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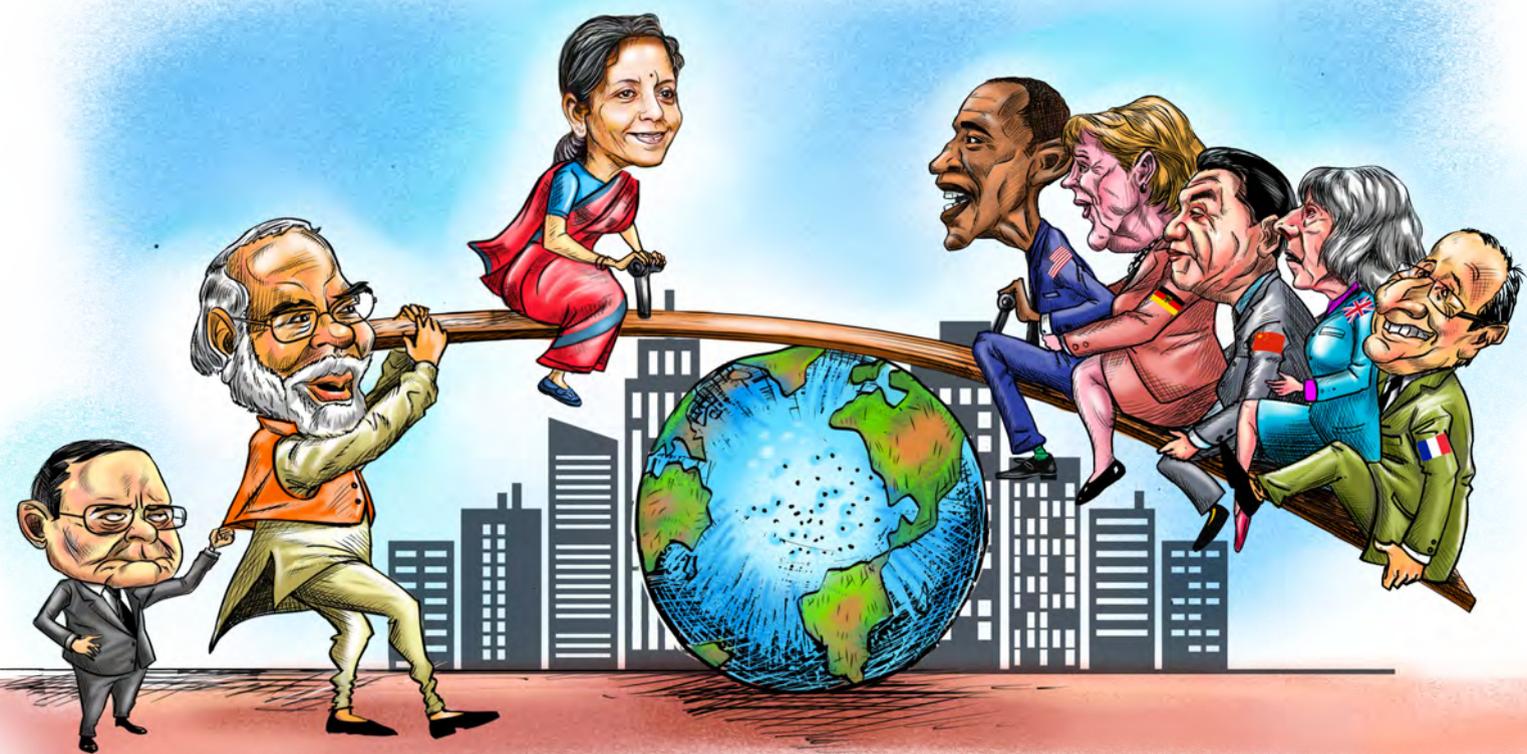
INDIA GLOBAL BUSINESS

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PUTTING IT IN CONTEXT



REBALANCING TRADE: Riding the tide of opportunities

I'm reminded of a famous line from William Shakespeare's Julius Caesar, which says: "There is a tide in the affairs of men, which, taken at the flood, leads on to fortune; omitted, all the voyage of their life is bound in shallows and in miseries."

We are now riding such a tide. Global economic flux and political uncertainty means world leaders need to figure out new relationships, new opportunities and reset the rules of engagement for a more connected and less secure than before world, where unprecedented migration and the movement of people for safety or for work is leading to anxiety.

These issues need to be addressed with confidence, not by closing borders, but by opening avenues for new opportunities.

For instance, medical tourism is an area in which India has a massive relative advantage vis-a-vis the Western world. Imagine a situation where beneficiaries of the UK's National Health Service (NHS) get their treatments done in India. It will be a win-win situation for all stakeholders concerned. The NHS will continue its downward pressure on waiting lists; patients will get services from India's highly acclaimed world standard hospitals; the British taxpayer, who will pick up the tab, will be charged a fraction of what it would cost for a similar procedure in the UK, and the Indian economy will receive a boost from this growing USP.

Similar opportunities for collaboration exist in the field of high end technology, where previously various EU regulations have been cited for the UK being more open to working with in. There could also be opportunities for Indian companies in the Ayurvedic space to enter Britain's burgeoning market for wellness products. Conversely, a British company could acquire such an Indian company and take its products to the UK and the wider world. Either way, it would open up new avenues for both British and Indian businesses.

Senior-most Indian origin politician Priti Patel will make her maiden visit to India as Secretary of State for Department for International Development soon. The UK's political and economic reality and her own political

instincts will see her focus on a "trade rather than aid" approach, and using her huge budgets for India and other parts of the developing world to shift focus towards technical assistance and skill development. This rings well with the Prime Minister Narendra Modi government's own vision for India and its engagement with the rest of the world, where, previously, a begging bowl was invariably packed in a travelling Indian PM's suitcase.

These are just two examples of opportunities for collaboration that Prime Ministers Modi and Theresa May will be encouraged to explore when they eventually meet. Post-Brexit Britain will throw up plenty of opportunities for Indian businesses keen to increase their engagement with the outer world, and leverage jointly on the UK's well established global trade links, particularly in Africa.

Taking advantage of Modi's proactive hard selling of India to global investors, businesses in India and abroad must take the initiative to carry forward the momentum and drive the integration of Indian trade, talent and technology into the global supply chain. International trade promotion agencies, too, must be part of this effort.

This edition of 'India Global Business' therefore makes 'Rebalancing Trade' its focal point. We have an exclusive with the Indian ambassador at the heart of the unfolding Brexit scenario in the EU and a profile of Gritty Brexiteer Priti Patel. Our usual broad range of topics includes a feature on the Soft Power of Sports and a Hotspot on Brazil, the host of the ongoing Olympic Games.

I have highlighted that Brexit has given India an opening not just in Britain but also in the EU. The tide is fortuitous for India and countries that are willing to reset and reframe their relationships. The time to start moving is now because, to return to that famous quote at the start of this piece, "on such a full sea are we now afloat, and we must take the current when it serves, or lose our ventures".

Manoj Ladwa
Publisher & CEO, India Inc.
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Renegotiate! Rewrite! Rebalance!

It's time to take a completely new look at India's trade relations with the world

John Maynard Keynes, the celebrated economist said: "When the facts change, I change my mind." It could be time for the Government of India to follow in Keynes's footsteps. Several trade and investment agreements signed by the government over the years no longer reflect the reality of India's economic standing. They should be renegotiated and rewritten. India recently signed a protocol to amend the 34-year-old Double Taxation Avoidance Treaty with Mauritius to check round tripping of unaccounted domestic money as well as to bring greater transparency to funds flows

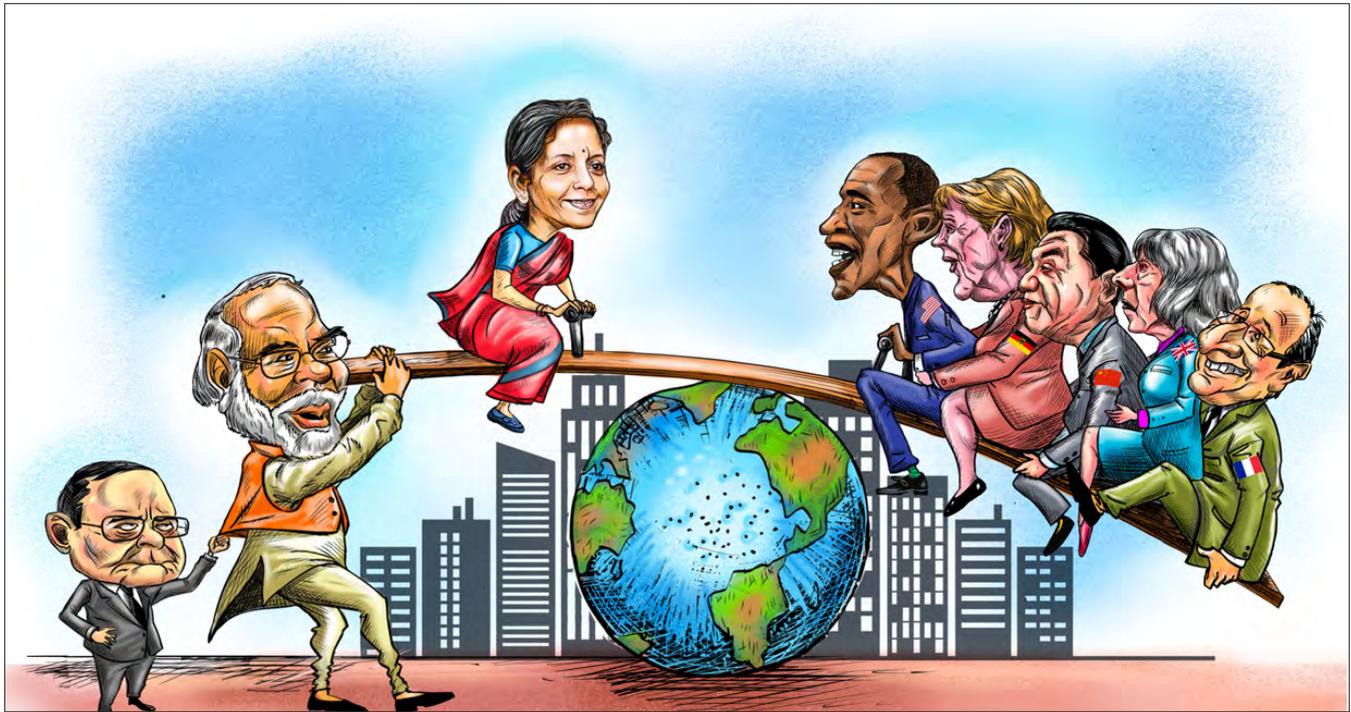
into India. After a few initial howls of protest, most foreign investors have quietly accepted the writing on the wall. The original treaty, designed to promote India's strategic interests in the Indian Ocean, will soon be recast to reflect India's status as one of the world's economic hotspots. Similarly, many other Bilateral Investment Treaties and trade pacts have outlived their utility. It is, therefore, time to renegotiate them in the light of India's new standing in the world.

Our trade partners will not like it but chances are that after a making a few obligatory noises, they will fall in line.

That's because along with the world, India has changed beyond recognition. Unlike Prime Ministers of the past, Prime Minister Narendra Modi doesn't travel around the world with a begging bowl. Instead, very often, he carries with him the promise of billion-dollar credit lines and other goodies that have earned India global respect and a heft it didn't have before. Then, India has emerged as the world's fastest growing large economy.

India's time on the world stage has come. It is time to act.





India seeks reciprocity in its trade deals

by India Inc. staff

India has resisted pressure on opening up certain areas while the US and Europe are not equally forthcoming, with reciprocity being its mantra on global dealings.

Consider this: An Indian company operating in the US will have to pay additional visa fees of \$4,000-4,500 for some H1B and L1 visa applications, according to the Consolidated Appropriations Act 2016 that was signed into law by President Barack Obama in December last year.

Then, a new bill introduced in the

more difficult for companies to hire Indians. Thousands of skilled Indians travel to the US and work there on these visas. This is impacting the competitiveness of Indian IT majors such as Wipro, TCS and Infosys, among others.

And even as the US tightens norms on Indian professionals accessing the US job market, it seeks, without any

of Indian pharmaceutical exports and has dragged India to the WTO over domestic content requirements in solar cells and solar modules. This last challenge could severely impact Prime Minister Narendra Modi's ambitious project to generate 100 GW of solar power in this country by 2022.

The scenario is just as bad with the European Union. Of the 23 cases pending against India at the WTO, as many as 10 have been filed by the EU and another six by the US. The EU has challenged Indian patent laws that prevent ever-greening of patents – a process of tinkering with the composition of drugs going off patent to indefinitely extend the life of the expiring patents – by European drug companies. This change, if it comes about, will sound the death knell for Indian pharma companies that supply cheap generic versions of expensive drugs to India and large parts of the world.



We have also made it public that we may approach the WTO on increase in visa fees as this could be viewed as a non-tariff barrier. This is against the spirit of free trade practices on the movement of personnel.

Nirmala Sitharaman, Indian commerce minister

US House of Representatives by two lawmakers proposes to recast these two visa programs to make it

reciprocity, greater access to the vast Indian market for its poultry exports. It also places stiff hurdles in the path

INDIA'S TRADE AGREEMENTS UNDER NEGOTIATION

India-Sri Lanka	Comprehensive Economic Partnership Agreement/ Economic and Technological Cooperation Agreement (CEPA/ETCA)	After negotiations dragged on for years, India is now pushing for a new pact called ETCA
India-Thailand	Comprehensive Economic Cooperation Agreement (CECA)	Negotiations going on
India-Gulf Cooperation Council	Free Trade Agreement (FTA)	GCC currently reviewing its negotiations with all countries and economic groups and has deferred negotiations
India-South African Customs Union (SACU)	Preferential Trade Agreement (PTA)	Negotiations going on
India-Singapore	Comprehensive Economic Cooperation Agreement (CECA)	Second review was launched by India's Commerce & Industry Minister
India-Chile	Preferential Trade Agreement (PTA)	Expansion of PTA has been approved in the Indian Cabinet
India-EU	Free Trade Agreement (FTA)	India-EU BTIA held first meeting post-Brexit
Asia Pacific (consists of Bangladesh, China, India, Lao PDR, Republic of Korea & Sri Lanka)	Trade Agreement (TA)	Commerce Department has sought Cabinet approval to expand APTA
India-New Zealand	Free Trade Agreement/Comprehensive Economic Cooperation Agreement (FTA/CECA)	Negotiations going on
India-Canada	Comprehensive Economic Partnership Agreement (CEPA)	Canada has put the talks on hold
India-Australia	Comprehensive Economic Cooperation Agreement (CECA)	Negotiations were deferred due to elections in Australia but are expected to conclude within 6 months
India-Indonesia	Comprehensive Economic Cooperation Agreement (CECA)	Pre-negotiation consultations held
India-Israel	Free Trade Agreement (FTA)	Negotiations going on
India-ASEAN	Regional Comprehensive Economic Partnership (RCEP)	Negotiations have hit a hurdle with India insisting on liberal visa regime

Sources: Ministry of Commerce and Industry (www.commerce.nic.in)

Then, it also wants unfettered access to the Indian market for its auto and liquor industries as well as for its agricultural products without in any way providing reciprocal access to Indian products to its markets. The Indian government, quite naturally, has stood firm in its resolve not to give in to this pressure, resulting in howls of protests from commentators in the Western media.

Further, another magnet for Indian migration, the UK has been pulling up its drawbridge for Indian talent. The country traditionally draws thousands of Indian students who go there for higher and vocational studies and then work there. Revised UK laws have made it practically impossible for Indian students to work in the UK after completing their studies.

The government has taken note of all these developments and is engaging with all stakeholders to resolve the issues. Indian commerce minister Nirmala Sitharaman told IGB in an exclusive interview: "Much before Brexit, I'd gone to the UK and met the immigration minister on the high visa charges and other (restrictive) immigration policies. Our High Commissioner to the UK brought up

the issue of the UK denying work permits to Indian students who graduate from British universities as was the case earlier. That condition may continue for some time. But now, post-Brexit, we hope our boys and

IT IS ALSO CLEAR WHY THE WEST WANTS GREATER ACCESS TO INDIAN MARKETS. THIS COUNTRY IS THE WORLD'S FASTEST GROWING ECONOMY AND ITS 300 MILLION STRONG MIDDLE CLASS REPRESENTS A MARKET THAT NO COUNTRY IN THE WORLD CAN IGNORE.

girls will get better access to British universities and better conditions for students following their studies." India has also taken up the issue of rising protectionism in the US, as well as the new restrictive visa regime, with the appropriate authorities in that country.

