (IBSA); Brazil, Russia, India, China and South Africa (BRICS); and South Asian Association for Regional Cooperation (SAARC) meets. India's over-arching message to the UN was loud and clear: "Step by slow step, the importance, influence, respect and value of this institution is beginning to ebb... The United Nations must accept that it needs fundamental reform."

Indian businesses of any size can succeed in the US

by Brian Lenihan

The US-India economic relationship is built on bilateral investment, writes an American investment strategist.

The economic partnership between the United States and India is a blueprint for economic prosperity. Expanding bilateral trade and investment between the United States and our allies is a top priority of the Trump administration, and few countries exemplify this better than India. Together, our two countries are forming the foundation of the global economy in the 21st century. Secretary of Commerce Wilbur Ross recently announced that India will be moved into Tier 1 of the Department of Commerce's Strategic Trade Authorization license exception, a designation comparable to NATO membership. This regulatory change will enhance both the bilateral defence and trade relationship between the United States and India, potentially greatly increasing the volume of exports between the two nations.

In the spring of 2019, "Trade Winds: Indo-Pacific" will take place in New Delhi. This special trade mission will bring US exporters together with local decision makers and provide these companies with the opportunity to expand into one of the fastest-growing economies in the world. Indian firms will, in turn, get a snapshot of the US investment climate. This event represents the next step in what has long been a vibrant economic relationship.

Just last year, Indian investment in the United States reached a record $13.1 billion, a number translating to tens of thousands of US jobs, while US investment in India crossed the $44 billion mark.

The United States has entered a new era of economic growth. With fewer regulations, a simplified tax structure, and new infrastructure improvement initiatives, American leaders are working to create an environment in which all companies operating in the United States can flourish. Indian businesses of any size can succeed here – large automakers, small software companies, energy producers, service providers, and everything in between have found success in America – which is one reason why the Global Entrepreneurship Index again ranked the United States first of 137 countries in 2018.

Simply put, the United States is the best destination for investment – your investment. The fundamentals that have made the United States a

great place to invest remain strong. From a diverse, highly educated, and skilled workforce to strong intellectual property protection, it's easy to see why millions of global business investors continue to choose the United States.

Largest Amount of FDI in the world and growing

At $4 trillion, the total stock of foreign direct investment (FDI) in the United States is unrivalled. Last year alone, the flow of FDI into the United States topped $277 billion. FDI in the United States is not just growing, it's also diversifying. Many of the fastest-growing sources of FDI are in Asia and South America.

US leaders are focused on creating an environment that attracts even more investment and removes the hurdles that can distract companies from their basic mission: to freely operate. Recently, the corporate tax rate in the United States was lowered from 35 to 21 per cent, allowing companies to keep more of their profits to reinvest in their operations – a significant benefit for any business. Reforms like this are making the United States more attractive than ever as a business location.

Epicentre of entrepreneurship

When companies select the United States for investment, they are not only bringing well-paid jobs to communities across the country; they are also tapping into a market powered by innovation. With a deeply-rooted business culture of experimentation and evolution, wide access to capital, and other resources designed to help new ideas take flight, there is arguably no better market than the United States for Indian entrepreneurs and startups to experiment.

World-changing innovation

Entrepreneurs benefit from, and contribute to, a flourishing ecosystem for invention and inspiration, thanks to the robust and comprehensive protection of intellectual property rights. In fact, the United States registers more international patents than any other country, patents that help contribute to world-changing innovation.

Likewise, the United States is a recognised leader in research and development and has one of the highest-acclaimed networks of universities and institutions in the world. This culture of innovation offers an added competitive advantage to the business community and keeps the United States at the cutting edge of new ideas, technologies, and prosperity.

JUST LAST YEAR, INDIAN INVESTMENT IN THE UNITED STATES REACHED A RECORD $13.1 BILLION, A NUMBER TRANSLATING TO TENS OF THOUSANDS OF US JOBS, WHILE US INVESTMENT IN INDIA CROSSED THE $44 BILLION MARK.