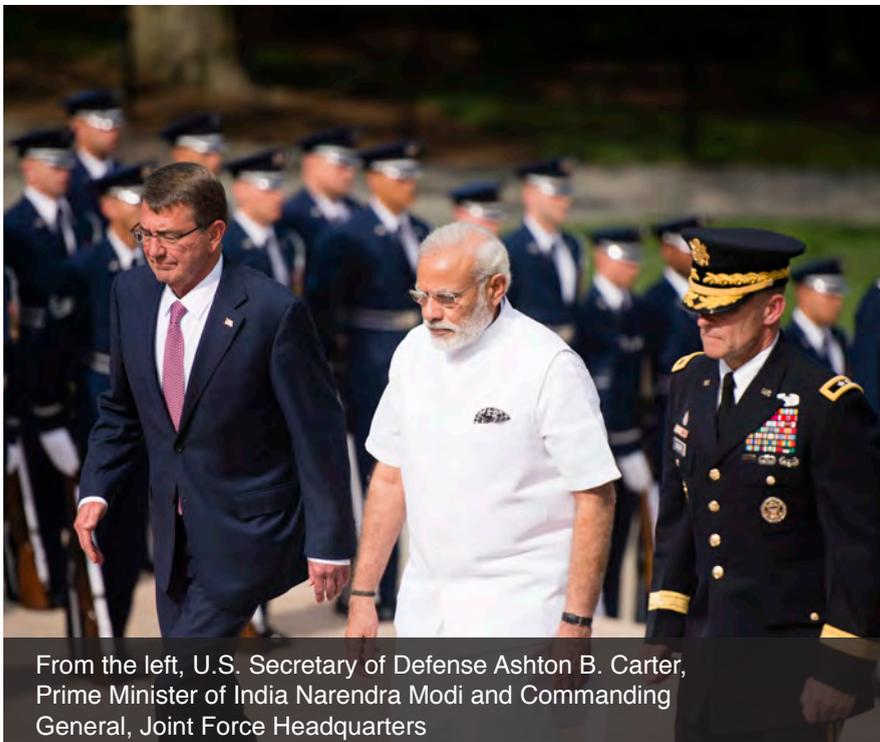
"We have discussed the visa-related matter with the US Trade Representative and US Commerce Secretary. We have also made it public that we may approach the WTO on increase in visa fees as this could be viewed as a non-tariff barrier. This is against the spirit of free trade practices on the movement of personnel," Sitharaman said.

It is also clear why the West wants greater access to Indian markets. This country is the world's fastest growing economy and its 300 million-strong middle class represents a market that no country in the world can ignore. Since the West is reeling under a sticky slowdown/recession, there is limited domestic demand in those countries. Thus, Western companies need new markets to sell their products in. At the same time, these countries, grappling with heightened levels of unemployment, are restricting the access of Indian companies to protect domestic industry and jobs.

The Indian government is, therefore, calibrating the access it provides to foreign companies based on the principle of reciprocity.

"India is a large market. We have a large middle class with substantial purchasing power. This makes India a very attractive market for anyone negotiating with us. At the same time, we also have a large number of people who are poor. The government has to keep their interests in mind," Sitharaman told IGB.

"Then, there are sectors such as automobiles, auto components and pharmaceuticals, to name only three, in which India is globally competitive and in which our companies have earned global acclaim. When we negotiate trade deals, we have ensure that our partner country gives us as much access in these and other sectors such as services as we give them. There has to be a spirit of give and take when working out the details and we have to make sure we get a good deal that protects our national interest," she added.



From the left, U.S. Secretary of Defense Ashton B. Carter, Prime Minister of India Narendra Modi and Commanding General, Joint Force Headquarters

INDIA & WTO

Cases against India



United States	6 cases	<p>Patent protection for pharmaceutical and agricultural chemical products</p> <p>Quantitative restrictions on imports of agricultural, textile and industrial products</p> <p>Measures affecting trade and investment in the motor vehicles sector</p> <p>Additional and extra-additional duties on imports from the United States</p> <p>Measures concerning the importation of certain agricultural products</p> <p>Certain measures relating to solar cells and solar modules</p>
Canada	1 case	<p>Quantitative restrictions on imports of agricultural, textile and industrial products</p>
European Union	10 cases	<p>Patent protection for pharmaceutical and agricultural chemical products</p> <p>Quantitative restrictions on imports of agricultural, textile and industrial products</p> <p>Measures affecting export of certain commodities</p> <p>Measures affecting the automotive sector</p> <p>Import restrictions allegedly maintained by India under its Export and Import Policy</p> <p>Measures affecting customs duties</p> <p>Import restrictions maintained under the export and import policy 2002-2007</p> <p>Anti-dumping measures on imports of certain products from the European Communities</p> <p>Measures affecting the importation and sale of wines and spirits from the European Communities. Authority for panel lapsed on 17 July 2008</p> <p>Certain taxes and other measures on imported wines and spirits</p>
Switzerland	1 case	<p>Quantitative restrictions on imports of agricultural, textile and industrial products</p>
Bangladesh	1 case	<p>Anti-dumping measure on imports of batteries from Bangladesh</p>
China	2 cases	<p>Anti-dumping measures on certain products from the separate customs territory of Taiwan, Penghu, Kinmen and Matsu</p> <p>Anti-Dumping Duties on USB Flash Drives from the separate customs territory of Taiwan, Penghu, Kinmen and Matsu</p>
Australia	1 case	<p>Quantitative restrictions on imports of agricultural, textile and industrial products</p>
New Zealand	1 case	<p>Quantitative restrictions on imports of agricultural, textile and industrial products</p>
	23 Total	

Sources: World Trade Organisation (www.wto.org)

INDIA & WTO

Cases by India



United States	9 cases	Measures affecting imports of women's and girls' wool coats Measures affecting imports of woven wool shirts and blouses from India Import prohibition of certain shrimp and shrimp products Anti-dumping and countervailing measures on steel plates from India Continued dumping and Subsidy Offset Act of 2000 Rules of origin for textiles and apparel products Customs bond directive for merchandise subject to anti-dumping/ countervailing Duties Countervailing measures on certain hot-rolled carbon steel flat products from India Measures Concerning Non-Immigrant Visas
Brazil	1 case	Anti-dumping duties on jute bags from India
Argentina	1 case	Measures affecting the import of pharmaceutical products
South Africa	1 case	Anti-dumping duties on certain pharmaceutical products from India
European Union	7 cases	Restrictions on certain import duties on rice Anti-dumping investigations regarding unbleached cotton fabrics from India Anti-dumping duties on imports of cotton-type bed linen from India Conditions for the granting of tariff preferences to developing countries Anti-dumping duties on certain flat rolled iron or non-alloy steel products from India Expiry reviews of anti-dumping and countervailing duties imposed on imports of PET from India Seizure of generic drugs in transit
Poland	1 case	Import regime for automobiles
Turkey	2 cases	Restrictions on imports of textile and clothing products Safeguard measures on imports of cotton yarn (other than sewing thread)
	22 Total	

Sources: World Trade Organisation (www.wto.org)



Manoj Ladwa is the founder and chief executive of India Inc.

India must institutionalise approach to trade negotiations

by Manoj Ladwa

As India takes its place as the fastest growing economy within the global economic order, it is about time the government looked at appointing a dedicated “Indian Trade Representative”, argues India Inc. CEO.

Does India need a dedicated office of a Trade Representative (TR) akin to the United States Trade Representative (USTR)? India has ongoing bilateral and multilateral trade negotiations with the European Union, Thailand, Asean and the Gulf Cooperation Council, among more than a dozen countries and blocs. Then, it has, at last count, at least 45 trade disputes with its trading partners pending before the World Trade Organisation (WTO).

In addition, Indian industry is being buffeted by the dumping of steel, chemicals, electrical and electronic products, among others, by Chinese companies.

There can be no two opinions on whether India needs a specialised office manned by experts to deal with the varied and often complex nature of the negotiations/cases. This is not to suggest even for a moment that the Union commerce ministry, which currently handles all these functions, has not been doing a good job of discharging its duties.

It is just that the remit of the ministry is too vast and that the minutiae of trade negotiations and dumping cases is best handled by specialists.

If the government does appoint an “Indian Trade Representative (ITR)”, it won’t be the first time an NDA government led by a BJP Prime Minister will have taken such a bold step.

Cut to November 1998. Then Prime Minister Atal Bihari Vajpayee surprised everyone by appointing

IN THE TRADITION-BOUND WORLD OF INDIAN BUREAUCRACY AND GOVERNANCE, WHERE PRECEDENCE IS ALWAYS CITED AS A GUIDE TO THE FUTURE, THE CREATION OF A NEW AND VERY POWERFUL POSITION IS NOTHING SHORT OF REVOLUTIONARY

former Indian Foreign Service (IFS) officer Brajesh Mishra as India’s first National Security Advisor (NSA). In the tradition-bound world of the Indian bureaucracy and governance, where precedence is always cited as a guide to the future, the creation of this new and very powerful position was

nothing short of revolutionary.

Change-resistant politicians, mandarins and sections of the commentariat immediately began dissecting the fine print of the new position. Many of them said the NSA would undermine the position of the foreign minister and the ministry of external affairs. Others said it would curtail the space of the home minister and ministry of home affairs.

Both these arguments were technically correct. But technical arguments have seldom been able to stop ideas whose time has come. With economic growth, India’s stakes in its immediate neighbourhood as well as around the world had increased manifold and an NSA reporting directly to the Prime Minister had become a crying need of the hour.

The outcry against the creation of this new position was short-lived and the NSA has become a very visible office bearer of the Indian government.

The Congress-led UPA government, which pointedly turned the clock back on several decisions of the NDA government, also retained the position throughout its 10-year tenure in office.



What will the ITR do? Let us look at the remit of the US counterpart. The USTR's job is to "identify those foreign countries that deny adequate and effective protection of intellectual property rights, or deny fair and equitable markets access to United States persons that rely upon intellectual property protection, and those foreign countries identified under" this "paragraph that are determined by the Trade Representative to be priority foreign countries".

The (USTR) Act defines "priority foreign countries" as "those foreign countries that have the most onerous or egregious acts, policies, or practices that deny adequate and effective intellectual property rights, or deny fair and equitable market access to United States persons that rely upon intellectual property protection, whose acts, policies, or practices described in" this "paragraph have the greatest adverse impact (actual or potential) on the relevant United States products, and that are not entering into good faith negotiations, or making significant progress in bilateral or multilateral negotiations to provide adequate and effective protection of intellectual property rights."

That is as good a template as any to base an ITR's key result areas on. Commerce ministry bureaucrats have done a wonderful job so far upholding India's interests at bilateral and multilateral trade fora and safeguarding the markets of Indian companies facing dumping from foreign companies.

But even the most committed supporters of these efforts will agree that Indian bureaucrats are generalists, hopping from department to department. But in today's highly competitive, cut-throat world, it is time to accept that India needs specialists as trade negotiators, especially as most of our trade partners and competitors appoint such domain experts to push their points of view.

Then, the office of the ITR will also be the one-stop repository of institutional knowledge, experience and memory.

This can be invaluable to future office bearers. Currently, the experience of individual bureaucrats is often not available to the government when that individual moves to another department or retires. A dedicated ITR will ensure that does not happen.

Details like who the ITR will report to, the precise remit of his mandate and the division of labour between the new office and the ministry of commerce can be worked out by experts.

But the short point is: An Indian Trade Representative is an idea whose time has clearly come.

Indian exports battle stiff trade barriers

by Harshavardhan Neotia



Global trade slowdown is far worse than projected and the trend is leading to greater protectionism, writes FICCI president.

If you are concerned with slowdown in world trade, think again. It is indeed far worse than what we commonly believe. As the July-report of 'Global Trade Alert' pointed out, world trade is not just slowing down – the fact is it has not grown at all since January 2015.

Such a prolonged phase of 'no growth' in global trade is worrisome and expectedly, it is accompanied by a spurt in protectionism.

The incidence of protectionist measures in 2015 is 50 per cent up from that witnessed in 2014. In the first four months of each year during 2010-2015, between 50 and 100 protectionist measures were implemented. In 2016 this figure exceeded 150. Out of the stockpile of 2,835 trade-restrictive measures

introduced by WTO-members since 2008, only 25 per cent have been removed by mid-May 2016. Thus, the total number of restrictive measures still in place today stands at 2,127.

Given such a sombre backdrop marked by creeping protectionism and volatile trade flows, it is not surprising that exports from India face stiff trade barriers in a number of markets and have fallen for 18 successive months till May this year.

Pharmaceuticals

Last year the European Union (EU) banned marketing of around 700 Indian-made generic drugs. This ban happened despite the pharmaceutical industry in India having developed its global reputation through strong research and safety protocols over

the years. Most of these drugs have already been in the EU market for several years without any adverse pharmaco-vigilance report from any of its member state.

The Indian pharmaceutical industry expressed concern after the US Food and Drug Administration (FDA) banned a number of factories from producing medicines for the US, citing inadequate standards. The European Medicines Agency (EMA) and the UK Medicines and Health Regulatory Authority (MHRA) also barred some Indian plants from producing drugs for their markets. On the other hand, many Indian companies have been working on improving their manufacturing standards and compliance by bringing in third-party auditors, training staff, and automating their systems.

Products	Country	Date of ban imposed	Date of ban removed
Mangoes	European Union	01/05/2014	05/02/2015
Vegetables	European Union	01/05/2014	Still exists
Green chilli	Saudi Arabia	30/05/2014	07/01/2016
Peanut	Vietnam	06/04/2015	18/01/2016

Shrimp

Take another product. Our shrimp exports encounter threat on rising rejections by the US. A sudden rise in refusal of Indian shrimp exports to US due to antibiotic residues is adversely impacting our seafood sector. In the first five months of the current year, the US Food and Drug Administration (FDA) refused 39 lines of shrimp for reasons related to banned antibiotics. Further, the US department of commerce in its 10th annual review has increased average anti-dumping duty on shrimp imports from India to 4.98 per cent from 2.96 per cent. It is going to hit Indian exporters hard.

Agricultural Products

Let's now turn to agricultural and allied products which account for nearly 10% of our total merchandise exports. During the last three years, bans were imposed on Indian agricultural products by some countries.

The European Union imposed a ban in 2014 on import of four vegetables (brinjal, snake gourd, bitter melon and taro leaves) from India. It still continues. This is despite India making it mandatory for exports of all perishable items to the EU to be routed through pack-houses certified by the Agriculture and Processed Food Products Export Development Authority (APEDA) under the vigilance of plant protection inspectors.

Another disturbing development relates to 'fake products and counterfeits'. There are instances of fake products infringing upon

copyright/trademark of prominent Indian brands and products. On receipt of complaints from Indian companies, Indian officials have taken up the cases of copyright/trademark violations with relevant agencies / authorities overseas. As regards services, it is sad to see the wide-ranging measures restricting the mobility across borders and temporary movement of professionals. Such barriers curb sharing of talent & expertise between different geographies, and stifle innovation. Restrictive measures in this area have been put in place by a large number of countries.

Information Technology

Here let me give just one specific example. There are issues relating to the US decision to impose higher fees and numerical limits on work visas such as L-1 and H-1B. Obviously, these measures are targeted at the Indian IT industry, which depends on mostly H1B and L1 visas.

They discriminate against Indian IT firms having a commercial presence in USA, in comparison with US firms engaged in providing similar services.

India's commerce minister, Nirmala Sitharaman, has recently raised deep concerns with the USTR about the sharp increase in USA's non-immigrant visa fees and fresh curbs on movement of professionals being considered by the US.

The point is that such restrictions on non-immigrant visas hurt not just the Indian IT industry; they hit American business as well. There are numerous such instances both in services and goods, which illustrate how

exports from India are increasingly subjected to discrimination in various destinations. Clearly, dismantling (or lowering) of restrictive measures by our trading partners will help a quick and sustained recovery in exports from India (and for that matter other countries), and boost growth in world trade.

Trade barriers have always existed; but recent years have seen them to grow manifold in number and scope. They have now become sophisticated and more restrictive. We cannot let this trend continue, because a rise in trade restrictions is the last thing the global economy could afford at this stage.

On the other hand, as the latest edition of 'Global Trade Alert' observed, at a time when trade is no longer growing, the fear is that governments may be more tempted to protect (or even "steal") market share by accelerated protectionist activities.

It will be a disaster! Policy-makers and business across the globe have to work together to prevent and reverse this.

Harshavardhan Neotia is president of the Federation of Indian Chambers of Commerce and Industry (FICCI). He is the chairman of Ambuja Neotia Group, which covers the entire spectrum of the real estate industry including housing, hospitality, healthcare and education.

A deepening trade divide

by Amitendu Palit

A senior academic with expertise in international trade agreements explains why India and the US still have much ground to cover in terms of trade ties.



Dr Amitendu Palit [[@amitendu1](#)] is Senior Research Fellow and Research Lead (Trade and Economic Policy) in the Institute of South Asian Studies (ISAS) in the National University of Singapore (NUS). His research interests include regional trade agreements, India and the Asia-Pacific, China-India comparative studies.

Notwithstanding their geo-strategic bonhomie, India and the US remain far apart on international trade. The distance arises from their inability to reconcile to a bilateral trade relationship simultaneously accommodating both of their major sources of distinct global comparative advantages. These advantages for the US are in export of intellectual property (IP) – intensive goods and services such as pharmaceuticals and entertainment and education products – whereas for India, they are in export of skilled professionals, particularly in IT.

US and India have locked horns at the WTO talks on several occasions. Subsidies by rich countries to their farmers have been a source of contention, as have been safeguard mechanisms for triggering protective tariffs during surges in farm imports to developing countries. These are issues on which the US-India disagreement reflects the division between developed and developing country blocs within the WTO. Beyond these, at the bilateral level, IP protection and movement of skilled professionals remain hotly contested factors between the two countries.

The US has always been critical of the domestic IP laws in India and has been indicating India as a ‘priority

watch list’ country in its Special 301 report, which is an annual assessment of the US government’s views on quality of national IP regulations across the world. India defends the ‘flexibility’ in its IP laws on the grounds of encouraging cost-saving innovations and addressing concerns of public health, particularly affordability of medicines.

Strong IP protection is a key demand of US businesses in free trade agreements (FTAs) negotiated by the US and is visible in the recent US FTAs, including the Trans-Pacific Partnership (TPP) and the ongoing Trans-Atlantic Trade and Investment Partnership (TTIP). India’s new patent rules try balancing the trade-off between IP protection concerns of multinational companies (MNCs) and the domestic imperative of encouraging generic drug development for ensuring supply of affordable medicines. But the rules still fall short of expectations of US businesses and India continues to remain on the US Trade Representative’s (USTR) priority watch list.

The discord is not limited to IP and has spread to other areas of bilateral trade, most notably movement of Indian IT professionals to the US. The US capping of H-1B visas

and hiking of visa fees have been sharply criticised by India. The Indian finance minister described the moves ‘discriminatory’ towards Indian IT industry, with India initiating dispute proceedings against the US at the WTO. India argues the capping and hiking militate against the US commitment to provide uniform access in its domestic market to service providers from other WTO member countries. Battle lines appear sharply drawn on the subject with the US lawmakers refusing to soften stance on temporary skilled migration. The bipartisan ‘H-1B and L-1 Visa Reform Act of 2016’ Bill recently introduced in the US House of Representatives underscores across-the-board political support for further curbing skilled migration.

The friction on IP and skilled migration, while highlighting important sources of comparative advantages for both countries and their keenness to protect them, also reflects the difficulty of both countries in compromising on these issues. India’s current posture on US migration policies marks its inclination to match the US in talking tough on trade.

The spat has little prospect of getting resolved in the near future as IP protection and skilled migration have deep stakes for important political constituencies in both countries. The outlook is also dim for the two countries in joining a common trade pact. Prospects of the US-led TPP, for example, including India at any stage in the foreseeable future would encounter the almost insurmountable challenges of IP and migration, making such prospects negligible.

Compromise appears nowhere in the scheme of things of both countries given that inward-looking anti-trade views are fairly dominant in both at present.

Will India-EU FTA slip further down priority list?

by Ashok Malik



An FTA between India and EU has already been nine years in the making and the pro-Brexit vote is unlikely to come as a fillip.

Negotiations for a free trade agreement (FTA) between India and the European Union (EU) have been in the works since 2007. Neither side has been willing to give up on key concerns. For India, these include easier access for its skilled professionals in Europe's services industry as well ease of business for its IT companies. The EU wants smoother entry for its automobile giants and for wines. The automobile issue is particularly sticky as India has significant manufacturing capacity here.

While these are the basic concerns, a range of other subjects have impinged on the FTA negotiations. India has found talking to a bloc as large as the EU, with the bureaucracy in Brussels hamstrung by 28 national capitals and their individual trade imperatives as well as bilateral relations with New Delhi, decidedly problematic.

In recent times, the focus of EU trade negotiators has been on the Transatlantic Trade and Investment Partnership (TTIP), the proposed FTA between the EU and the United States. Now, with the Brexit vote, the tortuous process of negotiating

Britain's departure from the EU and the future of British-EU trade and commercial engagement will occupy Brussels. The India-EU FTA is likely to be deprioritised further, even if EU spin doctors will continue to blame India.

There is some hope of British and India trade relations moving to another orbit, given that London is freeing itself of Brussels. Having said that, some caveats are necessary. Around 800 Indian companies have set up offices and either European or global bases in the United Kingdom, of which 50 are genuine business expansions. The bigger companies are concerned by what Brexit will mean for access to markets in the EU.

Many of the others are fairly dormant investments or corporate camouflage for taking positions in the London property market.

There is scope for greater Indian investment in Britain and vice-versa, particularly as British companies with proprietary technology marry their intellectual property with India's manufacturing thrust ("Make in India"). Even so, these are individual

deals that companies will finalise, with governments having a limited and facilitative role. As for big Indian investment in Britain, frankly that will depend on a surge in global demand for goods and services in general – a surge not visible at the moment – and also how quickly the uncertainty following the Brexit referendum settles down.

Given this, the next two years or so should see lots of good words between Brussels and New Delhi and, separately, London and New Delhi. Will the good words be matched by action? That is where the odds lengthen.

The one hope is the mix of anger, resentment and sense of good riddance that defines Brussels' current mood vis-à-vis London could see it striving to quickly conclude EU agreements with countries such as India, and elbow out Britain. Will that happen? Well, even Brexit wasn't supposed to.

Ashok Malik is a Senior Columnist



HUGE OPPORTUNITIES FOR INDIA IN POST-BREXIT WORLD

The focus for India should be on nurturing relationships on all sides.

Manjeev Singh Puri as the Ambassador of India to the European Union (EU), Belgium and Luxembourg has a unique vantage point on the unfolding global order following the UK's referendum result in favour of an exit from the EU. The seasoned diplomat, who took charge in Brussels in January 2014, takes time out for 'India Global Business' to give a broad view of what the post-Brexit scenario could look like for India.

What do you see as a Brexit impact on India-EU ties, if any?

The EU is one of India's largest economic relationships. And, the UK is one of our biggest partners within the EU, apart from being a very large economy in itself.

As of now even the initial steps towards Brexit have not been taken by the UK and we don't have any idea what the contours of the deal will look like. A detailed assessment can only be made after the terms of the UK's separation from the economic bloc are known; the nature of the agreement on whether it remains a

part of the single market or not are all very critical factors.

However, along with challenges, there are major opportunities, both with the EU and the UK, and I believe these need to be the focus of our efforts in the interim.

As far as the EU is concerned, it is important to remember that even without the UK, it would still remain one of the largest markets in the world with a GDP of over \$15 trillion and 450 million people. India's bilateral trade, including services, would still be around €85 billion. And, the EU would remain a major source of FDI [foreign direct investment] and technology for us. Also, it would continue its lead role as a global standard setter.

Is the India-EU trade agreement likely to move forward in the current climate?

We have been strongly urging the EU to restart the India-EU Bilateral Trade and Investment Agreement (BTIA) negotiations. The ball is really in their court. Of course, these negotiations

need to factor in the reality of a major EU economy – the UK – no longer being part of their market.

What more can India be doing to engage with the EU as a trading bloc?

Our engagement with the EU is at the highest level of summits, apart from other meetings at the leaders levels that take place on the margins of multilateral meetings.

In March this year, the 13th India-EU Summit was held in Brussels and Prime Minister Modi met the Presidents of the European Council and Commission. In an unprecedented act, the EU leaders were also joined by the President of the European Parliament and the President of the European Investment Bank.

Since then, we have had meetings with the EU at the level of the commerce minister and in various Joint Working Groups, including on textiles, pharmaceuticals, ICT and in the Macro-Economic Dialogue between India and the EU.

INDIA-EU: AT A GLANCE

Trade in Goods (in €bn)

Period	2015		
	Export	Import	Total Trade
UK 	8	5.50	13.50
EU (28) 	39.50	38	77.50

UK was India's 2nd largest trading partner in the EU share of **17%**

UK was India's largest export destination in the EU share of **20%**.

Largest trading partner in EU is Germany

3rd is Belgium [Euros 12 bn, exports 4 bn, imports 8 bn]

Trade in Services (in €bn)

UK 	4	3	7
EU (28) 	13.67	14.02	27.69

UK was India's largest trading partner in the EU with **25.5%**

France Euros **3.7 billion**

In many other cases, India's imports are under Euros 1 billion, while exports vary between Euros 1 billion and Euros 2 billion

FDI Inflow (in \$bn)



69.10 } From April 2000
22.56 } to Sept 2015

Source: Euro stats

Percentage share of UK FDI inflows with regard to the EU to India is **32.6%(1/3rd)**



Signing ceremony of a Joint Statement on Counter-Terrorism, by Manjeev Singh Puri, seated, on the left, and Jonathan Taylor, seated, on the right, in the presence of Werner Hoyer, President of the EIB, Narendra Modi, Donald Tusk and Jean-Claude Juncker, in the background, from left to right.

What are some of the sectors you would highlight as key to India-EU ties?

Investment and technology infusion from the EU in India is of critical interest to us along with the possibilities for us to expand our exports of services to the EU. Trade is obviously a vital component of this relationship.

In so far as specific sectors are concerned, textiles, chemicals, pharmaceuticals, machinery and mechanical equipment's, mineral products, precious metals, including diamonds, agricultural products and, of course, services, are key for us.

The important sectors from the EU side are machinery, precious metals, chemical products, base metals, vehicles and optical devices.

On a personal front, what has been the highlight of your posting so far?

Honourable Prime Minister's [Modi]

visit to Brussels in March this year was obviously the highlight of my time here. We held the India-EU

WE HAVE BEEN STRONGLY URGING THE EU TO RESTART THE INDIA-EU BILATERAL TRADE AND INVESTMENT AGREEMENT (BTIA) NEGOTIATIONS.

Summit after a gap of four years and his interaction with the leadership of the EU has hugely reinvigorated the relationship. Among other aspects we have been able to establish a major relationship with the European Investment Bank, which is the world's largest public development oriented financial institution.

The packed 17-hour visit, also saw Honourable PM holding a bilateral summit with his Belgian counterpart and addressing a huge gathering of NRIs [non-resident Indians] and PIOs [People of Indian Origin], an

unprecedented event for Brussels also in its size, outreach and the enthusiasm that it has evoked in the Indian community.

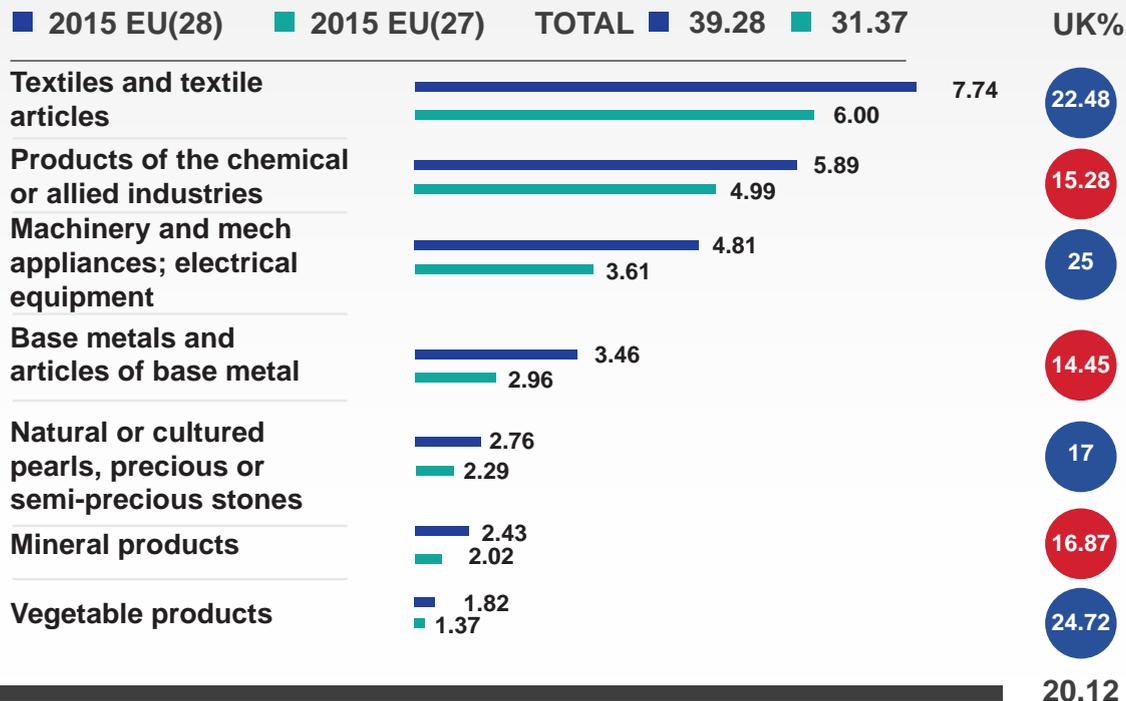
Your views on Brexit and what it could mean for the future of EU.

The relationship between the EU and the UK would obviously not be the same. The EU would lose one of its major economic and political member-state. And, the UK would have to adjust to not being an integral part of the European Union even if its ties to the single market are ironed out.

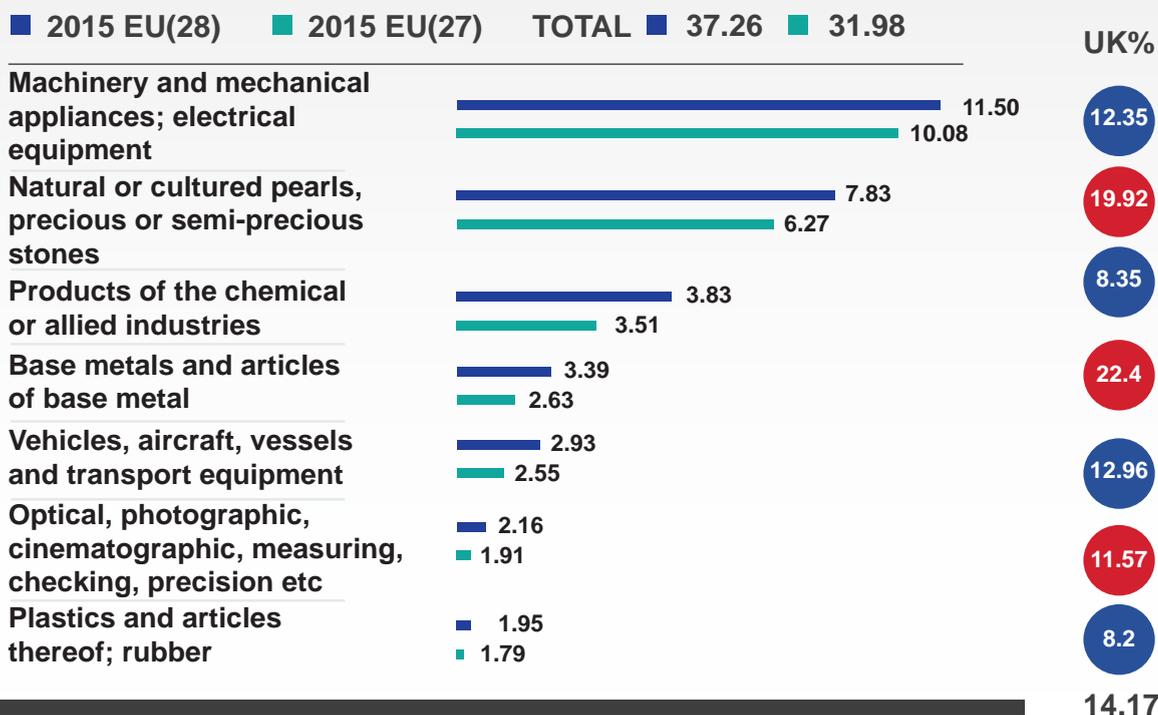
Moreover, issues regarding the role of London as the main financial hub for the Eurozone would need to be sorted out.

Nonetheless, the EU will continue to be the world's largest economic bloc and technologically a huge player in the world. Even without the UK, the EU will remain a large behemoth. The focus for India should be on nurturing relationships on all sides.