Skilled, educated & diverse workforce

The US workforce is diverse, skilled, innovative, and mobile – and US workers are among the most productive in the world. In fact, US workforce output per hour is more than 30 per cent above the Organisation for Economic Co-operation and Development (OECD) member country average. The US education system is the foundation of our competitive and skilled workforce. Over 40 per cent of US adults have completed a level of education beyond high school. Looking to the future, President Trump has prioritised workforce development to ensure that the country is able to meet the needs of a 21st century economy.

Made in the USA

By selecting the United States, Indian companies can become essential parts of the cities and towns they are investing in. More than 56,000 US jobs are directly supported by the US affiliates of majority Indian-owned firms. These affiliates contribute $1.5 billion to US goods exports and spend $114 million on research and development in the United States in 2015 (latest available data). Additionally, Indian firms exporting from the United States can reap benefits from the "Made in the USA." brand premium (innovation, quality, and reliability).

The SelectUSA Connection

SelectUSA is the US national investment-promotion program that works to facilitate job-creating business investment and raise awareness of the important role that FDI plays in the U.S economy. SelectUSA serves as a single point of contact to help business investors and US economic development organisations (EDOs) navigate the federal regulatory system. Working with US EDOs, the program supports business investors seeking information and guidance about entering or expanding their operations in the United States. Support from the SelectUSA team helps businesses find inroads to investment opportunities and make the necessary connections to make deals happen.

High-profile events like the annual SelectUSA Investment Summit facilitate many such connections, enabling business to explore locations across the nation in a matter of hours. Investment Summit participants also hear about the US business and investment climate directly from senior government officials and industry leaders, and learn about specific resources and tools to invest in the United States.

Brian Lenihan is the Acting Executive Director of SelectUSA and also co-chairs, with the Director of the White House National Economic Council, the SelectUSA Interagency Investment Working Group to promote business investment and address federal regulatory barriers.

Why trust is key to business in India: Lessons from Adam Smith to Jack Ma

The author of 'Trust: Creating the foundation for entrepreneurship in developing countries' presents a snapshot from his latest work to highlight the importance of a simple set of principles in achieving entrepreneurial excellence.

by Tarun Khanna

In the past decade, India has become the flavor du jour for investors, whether one uses portfolio flows or direct investment as a measure. As an academic and investor-entrepreneur in India, and in other emerging markets, I often try to regroup with my colleagues to ask ourselves, what do investors need to know about business models in India? My new book 'Trust' is an attempt to synthesise some of my recent learnings, a moment of reflection in my continuing journey.

Trust-building in the developing world, as 'soft' as it sounds, is the only hard-headed, practical, solution for entrepreneurs to build sustainable enterprises amidst compromised institutional environments.

If you think that's too strong, please read on!

A set of simple principles can help the entrepreneur navigate towards a trusted position in environments that more often than not evoke caution, reticence, and even outright mistrust.

Foremost among these is a shift in mindset on the entrepreneur's part. As I put it in the book, as a would-be entrepreneur, you cannot just create, you have to (simultaneously) create the (enabling) conditions to create. Think of this as having to invest in reassurance in environments where experience has conditioned people to be naturally risk-averse and cautious. That way, armed with ways to reassure others, you can get quality talent to gravitate towards you – why would a smart young person otherwise hold her career hostage to someone she can't count on? – you can get risk capital to take a chance on you, you can get business partners to co-invest in your vision, often by literally underwriting the business, or at least by backstopping it by, say, providing a guaranteed contract or purchase order or whatever else.

MY POINT IS JUST THAT INVESTING IN TRUST IS AS MUCH AN ISSUE OF A MINDSET AS IT IS OF SPENDING CASH.