INDIAN EXPORTS TO EU 28 AND EU 27 (IN BILLION EUROS)

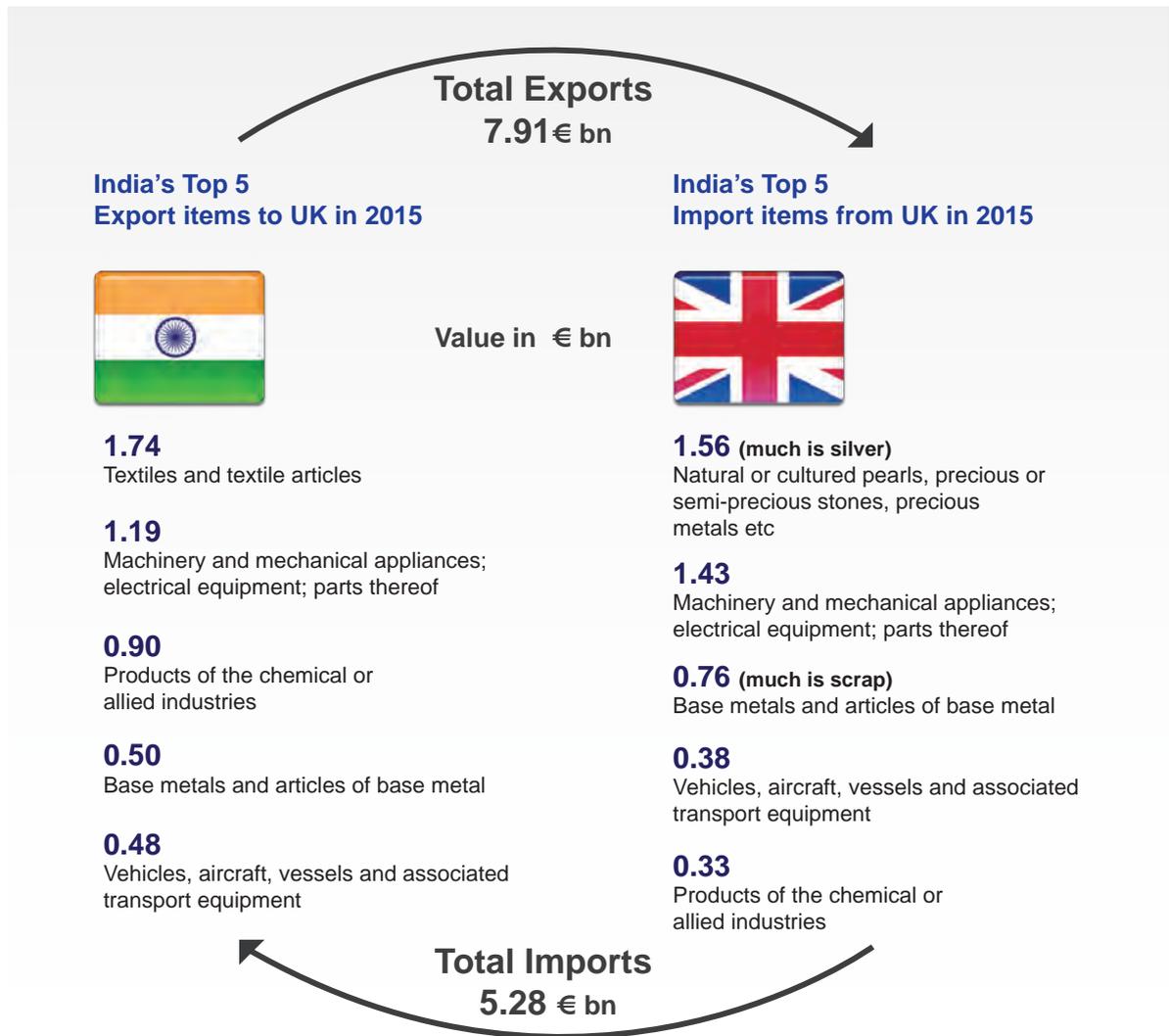


IMPORTS TO INDIA FROM EU 28 AND EU 27 (IN BILLION EUROS)

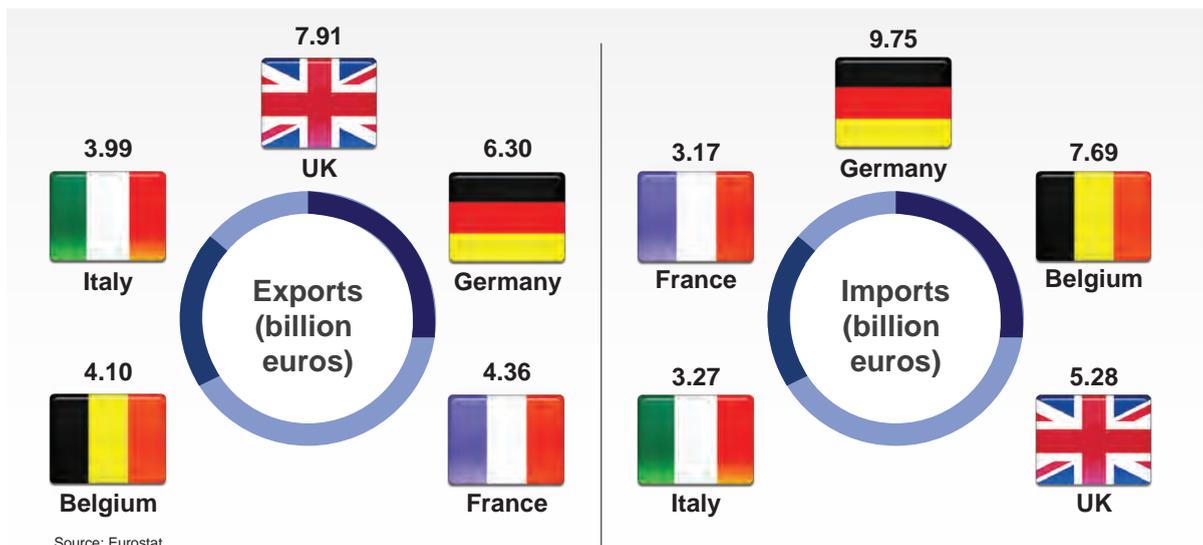


Source: DIPP

INDIA'S TOP 5 EXPORT/IMPORT ITEMS WITH UK IN 2015



INDIA'S TOP 5 TRADING PARTNERS IN ITS EXPORTS/IMPORTS WITH EU IN 2015



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BREXIT may not be all bad news for India

by Arnab Mitra

The frayed nerves have calmed; the markets have stabilised; and investor attention has turned from the fallout of Brexit to the flight path of the Monsoon clouds over India and the fairly good probability of the long awaited GST Bill finally going through the Rajya Sabha and becoming law.

More than a month after the unexpected vote in favour of Brexit, economists, analysts and policy planners are unanimous that that Britain's shock decision to exit from the European Union (EU) is unlikely to cause any major long-term damage to the Indian economy as it is still very dependent on domestic consumption, which is mostly insulated from global events.

Now that they have had time to crunch all the numbers, most analysts feel that the Brexit fallout, which may cause some short term volatility in the stock and currency markets will, by and large, be beneficial for the Indian economy. However – and it is important to add this caveat – some sectors of the Indian economy will feel the pinch.

The macro-economic impact

The British exit from the EU will almost certainly delay the recovery of

the global economy, which is passing through a very stressful time, and trigger a slowdown in many countries. This will cap the recent rising trend in crude prices – which have firmed up almost 80 per cent from the historic lows they hit earlier this year – and also keep commodity prices low.

Since every \$1 drop in the price of a barrel of oil lowers India's crude imports by \$1 billion, low oil prices will keep India's current account and fiscal deficits in check and also help cap inflation.

This will give room to finance minister Arun Jaitley to stick to his promise of capping the fiscal deficit this year at 3.5 per cent even though the deficit has touched 43 per cent of the target in the first two months of 2016-17. Singapore-based brokerage firm DBS has said in a report: "For this year, we don't see a fiscal slippage..."

The savings on imports as a result

of lower crude and commodity prices will help cushion the expected shock of \$20 billion FCNR deposits being redeemed at the end of this year as well as any outflow of hot money as a result of mini-shocks flowing from the aftermath of the Brexit turmoil. Fiscal discipline and low inflation as a result of these macro factors and a good monsoon are expected to allow the Reserve Bank of India enough space to lower the policy rate by another 25-50 basis points (bps; 100 bps = 1 percentage point) by the end of the year.

Global liquidity glut

The world over, central bankers are preparing to open the liquidity tap to counter the impact of Brexit and the continuing economic slowdown. Governor Mark Carney of the Bank of England has prepared a war chest of £250 billion to keep the wheels of English commerce greased. Then, banks in UK are believed to



have more than £600 billion of high-quality liquid assets. This will ensure that UK is not starved of liquidity anytime soon.

Other central banks, such as the US Federal Reserve, the European Central Bank and the Bank of Japan are also expected to act quickly to ease liquidity to ensure that the global economic system does not suffer a shock from Brexit.

India well prepared

Reacting to the Brexit result, Finance Minister Arun Jaitley said in a statement: "We are well prepared to deal with the short and medium term consequences of Brexit. Our macro-economic fundamentals are sound with a very comfortable external position, a rock-solid commitment to fiscal discipline, and declining inflation. Our immediate and medium-term firewalls are solid too in the form of a healthy reserve position. As investors look around the world

for safe havens in these turbulent times, India stands out both in terms of stability and of growth (which is) further improving in the wake of the good monsoons that are now moving well across India."

"The Indian economy has good fundamentals along with low short-term external debt and sizeable foreign reserves," added Reserve Bank of India Governor Raghuram Rajan.

Stable India to attract investors

According to a Crisil report released shortly after the Brexit vote, "The good thing is that over the medium term, subdued global outlook – more so in Europe after Brexit – could divert investments to India because of stable outlook and higher-growth prospects compared with other emerging markets. It is very likely that the world will once again be awash with stimuli-driven liquidity and monetary policies will remain accommodative for even longer than previously anticipated."

SINCE EVERY \$1 DROP IN THE PRICE OF A BARREL OF OIL LOWERS INDIA'S CRUDE IMPORTS BY \$1 BILLION, LOW OIL PRICES WILL KEEP INDIA'S CURRENT ACCOUNT AND FISCAL DEFICITS IN CHECK AND ALSO HELP CAP INFLATION.

The impact on the rupee

The British pound may lose some value in the immediate aftermath of the Brexit vote, leading to a stronger dollar and this could cause some short-term volatility in the value of the Indian currency.

A lot will depend on how the

currencies of India's peers and competitors react to the global volatility. "India's trade competitiveness with the UK will not just depend on how rupee behaves versus the pound, but also on what happens to the exchange rate of India's competitors. If their currencies also appreciate against the pound, India's relative competitiveness will not be impacted much. India's trade competitiveness will also be shaped by the movement on domestic costs and productivity," the Crisil report says.

No significant effect on exports

Analysts do not see Brexit having any significant impact on India's exports, which have shown a small rise in June after falling for 18 successive months.

The UK accounts for small portion – barely 3 per cent – of India's total merchandise exports. Then, total bilateral trade with the UK makes up only about 2 per cent of India's international trade.

"Over the medium term, India's exports, especially in consumer-oriented sectors (auto components, textiles, leather and footwear and precious stones and metals, which together comprise nearly 45 per cent of exports to the UK), and also in services, will depend on the severity of slowdown in the UK and ructions in the exchange rate," Crisil says.

The vulnerable sectors

"Companies in sectors such as automobiles, auto components, information technology services, textiles, pharmaceuticals, gems and jewellery, leather, and leather products are most vulnerable to changes in demand and currency value," the Crisil report says. Then, metals companies will also have to bear the brunt of the expected slowdown in global demand and the resulting fall in prices. And investors will do well to avoid companies with large foreign debt exposures as intermittent volatility in



the rupee flowing from the fine print of the protracted exit negotiations between Britain the EU as well as other international shocks could hit their bottomlines.

The London beachhead

The real concern over the longer term is the impact the Brexit vote will have on Indian companies that have or are planning to set up shop in London as an entry point to the EU. Several Indian IT, pharmaceuticals,

their European head offices in the British capital.

New beginnings, new relationships

David Cameron's exit as British Prime Minister means India has lost a strong ally at the high table of global affairs. Prime Minister Narendra Modi, who has struck a good personal friendship with him, will now have to establish fresh ties with his Theresa May, Cameron's successor and a lot will

European market. If EU unravels, it could have a domino effect on other trading blocs around the world.

Brexit a process, not an event

The negotiations to disentangle the ties that bind London to the EU will be long and winding and the process will take at least three to four years at the very least. Policy analysts have warned that there may be intermittent shocks to the global economic order as the two sides try to drive a hard bargain.

The path is uncertain and filled with potential potholes and booby traps. That is why, experts are cautioning that Brexit should not be treated as an event but a process.

Uncertainty may linger

India has reacted cautiously to the vote. Speaking exclusively to India Incorporated, India's commerce minister, Nirmala Sitharaman, said: "The finance ministry, the Chief Economic Advisor, the Niti Aayog and other concerned ministries have been monitoring the situation even before the outcome of the referendum was announced. We are watching the situation very closely and foresee short-term and medium-term volatility. India is better placed than many other nations to face the turmoil generated by Brexit but the uncertainty may linger."

India is better placed than many other nations to face the turmoil generated by Brexit but the uncertainty may linger.

Nirmala Sitharaman, Indian commerce minister



automobile and metals companies have a presence in the UK. Indian companies, in fact, are the third largest foreign investor in the UK. It is not clear yet how the Brexit referendum result will affect their operations across Europe.

So, the negotiations between Brussels and Westminster will be critical for these companies.

If the British government cannot safeguard London's position as the world's financial hub, then compliance costs will rise significantly for Indian companies that currently maintain

depend on whether they can hit it off. India's bilateral trade with the UK is at 14.2 billion pounds. There is a school of thought that feels London could give incentives to improve trade ties and this could help Indian companies.

Collateral damage

Britain's exit from EU could cause some collateral damage to multilateral trade blocs. If Britain's example is followed by other states such as the Netherlands, Italy, Denmark and France, it could bring into question the very existence of the common



POST-BREXIT BRITAIN: Something will have to give

by Gareth Price

To say that the UK's vote to leave the EU has ushered in a period of "uncertainty" would be something of an under-statement. Even though the UK voted decisively to leave the EU, there is no consensus on what Brexit means in practice. On the one hand, a few politicians, along with much of the press, are celebrating the UK's new freedom to pursue trade deals with fast-growing emerging economies such as China and India, for now this freedom is theoretical – the UK cannot make any new deals until it has left the EU. At the same time, leaving the world's largest and richest single-market brings its own risks. The optimists, in reply, suggest that we will not lose access to the single market. But remaining in the single market will require the UK to obey the EU's rules and almost certainly pay into the EU, without having the proverbial seat at the table to make the rules. The clear trade off which is emerging at present is about the degree of market access the UK will have against the obligation of free movement. The

EU argues that the two cannot be combined, so unless a compromise can be found, something will have to give.

General political discourse in the UK seems to interpret the referendum result as a vote to reduce unrestricted immigration from the rest of the EU. So the deal could involve some form of temporary cap on EU immigration. But according to one survey, only a quarter of immigration since 1990 has been from EU states. A much greater proportion – 40 per cent – has come from South Asia.

This is pertinent to talk of a future, enhanced UK-India relationship. For many years, top of the list from the Indian standpoint has been a desire for easier access to visas. Many Indians resent the fact that Indian students who study in the UK are prevented from looking for work here – this despite the fact they have frequently studied the subjects in high demand in the labour market (and have paid handsomely to do so).

Now, in the current political environment it seems highly unlikely that this situation would change, and that Indian visa access would be eased. In contrast, many Indians have noted that access to the Schengen area is much easier. And they have also noted the use of English in many European business circles – both facts have been promoted within India by several countries.

And, this has had an impact before the UK vote. A few years ago three quarters of Indian investment to the EU went to the UK (and three-

quarters of that to London). That figure is now down to half. The UK may still be the gateway to Europe, but not as much as it used to be.

And, herein lies the problem. As the UK's new prime minister, Theresa May, noted on April 25th this year: "We export more to Ireland than we do to China, almost twice as much to Belgium as we do to India, and nearly three times as much to Sweden as we do to Brazil. It is not realistic to think we could just replace European trade with these new markets."

So what next? Clearly steps are being taken to negotiate a Brexit. If the UK gets a great deal, then presumably it will exit. The question is what happens if the deal is clearly worse than the status quo. Meanwhile, while talking continues, the economy will suffer. Most likely, immigration will fall, potentially changing domestic public opinion.

Of course, the optimists may be right, and the UK may flourish in its brave new world. Yet, while economics may be the dismal science, if 88 per cent of economists think that the UK economy will suffer, the smart money would be bet elsewhere. Politics also weighs against. Both Northern Ireland and Scotland (which both voted to remain) would be at risk of some kind of political upheaval. As Theresa May noted before the referendum: "If Brexit isn't fatal to the European Union, we might find that it is fatal to the union with Scotland". Further, she argued that leaving the EU "... would not, I believe, be in our national interest."

Of course, she may have changed her mind in the face of the vote and the internal dynamics of her party. Time will tell.

Dr Gareth Price is Senior Research Fellow, Asia Programme, at Chatham House. His field of expertise include economic reform in India and international relations in South Asia.

THE GRITTY BREXITEER:

Priti Patel takes centre-stage



In a way, the 44-year-old who has been MP for Witham in Essex since the 2010 General Election, had nothing to lose by coming out firmly as one of the star campaigners of the Vote Leave camp, given her unique vantage point of being able to capitalise on her ethnic minority origins.

The fact that Priti Patel became a key voice of the pro-Brexit camp in the lead up to the June 23 referendum in Britain may have seemed like a political risk at one level but it was a very natural choice at a personal level.

She served as media manager to Eurosceptic Sir James Goldsmith, who founded the Referendum Party in 1994 to campaign actively for a referendum on Britain's membership of the European Union (EU) back in the 1990s. The party eventually morphed into the UK Independence Party (UKIP) and Patel re-joined the Conservative Party, having leafletted and canvassed for it since she was a 17-year-old student.

Back in the fold, the ardent Margaret Thatcher admirer continued to regularly and openly criticise the EU until she took on a government role in the David Cameron led Tory coalition in July 2014 as Exchequer Secretary

to the Treasury. Widely seen as one of the rising stars of the party, she was appointed employment minister by Cameron in May 2015 with the right to attend his Cabinet.

As the daughter of a Ugandan Indian business family with a string of newsagents, Patel has often spoken about how she has seen the impact of Britain's membership of the EU on small and medium enterprises (SMEs) at close quarters.

"I don't subscribe to this view that it is racist to speak about immigration and I say that as a daughter of immigrants from decades ago. Our job is to articulate and represent the concerns of the British public – and we should be doing that whatever our backgrounds are," she said during the Brexit campaign.

In a way, the 44-year-old who has been MP for Witham in Essex since the 2010 General Election, had

nothing to lose by coming out firmly as one of the star campaigners of the Vote Leave camp, given her unique vantage point of being able to capitalise on her ethnic minority origins.

“Temples and gurdwaras have difficulties bringing priests in. Our communities struggle to get visas for kabbadi players to come and share their phenomenal sporting talents in this country. Families cannot bring over relatives for important occasions like weddings and births. Despite our strong historic links to this country, we [Indians] do not expect special treatment or favours. But what we do ask for and deserve is fairness,” was her Brexit appeal to the Indian diaspora.

“After we Vote Leave, the UK would be free to negotiate its own far-



After we Vote Leave, the UK would be free to negotiate its own far-reaching trade deals with India and dozens of other growing economies.

Priti Patel, UK International Development Minister



our priorities like the NHS (National Health Service).”

Her Brexit campaign itself proved a tad lacklustre, failing to give her the sort of prominence she would have expected. Fellow MP Angela Leadsom, who momentarily emerged as a challenger to Theresa May for the post of Prime Minister, did take away some of her shine, even raising questions over whether May would finally choose to have her around the Cabinet table at all.

made British aid unnecessary, although some “technical assistance” will continue.

New agreements have been signed for technical assistance projects in the areas of agricultural reforms, urban infrastructure, energy access, among others. Under the new parameters, technical cooperation will focus on policy and skills and Patel has spoken repeatedly about Britain’s commitment to help India with its development efforts.



Priti Patel with Governor of Gujarat Om Prakash Kohli in Ahmedabad

reaching trade deals with India and dozens of other growing economies. Our own connections and ties to those countries would mean we could use the expertise of the diaspora to negotiate a far better mutually beneficial deal than anything that the EU’s out-of-touch bureaucrats in Brussels could achieve.”

Besides this natural support base within Britain’s Indian community, she had an equal connect with the country’s white blue-collar strata.

“By leaving the EU, we can replace EU red tape with sensible rules that promote the entrepreneurial spirit that we have in abundance. We send 350 million pounds a week to Brussels, this is money that could be spent on

But eventually, she has found her firm spot at the top table, having been promoted to a strategically important post of the minister in charge of the Department for International Development (DfID). It would not be presumptuous to assume that given her background and past achievements as Cameron’s Indian Diaspora Champion, Patel would inevitably veer favourably towards India.

The UK’s aid relationship with India has re-aligned significantly since the end of last year, when the UK ended its bilateral aid programme to the country. The official line is that India’s “rapid growth and development progress in the last decade” has

“India as a global leader stands tall in the world and we can support India’s global aspirations, whether it’s on employment, on investment or on trade. As two nations we stand together, shoulder to shoulder to meet those shared objectives,” she is on record as saying.

“There is no doubt when it comes to Make in India, we absolutely are there to support the Indian government. Central to that is skills, training and education and we can support India in investing in people. So we see this as a natural collaboration, a natural partnership.”

The stage is now set for her to put some of those words into action.

BREXIT: Change brings opportunity

by Abheek Barua

An Indian economist gives his views on the unfolding scenario for India and the world after Britain voted to leave the European Union economic bloc in a referendum on June 23.



Abheek Barua is India-based chief economist and senior vice-president at HDFC Bank and a regular commentator on business issues.

Last year, India invested more in the UK than in Germany, France and Italy combined. In terms of number of projects, India was the third largest source of foreign direct investment (FDI) to the UK, with around 122 projects generating more than 7,700 jobs in the country (Source: Deloitte).

The UK is also one of the largest investors into India, contributing around 6 per cent of the cumulative FDI flows in the last five years. When it comes to bank financing, UK-based banks have a fairly large presence too, accounting for 22 per cent of total claims of foreign banks in India.

In terms of trade, the two-way flow between India and the UK, at around \$14 billion, has been fairly stable and in contrast with India's total trade with other EU countries, which has been declining. On relative basis, while India's direct exposure is limited, given that the UK accounts for only 3 per cent of overall exports for the receipts of software services, the UK's share is still significant and as high as 12 per cent.

Despite economically important (and historical) ties that the UK and India share, one important reason for the deep association is that Britain acts

as a regional base for many Indian companies. Anything that weakens this attractiveness could have a bearing on the future course of the relationship, and this is what has emerged as an important concern at the moment.

For example, in the UK automotive industry Indian companies play an important role and export around 50 per cent of the vehicles (assembled in the UK) to other EU countries. Due to such deep supply-chain linkages, the auto components and OEMs (original equipment manufacturers) based out of India inevitably become part of the mega trade network – from India to the UK and from the UK to rest of the Europe.

Thus, it is not just the direct exposure to the UK but also the indirect connection to rest of the EU region that could be effected on account of Brexit. In the short-term, there could be changes in demand and currency risks that could hurt revenues of Indian companies. In the long-term, there could be cumbersome implications related to regulation and relocation.

Having said that, what seems like a challenge could also emerge as a great opportunity for the two

countries. The future course of action after Brexit is yet to be mapped out and this sort of choice could also mean a partnership opportunity that has never been tried before.

In this regard, post-Brexit, India has already made the first move and is among the early ones to initiate a new trade pact with the UK. Compared to the proposed Broad-based Trade and Investment Agreement (BTIA) that has been under negotiation between India and EU since 2007, signing a Free Trade Agreement (FTA) with the UK could be somewhat easier for India.

This would call for strategic re-alignment of the India-UK Joint Economic and Trade Committee (JETCO), which was established in 2005. While traditionally the focus areas of the committee have been on sectors like garments, textiles, machinery, pharmaceuticals and footwear, the new strategy will have to be re-aligned in favor of the Make in India scheme.

For a sustainable and mutually beneficial relationship, it will be important to focus on sectors where gains and comparative advantage could be leveraged in the long-term, such as computer electronics and optical products.

While there will be a great opportunity for the two countries to combine forces, there will also be constraints that will have to be dispatched on an immediate basis. For India this would mean providing better infrastructure and making it easier to do business. For the UK it would mean giving leeway in terms of migration and non-tariff barriers.

The journey has just begun.

Made in India brand strong in Europe

Indian companies seem determined not to be affected by the uncertainty around post-Brexit UK and Europe.

Centum acquires French company



Centum Electronics Ltd, a Bangalore-based diversified electronics company offering a broad range of products and services in defence, aerospace, space, industrial, medical and communications, has acquired a 51 per cent equity stake in French firm Adetel Group.

The company said this transaction translates into greater international presence for the group, in terms of operations and scale for its products, technologies and competencies. Centum can also leverage the technological capabilities of Adetel, along with the cost competitiveness it enjoys as an Indian firm to increase its share in the global markets.

Apparao Mallavarapu, chairman and managing director, Centum Electronics, said: "The acquisition makes Centum Electronics one of the forerunners in the market, enhancing its growth... This gives us enormous opportunities since we have design and high-tech manufacturing capabilities."

Adetel specialises in design, development and industrialisation of embedded electronic systems for defence, aerospace, industrial, transportation, medical and energy sectors. It has operations in the US, Europe and Canada.

Tech Mahindra buys UK's BIO Agency



Tech Mahindra, India's software services major, has agreed to purchase UK-based digital services provider BIO Agency Ltd for up to £45 million (Rs 447 crores), including debt.

The all-cash deal has been struck at an enterprise value of £40 million and includes payment of up to £5 million in surplus cash.

With regards to the deal value, the Indian company said: "The payment of £22 million and the surplus cash will be made upfront and the balance as deferred payments based on company performance."

"The acquisition brings forth a synergy that will open up more clients for BIO globally (especially in Europe and the US), scaling their offering geographically and enabling new services and deeper digital change."

BIO Agency claims specialisation in digital transformation and innovation and helping clients engage with their customers more effectively. It works with companies across financial services, retail, property, travel and technology sectors.

Made-in-India Ford launches in UK



Ford Motor Company's Indian arm is all set to launch the Made-in-India, second-generation Figo in the United Kingdom under the name 'Ka+'.

Manufactured at Ford's Sanand plant in Gujarat, the UK model of the Figo has undergone heavy customisation to suit European preferences, which includes six airbags, Ford's sync voice-activated phone and audio system, a smartphone docking station, a speed limiter and hill start assist. Orders have already started coming in and the first cars will be delivered in October.

The Ka+ will be the third iteration of Ford's Ka series of cars after the original premium city car Ka from around two decades ago and the second Ka that was produced with Fiat in Poland.

Ford India also exports the EcoSport SUV from its Chennai plant. The sub-compact SUV is currently exported to South Africa, Taiwan, Australia and several European countries.

Ford Motor Company has also revealed that the company will shift the manufacturing of EcoSport SUV's European-spec batches from its Chennai plant to Romania by the end of 2017.

UK AND INDIA:

Forging partnerships for the future

by Chandrajit Banerjee



The India-UK economic relationship is an important one, and would continue to go from strength to strength as the UK exits from the EU, according to the Confederation of Indian Industry (CII).

CII reaffirms its commitment to building trade and investment ties and positively enhancing business linkages with the UK.

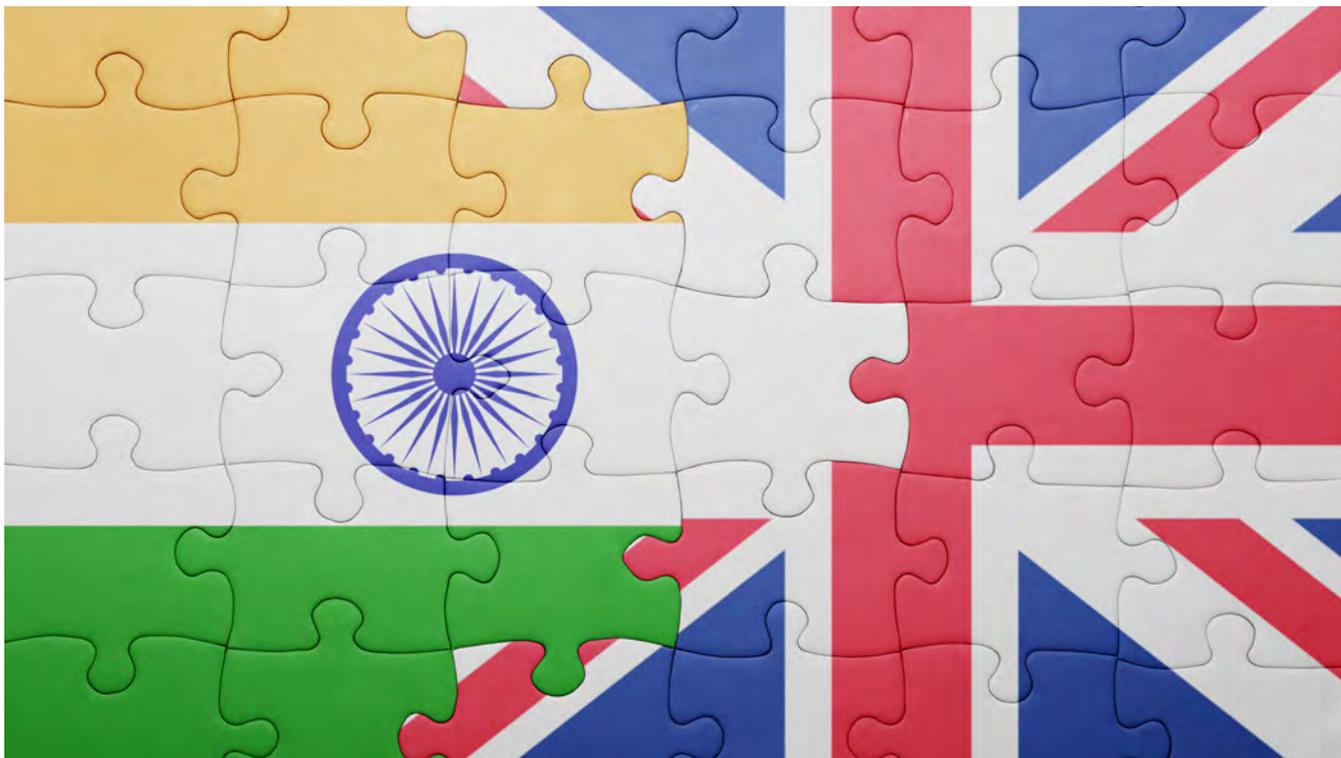
There is an increasing level of Indian investment into the UK, and many of these Indian businesses are doing extremely well. A recent Grant Thornton/CII 'India Meets Britain' report noted that the number of Indian companies growing at over 10 per cent per year in the UK has jumped to 62 from 36 in the previous year. Telecom and technology companies have achieved phenomenal growth, for example HCL Technologies recorded a growth of 728 per cent.

The report, which monitors fast-growth Indian businesses operating in the UK, shows that the combined turnover of these businesses has

increased by £4 billion in the last year, up from £22 billion in 2014 to £26 billion in 2015. The year 2015 saw investments from India rise by 65 per cent, making it the third largest source of FDI in the UK. In fact, India invests more in the UK than in the rest of Europe combined.

This impressive performance can be attributed in part to the high-growth sectors in which many of them operate – notably technology & telecom (32 per cent of high-growth Indian firms in the UK), and pharmaceuticals and chemicals (19 per cent). However, new initiatives by the pro-business Indian government have also fostered trade between India and the UK. Half of those companies included in the tracker, recorded over 30 per cent growth.

With world class universities, vibrant business sectors, and long term infrastructure investment, more Indian companies have joined their peers on the 2016 list tracker. However, to sustain this growth in business expansion, there is a need to address the concerns of Indian companies around talent mobility issues and their impact should be minimised. There are also UK businesses investing and succeeding in India. Recent UK government figures show that UK Trade and Investment (UKTI) supported British companies in undertaking £5.1 billion worth of deals in India in 2015-16. Several large UK corporations have been operating in India for a long time and have created strong local brand loyalty, and many more have followed suit. India accounted for 17 per cent of the UK's foreign direct investment



(FDI) projects recorded in 2013-14, creating 4,482 new jobs.

Vodafone is stepping up its investments in India to the tune of £1.3 billion to further improve its capacity to meet customers' needs. Other examples of UK investment in India include Perkins Engines, which is opening a state-of-the-art £100-million manufacturing facility in Aurangabad to make in, and export from, India, and the health food chain Holland and Barrett's £20-million investment into a partnership with Apollo Hospitals to open up to 1,000 stores in India.