One example I'm fond of is that of Charles Shao, an entrepreneur building a high-tech dairy in China, Huaxia, starting in Beijing and Shanghai, which he ultimately sold successfully to a much larger enterprise. Shao ended up specifically investing in education programmes for others in the dairy industry – even giving away his content and methods for free -to build a groundswell of support for his radical ideas on how to keep cows 'happy' with better technology monitoring, so that their yields would go up. That turned out to be an important piece of the ecosystem to nurture talent that helped him, and others.

Unsurprisingly, investors were suspicious of this 'giving up IP (intellectual property) approach' but we've seen glimpses of such moves in the technology industry from which Shao had emerged, for example, in open-source movements, in mandatory second-sourcing agreements, and so on. After all, entrepreneurship often amounts to creative reapplications of familiar ideas to new contexts.

So, in this example, the entrepreneur had to embrace this mindset of creating the necessary enabling conditions, in parallel to building out his technology, and to educate his investors and even competitors of the need to do this.

Now, folks say this sounds intriguing, but it's impractical, it's too costly. That turns out to be incorrect. This is the most practical way to go about building amidst the infrastructure-deficit developing world. Without creating the groundswell for mobilising talent towards a tech

future for dairy, he'd have struggled daily, possibly for years on end, to grow. This way attention paid to it early on paved the way for smooth growth and a successful exit. What's not to like! Indeed, there are so many ways in which to invest in Trust, so to speak, depending on the country and product or service being provided – use of quality ombudsman to promptly address complaints, leveraging increasingly ubiquitous and decentralised technology to find opportunities to delight, investing in credible word-of-mouth dissemination when communication channels are limited or decrepit, and so on. My point is just that investing in trust is as much an issue of a mindset as it is of spending cash.

In 'Trust', I also emphasise that technology is not a panacea at all. It's but one important arrow in the quiver for the entrepreneur to address the problems of development, but it's neither necessary nor sufficient, so to speak. In the same dairy industry for instance, Amul in India has built a super successful brand of high quality milk and milk products by cleverly building on the social structure of the rural Indian community. I'm not absolving Amul of the need to invest in technology, far from it, they should do much more on that front, just pointing out that there are many ways to address the entrepreneurial issue of building a system that delivers affordable, high-quality dairy products, and that high-tech solutions aren't the only ones, or even the most profitable ones that enable this.

Merely the use of technology does not obviate the need for Trust. It might even exacerbate it. Technology can be enabling, of course, but can also be destabilising. And instability in already unstable parts of the developing world is a double whammy that doesn't bode well for success of the entrepreneur. The ways in which the microfinance revolution has spread across parts of Latin America, Asia and Africa illustrate this amply in several stories in the book.

Lastly, I think entrepreneurs in the developing world have to rid

themselves of the antagonistic mindset vis-à-vis the state, or the patronising attitude that the state always gets it wrong.

TRUST-BUILDING IN THE DEVELOPING WORLD, AS 'SOFT' AS IT SOUNDS, IS THE ONLY HARD-HEADED, PRACTICAL, SOLUTION FOR ENTREPRENEURS TO BUILD SUSTAINABLE ENTERPRISES AMIDST COMPROMISED INSTITUTIONAL ENVIRONMENTS.

Remember that the objective function of the bureaucrat or politician is necessarily somewhat different from that of the private entrepreneur, that the state brings you something you can never achieve on your own (huge scale!), and that a partnership requires a lot of bridge-building to inspire confidence. In fact, those who invest in cultivating trust with the state – often resulting from an initiative taken by the entrepreneur rather than by representatives of the government – have a better shot, I believe, at impact through scale. In Trust, I contrast examples from Brazil and India to make this point.

To juxtapose unlikely bedfellows, Adam Smith in the 18th century emphasised trust as "the hidden engine of economic progress," without quite saying how it should be cultivated. Fast forward some centuries to Jack Ma of Alibaba fame, the school teacher from Hangzhou, emphasising that the cultivation of trust is the key to how his company has pioneered online commerce over the past two decades in China. Ultimately, it's about creating the conditions to create when these just don't exist.