We believe that there exists significant potential for India and UK to further strengthen bilateral economic ties given that India today represents the world's fastest growing large economy with stable and sound macroeconomic indicators.

Let me highlight a few areas:

Advanced Manufacturing: With the Indian government rapidly simplifying bureaucratic procedures, instituting market reforms and implementing fair, effective, and transparent processes to attract foreign investments, cooperation and investment from UK

in manufacturing in India will create a win-win situation for both. Industries such as Defence, Automotive and Pharmaceuticals provide good opportunities for British companies.

WE BELIEVE THAT THERE EXISTS SIGNIFICANT POTENTIAL FOR INDIA AND UK TO FURTHER STRENGTHEN BILATERAL ECONOMIC TIES GIVEN THAT INDIA TODAY REPRESENTS THE WORLD'S FASTEST GROWING LARGE ECONOMY WITH STABLE AND SOUND MACROECONOMIC INDICATORS.

Start-ups: We feel that technology companies from the UK can explore the vibrant new start-up environment that has emerged in India. It is estimated that since 2010, start-ups have generated close to \$3 billion worth of funding and India has emerged as the fourth largest global market for start-ups. With less than

400 start-ups during the year 2010-11, India today is home to over 5,000 start-ups of various sizes. Given this development, there has been a large growth in foreign direct investment (FDI) in India's start-up sector and this trend is only going to increase in the future.

Joint R&D: There is a need for broader and deeper cooperation between India and the UK in fields of science and technology, R&D, and innovation, since efforts in these areas will increasingly define the path of economic development in coming years.

It is very encouraging to see the political drive and willingness on both sides to increase collaborative working between businesses. Given the positive economic outlook for India and the efforts of our governments to build confidence in the potential for partnerships, we believe it is the best era for our industry to collaborate, especially in the areas of focus above.

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

BREXIT OR NO BREXIT: London is open for Indian business

by Gordon Innes

The CEO of London's economic development agency, London & Partners, flags up the British capital's many positives in an attempt to convince Indian companies not to be put off by the recent referendum in favour of Britain's exit from the European Union.



Last year, London's economic development company, London & Partners, ran a programme to discover those Indian start-up businesses which are most likely to go global. We flew the most exciting companies in adtech, cyber security, artificial intelligence, ecommerce, analytics and other sectors to London to participate in an acceleration bootcamp programme.

Our aim was to strengthen the economic ties between UK and Indian entrepreneurs and investors, and to show them that London was a great place from which to go global.

Since then, the UK public has voted in a referendum to leave the European Union (EU). As a result, some people, writing in the media, are questioning Britain's place in the world and are worried about its future trading relationship with the European block.

Despite the current period of uncertainty and transition, London's fundamental strengths as a global business centre remain in place: its unmatched, international talent base; its business friendly environment; its deep financial markets; its global trading reach and its warm welcome.

In recent days I've heard first hand from some of London's, EU-born entrepreneurs that they feel 'battered and bruised' by the result of our referendum. They have begun to question whether or not London is really where they want to be.

I would like to tell them – and all my friends in India – that London remains the most welcoming city I know. I moved to London 19 years ago and I will never grow tired of its wonders.

Tourists, from all over the world, are coming here in record numbers to sample our rich heritage and culture. Without the 40 per cent of London's

residents who were born overseas and who now call London home, we would be poorer and our lives would be less colourful. London's attractiveness for workers, visitors and students has not been changed by the Brexit poll.

London is also home to more than 250 foreign banks. In fact, there are more American banks based in London than there are in New York. There are more banking head offices in London than anywhere else in the world. London's global financial capital status has not been changed by the Brexit vote.

In recent years, London's tech community has grown rapidly to overtake clusters in New York and Shanghai. Today, more software engineers work in London than do in Stockholm, Dublin and Berlin combined. London is attracting record risk capital investment and seeing record numbers of exits – second only to Silicon Valley. The strengths of London's extraordinary, creative, start-up and scale up community has not been changed by the Brexit vote.

Moreover, 40 per cent of the world's top companies have chosen London for their HQ operation and we are Europe's leading city for patent registrations in healthcare, wireless technology, video games, multimedia and software. London's business-friendly environment and unmatched, professional services cluster have not been changed by the Brexit vote.

Today, the level of trade and cooperation between our great countries and cities is stronger than ever. To put this into some context: since Prime Minister Narendra Modi's

DESPITE THE CURRENT PERIOD OF UNCERTAINTY AND TRANSITION, LONDON'S FUNDAMENTAL STRENGTHS AS A GLOBAL BUSINESS CENTRE REMAIN IN PLACE: ITS UNMATCHED, INTERNATIONAL TALENT BASE; ITS BUSINESS FRIENDLY ENVIRONMENT; ITS DEEP FINANCIAL MARKETS; ITS GLOBAL TRADING REACH AND ITS WARM WELCOME.

visit to the UK last year, Indian and British companies have signed \$13-billion worth of deals.

In recent years, my company London & Partners, has also attracted hundreds of Indian businesses to London, looking to trade with the UK, Europe and the rest of the world. Since 2005, we have seen a 117 per cent increase in Indian companies investing in London. While these companies have come from all business sectors, no more so than tech, which accounted for 46 per cent of all investments.

London is, and will always be, a truly global, trading city – a city which is constantly looking outward to engage with the rest of the world.

Over the next two years, or more, the UK will remain in the European Union, with all the rights and

obligations that this entails. During this time, London's Mayor, Sadiq Khan, will work closely with our national government to negotiate favourable terms for a future trading relationship and close cooperation with the European Union. Our government will also forge closer ties with the emerging powerhouses of the global economy, with India at the top of this list.

In short, now is the time to focus on securing the best possible arrangements for London and the wider UK, for the millions of people who were born here and who have chosen to make this city their home.

I am immensely proud to work for this great city and I stand fully alongside the Mayor of London when he says that we are committed to working ever more closely to build stronger alliances between cities across

Europe and around the world. London's economic strength was built on its extraordinary, creative talent, both home grown and from overseas. Its international, cosmopolitan status enriches our lives and contributes to the city's cultural dynamism.

My message to Indian businesses, students and tourists is that London is open for business. We will welcome you with open arms. And we will remain open for many centuries to come. #Londonisopen.

Gordon Innes is Chief Executive of London & Partners, London's economic development agency. Prior to joining L&P, he worked for the UK's Department for Business Innovation and Skills (BIS).



THE GREAT BREXIT DIVIDE



Priti Patel

Born - 1972 in London, England

Origins - Parents were Ugandan immigrants of Gujarati origin who fled during Idi Amin's regime to open shop in London in 1960

Career - She served as the Exchequer Secretary to the Treasury and was appointed as minister of employment at the Department for Work and Pensions and Indian Diaspora Champion by former British PM David Cameron. New PM Theresa May recently promoted her to an influential Cabinet post as Secretary of State for International Development.

Political Party - Conservative

Interesting Factoid - She is the first Hindu woman to be elected to Parliament.

BREXIT VIEW

For far too long those from the Commonwealth have been sidelined and discriminated against in favour EU migrants. Once we Vote Leave we will have a fair immigration policy which would bring in the brightest and the best from countries like India, Bangladesh, Australia and New Zealand.



Rishi Sunak

Born - 1980 in Hampshire, England

Origins - Both his Punjab born grandfathers emigrated first to East Africa and then to Britain in 1960 and his father is a NHS family GP and mother a chemist

Career - He co-founded a large investment firm, working with companies from Silicon Valley to Bangalore. He used that experience to help small and entrepreneurial British companies grow.

Political Party - Conservative

Interesting Factoid - He is married to Akshata Murthy, daughter of Infosys co-founder Narayana Murthy.

BREXIT VIEW

I'm the son of Indian immigrants and spent my business career working abroad, investing in companies from Silicon Valley to Bangalore. It's an experience that for me crystallised what EU's own figures predict: a decade from now, 90 per cent of global demand will be generated from outside Europe.



Suella Fernandes

Born - 1980 in Harrow, London, England

Origins - Indian origin parents immigrated to Britain in the 1960s from Kenya and Mauritius and father worked for a housing association and mother was a nurse and local councilor.

Career - She was a self-employed barrister for 10 years and has also worked as an attorney for a law firm in New York.

Political Party - Conservative

Interesting Factoid - She became interested in politics as a student and became president of the Conservative Association when she went to university.

BREXIT VIEW

We currently have a perverse and discriminatory immigration system whereby if you are from outside the EU you are subject to a points-based system and you are at the back of the queue compared to a low-skilled EU migrant with no job offer. How is that fair?

On June 23, Britain voted in a referendum which unleashed a seismic shift in world politics. As the UK begins the process of defining the contours of its exit from the European Union (EU), we rewind to how the debate had divided Global Indian members of Parliament in the country.



Born - 1967 in Agra, India

Origins - Born in India, his father arrived in England via Columbia University in the US.

Career - As a qualified chartered accountant, he trained with Deloitte Haskins & Sells in Manchester after which he moved into corporate finance advisory with Nikko Securities and then Skandinaviska Enskilda Banken.

Political Party - Conservative

Interesting Factoid - He set up the cross-party group British Indians for IN group.

Alok Sharma

BREXIT VIEW “ ”

A vote to remain guarantees us continued unfettered access to Europe’s free trade single market of 500 million consumers, meaning lower prices, more jobs, increased investment and financial security. It also means a seat at the table as the EU negotiates some of the biggest trade deals in history – such as the ongoing discussions with the United States, China and India.



Born - 1956 in Aden, Yemen

Origins - His parents were from Goa and moved to England in 1965. His father worked in the airline industry and mother held two jobs as a teacher and in Marks & Spencer.

Career - He was first employed as a solicitor to Richmond upon Thames London Borough Council; then as a senior solicitor to the London Borough of Islington and later solicitor at the Highfields and Belgrave Law Centre in Leicester.

Political Party - Labour

Interesting Factoid - He is the British Parliament’s longest-serving South Asian origin MP.

Keith Vaz

BREXIT VIEW “ ”

I was furious to see Priti Patel claiming that leaving the EU and shutting the door on immigrants from Poland and elsewhere would save Britain’s curry houses. This is divide and rule politics of the worst kind.



Born - 1960 in Uganda

Origins - His parents were Gujarati Indian immigrants who moved from Uganda to Britain in 1964.

Career - He is a qualified solicitor and has worked in the City and the West End of London, as well as in Hong Kong. He has been a senior legal adviser and business consultant for London First.

Political Party - Conservative

Interesting Factoid - He has a black belt in Tae Kwon Do.

Shailesh Vara

BREXIT VIEW “ ”

We will be encouraging everyone to vote to remain in the European Union, including the 1.2 million British-Indians eligible to vote, whose votes could prove to be decisive in determining the outcome of the referendum.

Improving UK visitor visas for Indian nationals



Source: www.thercs.org

Is it time Britain simplified visas for Indians?

The Royal Commonwealth Society, in partnership with the Confederation of Indian Industry (CII), recently released a new report that lays out the business case for simplifying the visa process for Indian tourists coming to Britain. 'India Global Business' explores the bounce it can offer a Brexit-hit UK economy.

☪ A Passage from India – Improving UK Visitor Visas for Indian Nationals' has been prepared by the UK's Royal Commonwealth Society in partnership with leading aviation tourism and industry groups as well as the Confederation of Indian Industry (CII) to push the UK government to add India to the country's cheaper two-year visitor visa scheme to attract more Indian tourists to the country.

"We hope that the government will consider the very clear benefits of our recommendation, enhancing the

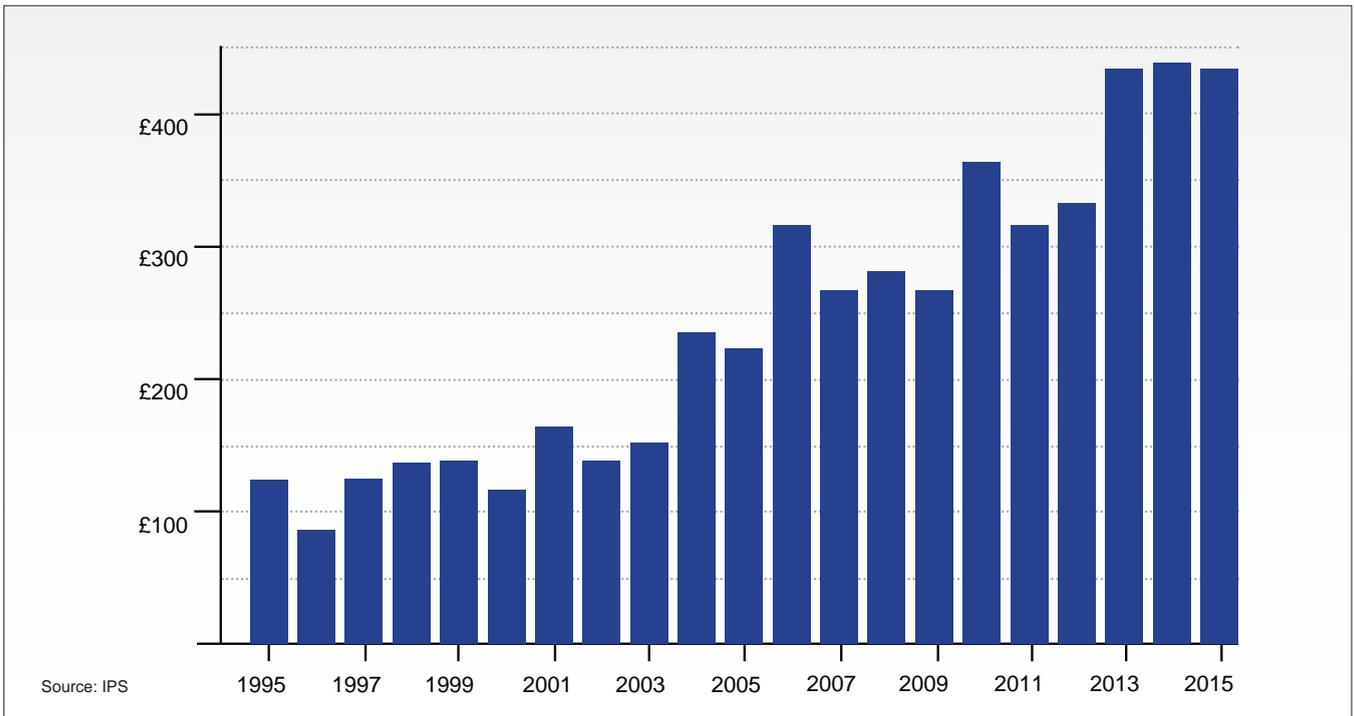
already close affinity between two great Commonwealth nations," said Tim Hewish, director of policy and research at the Royal Commonwealth Society and author of the report.

His report flags up the UK's falling market share of global Indian tourists, which has halved over the last decade at an estimated cost to the UK economy of around £500 million per year and over 8,000 jobs. France has now over-taken the UK as India's most visited European nation, attracting 500,000 visitors from the subcontinent in 2015.

In October 2015, then British Prime Minister David Cameron had announced a pilot scheme for a two-year UK-China visitor visa costing £87. The report recommends that Indian nationals must have the same opportunity.

"To optimise exchanges of people, business and ideas, it is important that both the UK and Indian governments discuss this promising proposal openly and collaboratively consider delivering it. The strength of the UK-India relationship today must also reflect in a stronger visa regime,"

INDIAN VISITORS TOTAL SPEND IN THE UK (£ M)



says CII director-general Chandrajit Banerjee.

At present Indian visitors continue to pay a hefty £330 for a two-year visa, or £87 pounds for six-months.

“Extending the visa pilot to include India is not just about governments, but also about people-to-people and economic-cultural exchange. Greater interaction through visitor visits will encourage familiarity,” the report says.

According to UK’s annual International Passenger Survey (IPS), the number of Indian visitors to the UK increased significantly from around 150,000 in 1995 to just over 350,000 in 2006. However, this substantial increase lost momentum with an increase of just 23,000

(367,000 to 390,000) between 2006 and 2014 and the figure in 2015 stood at 422,409.

“Indian nationals are becoming wealthier and this has translated into an increase in the number of travellers, which the UK has not yet sufficiently courted... Extending the visa pilot to India will send a clear signal to those potential visitors that the UK welcomes them and wants to make their travels easier,” the report claims.

It feels next year offers the best time to introduce this change, with 2017 designated the UK-India Year of Culture when both nations aim to build on strong collaboration in business, art, music, design and other fields. Having a cheaper and extended UK visitor visa will help

enhance these endeavours, it says.

“From an inward investment point of view, the two-year UK visitor visa for India would enhance ease of doing business with the UK rather than securing a visa every six months. And that’s how business in the 21st century should be – practical, productive and problem-free,” said CII president Dr Naushad Forbes, co-chairman of Forbes Marshall.

The report also points out that the UK’s decision to leave the European Union will undoubtedly lead to a dramatic shift in the UK’s relationship with the rest of the world. At a time when the UK is reviewing its global position, it is even more pressing that it deepens its Commonwealth ties and sends a message to the world that it welcomes visitors.



We hope that the government will consider the very clear benefits of our recommendation, enhancing the already close affinity between two great Commonwealth nations

Tim Hewish, director of policy and research at the Royal Commonwealth Society

Besides CII, the Royal Commonwealth Society partnered with the Airport Operators Association (AOA), Birmingham Airport, British Air Tourism Association (BATA), British Airways, Heathrow Airport, Emirates, Manchester Airport Group (MAG), Tourism Alliance and Virgin Atlantic for the latest research.



Indian companies are net job creators in the US

Republican Party presidential nominee Donald Trump's flip flops over H1B visas, which allow Indian IT pros to work in the US, show that large sections of the US are increasingly viewing protectionism as a panacea for its domestic economic problems, including joblessness, even as saner voices point to the positive contributions made by skilled migrants like Indian geeks.

Rational arguments often get lost in the din of shrill electoral rhetoric. So, it is easy to miss the point that Indian companies, far from being job destroyers in the US, are actually net employment generators and that Indian IT professionals, the most visible target of the Trumpeters, in fact, improve the competitiveness and, hence, profitability of US companies.

According to a study titled "Indian Roots, American Soil" by the Confederation of Indian Industry (CII) and Grant Thornton (GT) last year, about 100 Indian companies have invested \$15 billion in US industry and created 91,000 direct jobs in that country.

The highlights of the report are:

- About 100 Indian companies have invested \$15.3 billion and created 91,000 direct jobs across the US
- The top five states in terms of job creation by Indian companies are New Jersey (9,278 jobs), California (8,937 jobs), Texas (6,230 jobs), Illinois (4,779 jobs) and New York (4,134 jobs)
- The top five states in terms of FDI by Indian companies are Texas (\$3.84 billion), Pennsylvania (\$3.56 billion), Minnesota (\$1.8 billion), New York (\$1.01 billion) and New Jersey (\$1 billion)
- The average investment per state is \$443 million
- Six out of seven Indian companies present there plan to invest more in the US
- 90% of the companies plan to hire more employees locally in the next five years.

"Indian Roots American Soil is CII's flagship event on Capitol Hill and is part of our ongoing effort to highlight the positive stories of Indian companies' contributions to the US economy and society. Our aim, through this event, is to highlight the range and depth of Indian investments in the United States. India is now the fourth-fastest growing source of investments into America – this is a very critical aspect of the burgeoning bilateral US-India business story and one that has an immediate and visible positive impact on the local communities where these companies operate. It's a story that needs to be told and re-told," CII Director General Chandrajit Banerjee said in a statement.

"A cornerstone of relations between India and U.S. is the thriving commercial exchange between the countries. As India surges forward to become the fourth fastest growing source of FDI into the U.S., it is critical that we recognize the positive impact of Indian business investments in the country. In Virginia, Indian companies have been key players in creating jobs and engaging communities. I hope to see this trend continue in the future, with increased Indian business operations in the

India: A Net Contributor



Sun Microsystems
co-founder is
Vinod Khosla



The creator of the
Pentium chip is
Vinod Dham



35,000 Indian physicians in the US comprising 5% of all doctors in that country



10% is the share of Indians among all medical students in the US



40% is the share of Indians among all small and mid-size hotels in the US

country,” Senator Warner, Virginia, Co-Chair, Senate India Caucus, was quoted in a statement.

Another report released by Indian IT industry lobby Nasscom, also released last year, pointed out that the much maligned Indian IT sector supported more than 400,000 jobs in the US and contributed more than \$20 billion in federal taxes over the last five years. “The Indian IT industry has definitely made a big contribution to the US economy,” Indian Commerce Minister Nirmala Sitharaman has said. “There has always been a popular apprehension that Indian IT industry benefits from the United States and takes away job from the US.”

Yet another study by the Brookings Institution has also belied the myth that cheaper Indian IT professionals are snatching jobs from qualified Americans in the US. The study points out that most Indian workers on H1B visas generally earn more than comparable US workers with similar educational qualifications.

Indian IT companies create and protect jobs in the US in the following ways:

- They provide US businesses with advanced IT services and support, which helps US companies maintain their global competitiveness, enter new markets, gain market share and remain profitable
- Indian IT companies have invested billions of dollars in setting up facilities in the US and created thousands of direct jobs there

- Indian IT companies directly employ about 100,000 US citizens and support jobs for three times as many Americans
- Over the last four years, job creation by Indian IT companies in the US grew 10 per cent annually compared to a 1.7 per cent overall job growth in that country.

Why then is there the outcry in the US against foreign businesses in general and the Indian IT sector in particular? Empirical evidence suggests that people turn insular and politicians turn protectionist in times of economic hardship and slowdowns. The US and, indeed, the entire western world has yet to recover from the sub-prime crisis of 2008.

This has allowed politicians and other purveyors of doom the space to peddle populist and protectionist slogans based on demonising “foreigners who steal US jobs”. Such rhetoric, which would usually be ignored by most Americans in prosperous times, is finding takers because jobs are difficult to come by. With US elections due at the end of this year, politicians and their camp followers have only ratcheted up their fear mongering several notches in a desperate bid to woo nervous voters. But analysts are hopeful that once the elections are over, the frayed tempers will cool down and it will be back to business as usual.

They are taking solace from Trump’s doublespeak on the subject of H1B visas. Towards the end of last year, he had been vociferous in his demands to limit and even roll back the number of skilled professionals who should be allowed into the US

on this class of visas saying that not doing so would “decimate women and minorities.” He had also demanded that the minimum wage paid by US employers to workers with H1B visas be raised substantially in order to limit their numbers. According to Trump’s website, this will stop US companies from “flying in cheap workers from overseas”.

But he seemed to change tack in a television debate in March this year when he said: “We need highly skilled people in this country. If we can’t do it (produce them locally), we will get them in.”

When the moderator pointed out that this was starkly different to what he had been advocating earlier, Trump said: “I’ve never seen a successful person who wasn’t flexible.” This has led some analysts to expect that once the heat generated by the elections cools down, politicians will tone down their rhetoric.

India is not taking any chances. Speaking exclusively to India Incorporated, Sitharaman said: “We have discussed the visa-related matter with the US at various levels. We have talked to US Trade Representative and US commerce secretary both during our strategic dialogue and later. We have also made it public that we may approach the WTO on increase in visa fees as this could be viewed as a non-tariff barrier. This is against the spirit of free trade practices on the movement of personnel. So, we make take the US to WTO.” But that, many trade analysts are hoping, will not be necessary, especially in the light of data that shows Indian companies – and the Indian IT sector, in particular – are net job creators in the US.

What is the Trump card that woos Indian Americans?



According to 2014 statistics by the Pew Research Center, a majority of the Indian American community tends to be supporters of the Democratic Party, with only a small minority in favour of the Republicans. The latter tend to be from the wealthier strata of society who are often unhappy with the status quo.

Indian American Fact Box

- **3.34** million
- **87.2%** foreign-born
- **56.2%** US citizens
- **51%** are Hindu
- **65%** are Democrats

Republican presidential nominee Donald Trump has strong and, often offensive, views on just about anything. From wanting to build a wall to block out Mexicans to denying entry to Muslims into the US, he has gone on record with some of the most outrageous statements from any modern day politician.

“They are taking our jobs. China is taking our jobs. Japan is taking our jobs. India is taking our jobs. It is not going to happen anymore, folks,” he famously said during the US primaries.

Ironically, it was such hyperbole that probably forced the world to sit up and take notice of a candidate initially dismissed as a credible contender for the post of the world’s most powerful man.

“I’m pretty confident that the overwhelming majority of Americans are looking for the kind of politics that does feed our hopes and not our fears, that does work together and doesn’t try to divide, that isn’t looking for simplistic solutions and scapegoating,” said US President Barack Obama earlier this year, much before Trump emerged as the Republican Party’s official US presidential nominee.

But many Americans seem to have flocked to whatever Trump, often referred to as The Donald, was selling and the Indian Americans are a solid chunk within that under the umbrella of “Indian Americans for Trump”. Like its hero, the group may have started out as a maverick on the fringes of politics but has gradually gained momentum.

Trump's unforgiving stance on terrorism, his promise to stop illegal immigration, his reference to business ties with India, albeit vague, and his tough position on China and Pakistan are among the many reasons they site for this hero worship of the billionaire politician.

than we earn. Hindu-Americans pay almost \$50 billion per year in taxes, and we expect the government to be as judicious with its income as we are as individuals," says Shalabh "Shalli" Kumar, chairman of the Republican Hindu Coalition.

headlines earlier this year for their prayer meetings in support of Trump winning the US presidential race. "He's our hero. We are praying for Trump because he is the only one who can help mankind," Vishnu Gupta, founder of the group, is on record as saying.



He's our hero. We are praying for Trump because he is the only one who can help mankind.

Vishnu Gupta, Founder of Hindu Sena

According to 2014 statistics by the Pew Research Center, a majority of the Indian American community tends to be supporters of the Democratic Party, with only a small minority in favour of the Republicans. The latter tend to be from the wealthier strata of society who are often unhappy with the status quo.

Anand Ahuja, vice-president of Indian Americans for Trump, believes that in fact there are far more supporters of The Donald that won't come out until voting day because of the 70-year-old New Yorker's negative image. He in fact likens the American businessman-turned-politician to Prime Minister Narendra Modi: "I normally jokingly say both are very strong headed and both have their own controversies."

This group distances itself from another outfit that has been extremely vocal in its support for the Republican party nominee for the November 2016 elections – "Hindus for Donald Trump".

"Some 4 million Hindus reside in the United States. As a group, we have a higher per capita income than any other group. We also have the highest average education levels, the highest proportion of people employed as managers, the highest number of entrepreneurs (one in seven), the largest donations to charity, and are the least dependent on government.

Self-sufficiency is a given in our community, and we don't spend more

"We eagerly take advantage of opportunities when they are presented. To us, this is a civic duty, and we as a people have a responsibility to the nation that has afforded us so many opportunities to better ourselves. This obligation is represented in the Republican Party platform, while the Democratic Party platform focuses on ethnic victimhood," he explains, in reference to his group's support of Trump. This Hindu support also has echoes miles away back in India, with members of the Hindu Sena hitting

There is clearly a kind of appeal that some Indians are getting drawn to. However, Trump's contradictory remarks on India – mocking call centres on the one hand and talking about India as a great country on the other – are not yet enough to sway the Indian Americans who may be on the fence about their vote.

Democratic rival Hillary Clinton was quick to pick on some of the irony behind his "Make America Great Again" slogan: "Please explain to me what part of America First leads him to make Trump ties in China, not Colorado. Trump suits in Mexico, not Michigan. Trump furniture in Turkey, not Ohio. Trump picture frames in India, not Wisconsin. Donald Trump says he wants to make America great again – well, he could start by actually making things in America again."





Riding a bumpy road to economic partnership

by Sarah Watson

Sarah Watson is an associate fellow in the Wadhvani Chair in US-India Policy Studies at the Centre for Strategic & International Studies (CSIS), where she focuses on India's economic and foreign policy.

Prime Minister Narendra Modi's June visit to Washington DC was meant to put a capstone on what has been a close and productive relationship with President Barack Obama and to 'lock in' the gains of the past two years as the American presidential transition approaches. The visit, particularly Modi's well-received address to the US Congress, went off without a hitch.

But six weeks later the glow has dissipated somewhat; the achievements of the visit have faded and the stress points in the relationship are clearer. Modi's visit casts into relief the central question of current US-India relations: can ever-closer security ties sustain the development of the relationship in the absence of common ground on economic issues?

The gap between the economic and defence/strategic areas of the US-India relationship was clear from the Joint Statement issued following Modi and Obama's meeting. While the statement marked substantive deliverables in the areas of maritime security, joint cooperation in the Indo-Pacific region, disaster relief, and defence sales, it was far weaker outside the security arena. The highest-profile non-security item was the announcement that Westinghouse would begin preliminary work on

building a six-reactor nuclear power plant in Andhra Pradesh.

Observers in both the US and India have long hoped that the US-India Civil Nuclear Agreement would lead to a robust civil nuclear trade between India and the US. But India's harsh nuclear liability law has for years kept US manufacturers from entering the market. Westinghouse's decision to go forward is thus an important vote of confidence—but the Joint Statement made clear that no contract has been signed, and legal issues may still prevent the plant from ever being built.

Modi's visit failed to push forward a number of other important trade-related initiatives. There was no mention of negotiations towards a Bilateral Investment Treaty (BIT) in the 2016 Joint Statement, despite the commitment to work towards a "high-standard" BIT in the January 2015 Joint Statement. Both India and the US have since revised the text of their standard BITs, driving them even further apart on this issue. The statement dwelt on US support for India's attempt to gain membership in the Nuclear Suppliers' Group and the United Nations Security Council, but the US offered only token support for India's quest to join APEC, a trade-oriented grouping where India's mercantilist tendencies would not be welcome.

Recent success in the US-India security relationship is the result of relatively small steps backed by strong strategic good will. The Modi administration, perhaps inspired by concerns over China's rise, has proved willing to re-think India's national interest and to reject old foreign-policy orthodoxies, such as the rigid adherence to non-alignment. The US, for its part, sees India as a natural security partner in Asia and a possible counterweight to China's power. The excitement surrounding this strategic convergence has allowed bureaucrats on both sides to work patiently towards small but important goals.

It is unclear whether the US and India can generate the same reservoir of goodwill to overcome bumps in the road to economic partnership. Bilateral US-India trade, at roughly \$100 billion a year, doesn't yet generate its own momentum; furthermore, it's down slightly this year (albeit amidst a global trade slowdown). The Modi administration is reluctant to open India fully to trade, but at the same time envisions India as the world's next great export powerhouse. In short, it seeks to follow the path that China has forged—a path that has led to huge trade deficits for China's trading partners, and deep ill-will within the US. The two sides will have to work hard to avoid building a one-sided relationship.

India firm on US expansion drive

As the hyperbole around the US presidential elections builds up, 'India Global Business' tracks some of India's recent expansion drive in the country.

Mahindra eyes mobility scooter firm



Mahindra Partners, the private equity and venture capital arm of the Mahindra Group, recently announced that it has completed a new round of funding in Scoot Networks, a San Francisco based urban mobility solutions provider, along with Vision Ridge Capital and other investors.

Anand Mahindra, chairman of Mahindra Group, said: "We are excited to partner with the terrific team at Scoot Networks to provide a sustainable solution to the growing challenges associated with urban commuting – parking, congestion, and pollution."

Scoot Networks provides electric, smartphone-activated motor scooters to people on a rental basis.

Michael Keating, founder & CEO, Scoot Networks, said: "We are proving that electric transportation can be both affordable and profitable. We now have the vehicles and resources we need to scale the business, thanks to our partnership with Mahindra and the ongoing support of our earlier investors."

The financing coincided with Scoot Networks buying 500 Mahindra Genze electric scooters.

Swelect to build solar factory in US



Swelect Energy Systems Ltd, an India-based sustainable energy solutions company, has decided to provide new jobs by setting up photovoltaic (PV) panels in Halifax County of North Carolina.

Swelect will create 155 jobs in the county over the next five years and will invest over \$4.7 million in a manufacturing facility and an adjacent solar farm.

The firm will be looking to hire operators, quality control specialists, logistics personnel and others, with annual salaries to average at least \$30,419, in line with current average pay in Halifax.

R. Chellepan, SWELECT's managing director, said: "Our partnership with North Carolina and Halifax County presents the opportunity for SWELECT to leverage 30 years of world class experience in solar manufacturing. We are delighted that our products will be 'Made in the USA'."

The One North Carolina Fund has facilitated a performance grant for this of up to \$600,000. In order to receive the funds, the company is required to meet job creation and investment targets.

Granules India bags US pharma rights



Granules Pharmaceuticals Inc (GPI), wholly owned subsidiary of Granules India, has acquired the exclusive rights from US pharma firm Windlas LLC to market and distribute four products in the US.

Granules will be responsible for the marketing and distribution of the products in the US, subject to final approval by the USFDA. US pharma Windlas will receive milestone payments and share of the profits from sales.