Tarun Khanna is the Jorge Paulo Lemann Professor at Harvard Business School and the first director of the Lakshmi Mittal and Family South Asia Institute at Harvard. In 2018, he was named by the Government of India to a committee to select India's Institutes of Eminence, a handful of public and private universities aspiring to achieve world-class excellence in the next decades.

The India-US tango

by Harsh V. Pant

A strategic expert looks back at the first-ever India-US 2+2 Dialogue to analyse its long-term impact on bilateral relations.

In the end, it was the strategic logic of the bilateral partnership that was on display at the Indo-US 2+2 talks. The 'transactionalism' of the Trump Administration, of much concern to many in India, was relegated to the margins, and for good reason, and at least for the time being, Washington and New Delhi can hail the upward momentum in the relationship's trajectory. It is clear that India and the US want to see their relationship evolve into a more robust strategic engagement. And both sides are not shy of being ambitious.

The format of the dialogue itself is indicative of a new maturity in the relationship, which according to US Secretary of State Mike Pompeo seems to have entered "a new era," and is "symbolic of our increasingly close partnership". Such a dialogue is important as it will keep the conversation focused at the strategic level allowing the two to tackle more tactical problems that will continue to bedevil the relationship from time to time.

INDIA-US CONVERGENCE ON PAKISTAN WAS EVEN MORE STRIKING COMING AS IT DID AFTER POMPEO'S SHORT FIVE-HOUR VISIT TO ISLAMABAD, WHERE THE TENSION IN THE AIR WAS PALPABLE.

This was underlined by the two main outcomes of the dialogue: the signing of the long-pending Communications Compatibility and Security Agreement (COMCASA) and setting up of a hotline between External Affairs Minister and Defence Minister with their American counterparts. After being under consideration for more than a decade, the Modi government finally took the decisive action of signing COMCASA, which will enable the transfer of communication security equipment from the US to India, facilitating "interoperability" between the two defence forces as well as with other militaries that use US-origin systems for secured data links.

It is one of the four foundational agreements that the US signs with its close partners for enhancing

AS INDIA'S ECONOMIC HEFT INCREASES, THE INDO-US BILATERAL RELATIONSHIP WILL TRANSFORM INTO ONE OF PEERS, SHAPED BY MUTUAL INTERESTS.

interoperability between militaries and will facilitate access to advanced defence systems, thereby allowing India to more efficiently utilise its existing US-origin platforms. After signing the General Security Of Military Information Agreement (GSOMIA) in 2002 and the Logistics Exchange Memorandum of Agreement (LEMOA) in 2016, the final one to be negotiated between India and the US is the Basic Exchange and Cooperation Agreement for Geo-spatial Cooperation (BECA).

While the two nations are taking their joint military training a notch higher by deciding to conduct a tri-services joint exercise off the eastern coast of India in 2019, the deployment of an Indian liaison officer at the US Naval Forces Central Command (NAVCENT), which is responsible for naval operations in Afghanistan, Pakistan and the oil-rich Gulf countries is even more significant. The message to Pakistan was unambiguous with the Secretary of State and Indian External Affairs Minister Sushma Swaraj calling on Pakistan to ensure that their territory was not used to launch terrorist attacks on other countries in their joint statement. As Swaraj underlined: "We have discussed terror emanating from Pakistan and have agreed that Pakistan needs to do a lot more to curb terror originating from it" even as they were unequivocal about their support for an Afghan-led, Afghan-owned peace and reconciliation process. This assumes importance in light of reports that the US has had recent back channel talks with the Taliban in Doha.

India-US convergence on Pakistan was even more striking coming as it did after Pompeo's short five-hour visit to Islamabad, where the tension in the air was palpable. The Trump administration's recent announcement that it would suspend $300 million in military support funds to Pakistan has unnerved the new government of Imran Khan which was hoping to get the benefit of doubt usually reserved for new governments. But this was the second major US cut in security assistance to Pakistan this year, underscoring the reality that patience with Pakistan is running thin in Washington. And Pompeo rubbed it in when he suggested that the Pakistan government had been told in advance about the impending sanctions and that the Trump Administration is yet to see "the progress that we need to see from them." Where the US is still trying to settle old scores with Pakistan, Indo-US ties are about the future.

Defence cooperation continues to drive the relationship. US Secretary of Defence Jim Mattis made it clear that the US "will continue working together, join hands and expand India's role as a primary major defence partner, to elevate our relationship to a level commensurate with our closest allies and partners". And moving the defence engagement a notch higher, the two nations are now focused on enhancing closer private defence industry collaboration which will help Indian defence manufacturers to join the US military supply chain, thereby boosting the Modi government's 'Make in India' initiative. And innovation is at the heart of this defence collaboration for which a Memorandum of Intent was signed between the US Defense Innovation Unit (DIU) and the Indian Defence Innovation Organisation — Innovation for Defence Excellence (DIO-iDEX).

The larger strategic realities continue to shape Indo-US engagement. It was evident when the joint statement talked of the need "to ensure freedom of the seas, skies, uphold the peaceful resolutions of the maritime disputes, promote market-based economics and good governance and prevent external economic coercion". Though there are some divergences between the US and Indian conceptions of the Indo-Pacific, the fundamental reality of the above statement makes the two real partners in their endevour to promote a prosperous, free and equitable regional order. As India's economic heft increases, the Indo-US bilateral relationship will transform into one of peers, shaped by mutual interests.

The two issues on which there was much discussion before the dialogue – Russia and Iran – ended up being the footnotes to the broader convergence between India and the US. While tensions remain in so far as their resolution is concerned, it was evident from the 2+2 Dialogue's first edition that the world's two major democracies are willing to bet on the multitude of factors that bring them together as opposed to harping on the few challenges on the way.

Harsh V. Pant, Professor of International Relations at King's College London, is Director, Studies, and Head of Strategic Studies Programme, at the Observer Research Foundation in New Delhi.

Harnessing the true power of corporate partnerships

by Hitan Mehta

The Executive Director of British Asian Trust analyses how the private sector can be a tremendous source for good.

In the not-too-distant past, there was a general assumption that the private sector was about making money, the public sector was about the provision of basic services and the charity sector was about doing good.

This was certainly how many people in the charity sector saw the world – not recognising what a tremendous source for good the private sector can be. Most charities saw "corporate partnerships" as simply a way of getting money, as opposed to an actual partnership. And in international work, very few, if any, charities saw the benefits of genuine partnerships with the private sector in the countries where they worked.

The British Asian Trust has always thought very differently. Established 10 years ago by Asian business leaders and entrepreneurs, together with HRH The Prince of Wales, we have always thought and behaved in a more business-like manner – applying business principles to the way in which we work and embracing the role of the private sector in bringing about positive social change across South Asia.

WE ALSO SEE THE PRIVATE SECTOR AS FAR MORE IMPORTANT THAN SIMPLY A FUNDER OF OUR PROGRAMMES – WE ENGAGE WITH THE PRIVATE SECTOR, SEEK TO INFLUENCE IT, WORK TOGETHER TO DEVELOP COMMON SOLUTIONS AND SO ON.

Traditional charities tend to be more old-fashioned in the way they work – focussing on philanthropy and fundraising to raise money that will then be given as grants to local NGOs in-country. At the British Asian Trust, we embrace different approaches – as has been widely reported, we have just launched an $11-million Development Impact Bond in India, a hugely innovative instrument that combines the worlds of finance, investment and development to bring about massive change in education for hundreds of thousands of children.

We also see the private sector as far more important than simply a funder of our programmes – we engage with the private sector, seek to influence it, work together to develop common solutions and so on.

A great example of this is our anti-trafficking work in Jaipur, India.

However much we as a charity seek to have an influence on issues such as child-labour, we know a big company can have a much stronger impact. This was the basis for our partnership with the John Lewis Foundation, with whom we are working to tackle child labour in supply chains in India. Together, we are engaging with key businesses to make Jaipur a child labour free city. This transformation requires a united approach from business, government, and civil society to stop the exploitation of children, and create a demand and market for child labour free goods and services.

The city of Jaipur is a major hub for arts and traditional handicrafts, with many shops and workshops producing fine goods for domestic and international markets. In Jaipur's workshops and factories, there are an estimated 50,000 children working in hazardous conditions to produce bangles, embroidery, sarees, carpets and other handicrafts. The children are typically forced to work 15 hours a day in confined spaces. Some of the children are local, but the majority come from the state of Bihar, more than 1,000 Km away. They suffer damage to vision, burns, chronic coughs and even finger malformation.

Together with the John Lewis Foundation, the British Asian Trust is working with the business community to combat trafficking and child labour within their supply chains by:

- Identifying children in situations of exploitation and strengthening the systems to remove them from production lines
- Training and supporting adults to replace child labour in supply chains
- Engaging major companies in becoming child labour free
- Promoting the production and market of child labour free goods for domestic and international markets

Another excellent example of our collaboration with the private sector is the strategic partnership we have recently signed with BT (British Telecom). In addition to BT's role as corporate partner of the Development Impact Bond, over the next three years the British Asian Trust will work with BT in India to deliver their digital and social impact programme, which will use technology to empower adolescent girls in India. The programme aims to:

- Address the isolation of 500,000 marginalised adolescent girls through awareness raising and outreach
- Directly improve the lives of 100,000 adolescent girls through interventions that lead to better education, health, and economic outcomes
- Enable better learning outcomes for a further 100,000 girls that will ultimately be better placed to make their own choices and access opportunities

WE HAVE JUST LAUNCHED AN $11-MILLION DEVELOPMENT IMPACT BOND IN INDIA

The programme will focus on communities close to BT's operations in Delhi NCR, Bengaluru, Kolkata and Mumbai to leverage the skills and expertise of BT's employees. Together, we will focus on developing innovative interventions to positively impact across four critical areas of an adolescent girl's life: education, health, agency (the ability to exercise control over one's own life choices) and economic empowerment.

The programme will not only support direct project interventions, but test new ideas, pioneer innovative financing models, and galvanise actors from across key sectors to take this initiative forward and to scale. As such, thought leadership and communications activities, in the UK and India, will form a key part of the programme to share learning, promote key messages and engage new audiences in this important work.

As with any truly effective partnership, this collaboration draws on the strengths and resources of both parties. The British Asian Trust brings the expertise and resources of our women's economic empowerment programme in India, as well as our ability to design and deliver innovative and impactful CSR programmes at scale. Meanwhile, BT provides profile, networks and technology, and wider resources – beyond their ability to fund this work – which will massively increase the impact of the programme overall.

Both of these partnerships, with BT and with the John Lewis Foundation, are genuine cross-sector partnerships that were co-designed and co-developed. They are absolutely not British Asian Trust programmes that are simply funded by our private sector partners. They are based on the premise that, by working together, we can leverage the skills and expertise of both sectors to bring about far greater and more profound change for even more people.

We have many more examples of how corporate partnerships enhance the good work of the charity sector with not just funds, but the pooling of resources and expertise to achieve monumental change. The future of the charity sector does indeed lie in truly embracing these opportunities.

Hitan Mehta is Executive Director of the British Asian Trust, an organisation founded by HRH The Prince of Wales. Hitan has played a leading role in establishing the Trust, an organisation that backs sustainable solutions that enable people to unlock their potential, and has touched the lives of 4 million people across South Asia. The Trust most recently launched the Quality Education India Development Impact Bond.

Howzat! India takes cricket global

by India Inc. Staff

An Indian entrepreneur has taken the game of cricket into cyber space with a new mentoring app.

A new smartphone-based mentoring app that gives budding amateur cricketers the chance to get direct access to their cricketing heroes for advice on how to improve their game was unveiled at Lord's Cricket Ground in London recently.

Proatar, co-founded by Indian entrepreneur Srikanth Tanguturi and Sri Lankan investor Christy Kulasingam, is designed as a revolutionary new sports coaching-cum-mentoring platform to help passionate amateurs to get more out of their game through insights and inspiration from the elites of the game. It has over 20 cricketing experts already signed up, including Indian cricketer Rohit Sharma and West Indian legends like Michael Holding and Courtney Walsh.

"I am really excited about sharing some of my cricketing knowledge and journey to inspire young kids on their journey," said Sharma, a prolific batsman in the Indian cricket team. The new free-to-download app, initially available via an invitation-only referral code to control numbers, had its global launch in September, when it became available on Android and iOS via the Apple App Store as well as Google Play store.

THE APP HAS A CHARITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR) ELEMENT BUILT INTO IT, OFFERING PEOPLE AND COMPANIES THE CHANCE TO SPONSOR BUDDING TALENT FROM THE VILLAGES OF INDIA BY BUYING SESSIONS FOR THEM AS A GIFT.

"We are delighted to take the covers off our platform at Lord's. The very simple format allows amateurs anywhere in the world to have direct access to their heroes. The aim is for this to work complementary to a coach and we look forward to talents being discovered through Proatar over time," Tanguturi said.

The app allows keen cricketers to send in videos of their technique to one of around 30 cricketing greats on Proatar's list, who then assess the techniques and respond with detailed suggestions to improve their game. "Advice can sometimes come in one ear and out of the other, but when you draw on the amateur's video and show the player whether they have their leg straight when they shouldn't – that advice is likely to stick," explained Holding.

"Having taken a lot from the game, it is time to give something back to cricket," added Sri Lankan cricketer

THE APP ALLOWS KEEN CRICKETERS TO SEND IN VIDEOS OF THEIR TECHNIQUE TO ONE OF AROUND 30 CRICKETING GREATS ON PROATAR'S LIST, WHO THEN ASSESS THE TECHNIQUES AND RESPOND WITH DETAILED SUGGESTIONS TO IMPROVE THEIR GAME.

Initial App squad

- Andre Russell
- Charlotte Edwards
- Courtney Walsh
- James Foster
- Jason Gillespie
- Jason Holder
- Julian Wood
- Kumar Sangakkara
- Mahela Jayawardene
- Michael Holding
- Michael Hussey
- Mickey Arthur
- Peter Moores
- Phil Simmons
- Sam Billings
- Tom Moody

Mahela Jayawardene.

The average price point of the app-based mentoring session is around $150 for a video consultation. Elites are priced at different levels, ranging from $100 to $400 per transaction. "This sounds like a big number, and it is a premium product, but when we consider how much it would cost to have a single one-on-one session with an elite, assuming first you have access to them, and the value they can add, we believe this is a good investment in an amateur's game," said Kulasingam.

Each paid video consultation is returned within 14 days by the elite chosen by the amateur. A tailored feedback video with a mix of annotations, voiceover commentary, and picture-in-picture analysis by the elite is designed to help ambitious players improve their game. Technical skills as well as non-technical query videos, for example on captaincy, nutrition, strength and conditioning, and the mental side of the game, can also be sent to a chosen elite.

The app has a charity and corporate social responsibility (CSR) element built into it, offering people and companies the chance to sponsor budding talent from the villages of India by buying sessions for them as a gift.

"The app philosophy takes the inspiration aspect seriously, adding gifting options for those who want to give a great moment and memory to passionate cricketers around them, and for corporations to provide consultations to deserving or under-privileged amateurs via gift certificate donations," said Tanguturi, who has a budding cricketer in his young son.

Amateur cricketers have the choice of selecting a team of mentors for each aspect of the game that interests them. Others, including ones representing additional disciplines such as sports psychology, nutrition, strength & conditioning, and physio, will also be made available on the platform in due course.

Proatar, which combines the terms professional and avatar, has an initial squad of elite mentors representing a broad mix of the game – current and former male and female players as well as coaches from around the world. Cricket is the starting point of the mentoring platform, which the co-founders say is easily translatable to other games such as tennis and golf over time.

Modi's actions speak louder than fake bluster on 'crony capitalism'

The Indian government's decisive crackdown on corrupt practices sit uneasily with allegations of corruption in a French aircraft deal.

India's Opposition are hell bent on hanging the charge of corruption and crony capitalism on Indian Prime Minister Narendra Modi, even twisting and mistranslating emails and statements in French to "prove" that the Indian government helped industrialist Anil Ambani's Reliance Group bag the offset contracts for the Rafale fighter aircraft deal.

This allegation sits uneasily with the Indian government's move first to enact the Insolvency and Bankruptcy Code (IBC) to recover unpaid loans from defaulting companies and bring errant company promoters to book and then working on rules to ensure that the personal guarantees given by promoters are also invoked to make good any shortfall in recoveries from the bankruptcy proceedings.

"We are working on rules and regulations to operationalise insolvency of personal guarantors in companies. It will be possible to go after their property. Your company can't be losing money while you fly around in a jet or drive the latest luxury vehicle," a recent 'Times of India' report quoted M.S. Sahoo, the Insolvency and Bankruptcy Board of India (IBBI) Chairman, as saying.

Crackdown on corrupt practices

The IBC is a law that mandates a 180-day resolution process for companies that default on their loan repayment commitments. But in almost every case so far, the recoveries have been much less than the amount due, forcing creditors to take large haircuts.

India also has thousands of examples of promoters habitually defaulting on loans they often siphon out of debtor companies. Their personal assets are seldom touched even though the IBC has ensured that their crown jewels – the defaulting companies under their watch – are auctioned off to the highest bidder or liquidated.

INDIA STILL LACKS A COMPREHENSIVE LAW ON PERSONAL BANKRUPTCIES AND THESE LATEST MOVES SIGNAL THAT THE GOVERNMENT IS MOVING TOWARDS SUCH REGULATIONS FOR INDIVIDUALS, PROPRIETORSHIP AND PARTNERSHIP FIRMS.

In this context, the Supreme Court of India has recently ruled that the moratorium that applies to defaulting companies that are hauled up before the National Company Law Tribunal (NCLT), the designated bankruptcy forum, will not apply to those who have stood personal guarantees for such loans. In India, it is common for banks and other creditors to insist on personal guarantees from promoters and directors of companies while sanctioning large loans.

Tackling big borrowing

This latest move will, without a doubt, put the fear of god into such errant promoters and is yet another step by the Modi government to change the borrowing culture in the country. Earlier, it had amended the IBC to bar promoters of defaulting companies from participating in the resolution process.

India still lacks a comprehensive law on personal bankruptcies and these latest moves signal that the government is moving towards such regulations for individuals, proprietorship and partnership firms. Along with another recently enacted law on seizing the assets of defaulting promoters who flee the country leaving in their wake a trail of unpaid debts, it signals a determination to decisively clamp down on crony capitalism that was encouraged by previous Indian governments.

Over the last few months, several large well known business groups, such as Essar, Jaypee and Bhushan, among dozens of others, have lost control of their corporate flagships for defaulting on billions of dollars of loans.

Then, news reports in several Indian newspapers indicate that the fear of losing control over their companies have forced hundreds of promoters to settle more than $14 billion in unpaid loans.

Experts are of the opinion that the impending rules on tightening the screws on personal guarantors will force many more defaulting company owners to fall in line because losing control of companies is one thing but having one's personal assets such as residential houses, cars, jets and jewellery publicly auctioned is a humiliation that few will be willing to risk.

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