Krishna Prasad Chigurupati, chairman and managing director, Granules India Ltd, said: "The product in-licensing is a strategic move to accelerate our business expansion plans in the US by fostering long-term partnerships."

US pharma Windlas is a JV between USpharma Ltd and Windlas Healthcare Private Limited. US pharma specialises in research, development and manufacturing of high-barrier generic pharmaceuticals.

A Granules India statement said: "US pharma Windlas through its subsidiaries holds Abbreviated New Drug Application (ANDA) for Fingolimod, Prasugrel, Dronedarone and Lurasidone. US pharma Windlas believes to be a first applicant to file ANDAs containing paragraph IV certifications for three of these products."



Master Blaster takes business of cricket global

Sachin Tendulkar, well known for his big hits on the cricket pitch, has struck a unique off-field investment in an Australian headquartered firm to provide an edge to Indian sports' brand image. 'India Global Business' caught up with him during the launch in London recently to see what the Little Master has in store for cricket this time.

Batting legend Sachin Tendulkar has announced a new innings of his life by joining a team that will create a brand new range of cricketing gear to hit the world markets from October 1.

The Master Blaster joined Australia-headquartered Spartan International as an investor and member of the advisory board to provide his unique expertise to enhance the safety of helmets, gloves and leg guards among other sporting gear.



An icon like him being able to provide his expertise is mindblowing.

Ravi Thakran, chairman of Spartan International

"In the second innings of my life, as I call it, post-retirement this is one opportunity where I am not looking at it from a business point of view but it is the passion which has taken the front seat. I want to do something for

the next generations, where they are protected," he explained.

Still limping following a recent knee surgery, the 43-year-old joked about his "new walk", adding: "A few

years ago I was on the other side of the fence. Now I am part of Team Spartan, where I am de-termined and motivated to give something back to the sport which has given me everything in life. The safety of any individual is important and that is our prime focus. The journey has just begun for a great partnership.”

On a personal note, he pointed to breaking his fingers on a number of occasions during fielding and batting and indicated a brand new idea that he has hit upon for better cricketing gloves. “That is all part and parcel of the game but something I would want to share with Team Spartan would be my experience of 25 years of international cricket and what are the areas where we can continue getting better. I feel equipment is an extension of your body. A cricket bat is an extension of your arm. Gloves is something important – we have had a fantastic idea which will be unveiled soon, it will be unique... something which protects the fingers,” he said.

The iconic Indian batsman also made specific reference to the importance of having more “solid helmets” to prevent future injuries “keep up our pace and press the pedal as hard as possible to meet all the expectations”.

“Today’s players and sportsmen are expecting the equipment to get better and there is a lot of competition in the field of sports goods manufacturing and lot of innovation. So it is important to be ahead of the competition,” Tendulkar said.

Spartan International dates back to 1953 when it was founded in Jalandhar, India, as a football manufacturer. Today it claims to be an “innovative product developer” across a broad range of sports including cricket, all football disciplines, netball, basketball and a range of health & fitness products, including shoes and apparel, which are distributed around the world including India.

Kunal Sharma, managing director & founder of Spartan Sports, said it was “an unbelievable feeling to have Sachin on board as partner”.

Soft Power of Sports

Sachin Tendulkar is arguably the first sportsman to be identified with Indian soft power, which was thus far limited to Bollywood and yoga.



Dhyanchand

Yes, there have been other Indian sportspersons who have, at various



Leander Paes

times, captured the imagination of the world. Dhyanchand in hockey, Ramanathan Krishnan, Vijay and Ashok Amritraj, Leander Paes and Sania Mirza in tennis, Saina Nehwal in badminton, Vishwanathan Anand in chess and Sunil Gavaskar and Kapil Dev in cricket come readily to mind.

But very few have defined the games that made them famous.

Dhyanchand is widely accepted as the greatest hockey player of all times, but his exploits three quarters of a century ago came when India was still a British dominion.



Sunil Gavaskar

Tendulkar’s rise, which coincided with economic liberalisation and the globalisation of Indian society, provided Indians with an icon who the world at large accepted as the greatest batsman in the post-War era. This middle class boy from Mumbai proved all his fellow countrymen and foreign experts



Kapil Dev

that Indians could, indeed, become the best in the world by dint of hard work, perseverance, sacrifice and, most importantly, self-belief. The US had Jimmy Connors, Chris Evert and Mark Sampras, Australia had the peerless Don Bradman, Brazil Pele and Argentina Diego Maradona. India, by contrast, had only local heroes but no one the world universally accepted as defining the game and the In-dian spirit.



Pele

Tendulkar filled that void – and emerged as a shining example of Indian soft power. However, India has not been very proactive in capitalising on a vast untapped resource of popular sports personalities in projecting the country’s soft power on the global stage. Maybe the Master Blaster’s new initiative can be the starting point to look at how India can pitch itself beyond the sheer economics of international ties.



Vishwanathan Anand

Let’s take David Beckham as an example. The former England football captain is often a one-man band for British diplomacy and a classic example of how a successful on-field sports star can be used by his government to project a positive image of the UK. He was the star campaigner for the team that won London its bid for the 2012 Olympics and has been at the forefront a series of global causes as the popular voice from Britain.



David Beckham

It’s time India woke up to the global potential of its home-grown sporting talent.



“An icon like him being able to provide his expertise is mind-blowing,” added Ravi Thakran, chairman of Spartan International.

In January 2016, Spartan also launched the first global Virtual Sports Club called the Spartan Crick-et Club, which provides a unique global forum including a wide range of services dedicated to pro-moting cricket among cricket communities and fans around the world.

The Spartan Cricket Club boasts some of the world’s highest performing cricketers, including M.S. Dhoni, Chris Gayle, Eoin Morgan, Michael Clarke, Mitchell Johnson, Joe Burns and Holly Ferling as its foundation members. Now, Sachin will also join the club to further develop the sport and healthy living around the world.

It is clearly more than just a lucrative business deal for him, as he wants to help under-privileged children across India and the world be able to play cricket and “live their passion”. Drawing parallels with his own humble roots growing up in India, he said: “I exactly know how it feels when you don’t have enough

money in your pocket and you want a particular bat. So it is about addressing the poorest of the children who aspire to play cricket.”

The former Indian cricket captain and one of the world’s most revered batsmen said he wanted to ensure aspiring young cricketers are not held back due to a lack of equipment. “There are lots of under-privileged promising cricketers who end up playing for their states but they don’t have proper equipment. I want to go out and help them, provide them proper cricketing gear where they don’t have to worry that if they break a bat where would the next one come from,” Ten-dulkar said in reference to his broader plans for a new range of cricketing gear.

“I want to supply the equipment so that they just have to go out and live their passion. They should be free to just think about scoring runs or taking wickets and giving their best. That is the greatest feeling in the world, when you are out in middle and batting for your team and I want that to happen to as many children as possible. “My career started when I saw the World Cup being lifted by Kapil Dev in 1983, from there on I wanted to chase

my dream and there were gradual steps which I had to take. It wasn’t like from day one I had the best of bats in my hand. So I want to address that, as there are children who may not be able to afford a bat. I want to help and sponsor them.” He is also keen to encourage young children to get involved with outdoor sports and stay fit.

Saying “when you are healthy, you are able to smile”.

“I see this as an opportunity to give back to not just budding cricketers but also footballers or rugby players and others.

“I remember my grandmother telling me, your health is your real wealth... look after your health. Video games only exercises your thumbs. My message is not stop playing video games and play only outdoor sports. But there has to be a balance.

“I felt in my case when I got out and played as much as I wanted to, it looked after my health and I was able to maintain a certain level of fitness. This applies to everyone, not just sportsmen; fitness plays a huge role in achieving consistency in any profession.”

Start-up India takes aim at in new markets

Indian start-ups are making their presence felt in the emerging markets with their unique offerings across various sectors.

Indian start-ups tap overseas markets



India's retail consumer focused online start-ups, from education to healthcare to financial services sectors, have started expansion in South-east Asia, the Middle East and South America.

Having made a mark in India, these start-ups are confident to expand in smaller markets overseas. Start-ups like online healthcare service Practo has made a mark in overseas markets like Singapore, Malaysia, Indonesia and the Philippines. BankBazaar.com, an online financial services start-up, has tapped the Singapore market and also has plans to foray into Malaysia, the Philippines and the UAE.

Harish HV, partner – India Leadership team, Grant Thornton India, said: "Generally they start in India. Once the model is successful they look at comparable markets where similar services could be offered, typically in regions such as Southeast Asia and Africa."

Adhil Shetty, co-founder and CEO, BankBazaar.com, said, "We have built a platform which has proven itself and is capable of extending globally where similar opportunities are present. Today opportunities exist for made in India products abroad." According to NASSCOM's research, India is the third largest start-up hub with presence of more than 4,200

such entities and achieved a growth of 40 per cent by the end of 2015. The segment is standing on the pillars of \$4.9 billion funding at the end of 2015, up from around a \$3.2 billion investment during 2010-14.

Dabur eyes South Africa market

Indian FMCG major Dabur has announced its acquisition of Discaria Trading, based in South Africa (SA).

The acquisition was done through Dabur International, the wholly-owned subsidiary of the firm in an all cash transaction. Discaria is a South African firm engaged in manufacturing and trading of cosmetics.

Dabur said: "It has been acquired to do the business of manufacturing and trading of cosmetics products in South Africa."

With this acquisition, Discaria Trading has become a step down wholly-owned subsidiary company of Dabur India Ltd with effect from July 2016.

Dabur is likely to sell its Namaste range of hair care products, which caters to ethnic African population, and cosmetics under the Vatika hair care and DermoViva skin care brands.

The Indian company has one manufacturing unit each in Nigeria and Egypt, which caters to the north and east African markets. Discaria will now enable the maker of Real Juices to enter the southern part of the continent.

Kirloskar partners with UAE oil firm



Gulf Petrochem, the UAE-based oil and energy company, has partnered with Kirloskar Oil Engines Ltd (KOEL), subsidiary of the Kirloskar Group.

The partnership plans to launch K-Oil into the Middle East and African markets. The engine oil will go to market following an extensive six-month engine trial and product evaluation and will build upon strong foundations in India.

Rahul Kirloskar, MD, KOEL, said: "This is a great opportunity to expand into the Middle East & African market and compliments KOEL as part of our value addition and portfolio enhancement."

"What makes us particularly positive about the move is the reputation and expertise of our partner, Gulf Petrochem, and the quality of the product, which is designed to withstand demanding conditions such as those in the region. We believe the demand here will be high."

Sudhir Goyal, managing director of Gulf Petrochem, said: "We are delighted to be able to bring these products to market in the region. Kirloskar are a major and leading genset and engine supplier in India and bring with them vast experience."



MODI'S VISIT TO AFRICA:

Key takeaways

by India Inc. staff

The Indian Prime Minister sought to set the tone right and put India-Africa relations on a fast track with his recent African safari.

Narendra Modi's five day four nation visit to Africa in July was his 51st visit to a foreign country since taking over and 11th this year. While his trips to US, Europe or China generate more newsprint and airwaves, his African safari is anything but less significant.

The continent has for long being seen as a potential bright spot in the world economy that will manifest itself after emerging markets like Russia, India, Brazil and China have exhausted themselves. When that happens, the country that has the most solid and traditional foundation and footprint in Africa will be the one to gain most. Despite being a traditional ally, India has lagged behind others in this aspect due to a variety of reasons.

The Pulses trade

Modi's first port of call in Africa was Mozambique where India's interests were borne out of a pressing need. Two years of monsoon failure has

resulted in a shortfall in cultivation of pulses in India, which is already its largest grower and consumer. Despite best efforts, India does not produce enough for its own need and on an average imports about 3 million tonnes of pulses every year.

A shortfall in 2015-16 though saw that spiral to 5.8 million tonnes. Even then, pulses prices are hovering at over Rs 100 per kg. Modi is the first Prime Minister in 34 years to visit Mozambique and the result was a contract to import 100,000 tonnes of pulse from the east African nation with an upper cap of 200,000 tonnes by 2020-21. There is talk of India exploring options of contract farming of pulses in Africa as a solution to the long term shortage of pulses in the country.

Healthcare and pharmacy

Indian pharmaceutical companies have for long exported drugs and pharmaceuticals in large quantities to

Africa – drugs worth \$3.1 billion were shipped in 2015-16 – but Modi has broadened the ambit by offering help in building the continent's healthcare and water sanitation infrastructure.

India will provide \$92 million line of credit for improvement of Zanzibar's water supply system while working on water projects for 17 cities in Tanzania. An additional \$500 million concessional credit is also on the table in addition to an existing \$100 million.

At the same time, a multi-million-dollar deal to set up East Africa's largest cancer hospital in Kenya was also signed and India will also help set up pharmaceutical company in Kenya to produce cheaper generic drugs. Africa's healthcare system is more often either grossly inefficient and expensive or stretched beyond limits. A sizeable number opt to fly down to India for medical treatment. In 2015, more than 10,000 from Kenya traveled to India for treatment

KEY OUTCOMES OF MODI'S FIRST VISIT TO THE AFRICAN MAINLAND



CREDIT

India will provide \$92mn line of credit for the improvement of Zanzibar's water supply system while working on water projects in 17 cities in Tanzania. An additional \$500mn concessional credit is also on the table.



HEALTHCARE

Drugs and pharmaceuticals is already one of the biggest exports from India to Africa. Modi sought to enhance this further in a continent where the state of public healthcare is far below global standards.



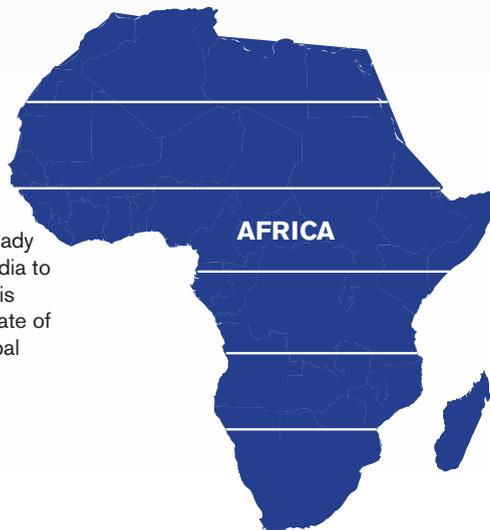
TERRORISM

Africa has been as ravaged by sectarian violence and terrorism as India and there has been much talk of greater partnership in securing the sea route between Africa and India. Modi spoke to African leaders in detail about shoring up maritime ties as part of the Indian Ocean Rim Association (IORA), linking India's own "Sagar-Mala" outreach for Indian Ocean islands with the South Africa authored "Operation Phakisa".



DIPLOMACY

India's bid for a permanent seat in the UN Security Council is well known and Africa has been a long-time supporter. India also supports South Africa's bid for a permanent seat.



PULSES

Africa will lend a hand to help India battle sporadic shortages of pulses with a long-term import agreement signed with Mozambique. The quantum will range between 100,000 tonnes, to be scaled up to 200,000 tonnes by 2020-21.

and ended up spending \$98 million.

Maritime diplomacy and defence manufacturing

The need to ring fence the Indian ocean, a fundamental asset shared by all East African countries and India, found prominence during various meetings during Modi's visit. India and Kenya signed seven different pacts, including a Memorandum of Understanding on Defence Cooperation while it agreed to deepen cooperation in the maritime domain in Tanzania.

In the past India has provided defence aid to Kenya and Tanzania but it is only now that it has shown interest in securing the sea that is the source of economic activity for every East African nation. Yet, even

the most powerful of these countries are vulnerable to the threat posed by pirates and other sea borne criminals. World Bank estimates suggest Kenya loses \$300 million every year due to maritime insecurity. Modi spoke to



Our companies can also pool their capacities to jointly develop or manufacture defence equipment and platforms. And, not just to meet our defence needs, but also to respond to regional and global demand.

Narendra Modi, Indian Prime Minister

IN FIGURES

\$31.62bn:

Value of goods imported from Africa in 2015-16



\$25.02bn:

Value of goods exported to Africa in 2015-16

\$56.64bn:

Bilateral trade between India and Africa in 2015-16

100%:

Rise in value of India's exports to Africa between 2008-13.

80%:

Rise in value of imports from Africa to India between 2008-13.

African leaders in detail about shoring up maritime ties as part of the Indian Ocean Rim Association (IORA) linking India's own "Sagar-Mala" outreach for Indian Ocean islands with the South Africa-authored "Operation Phakisa".

Along with the promise of deepening defence manufacturing collaboration, first steps have been taken in securing the Indian ocean against external threat that can destabilise economic ties.

"Our companies can also pool their capacities to jointly develop or manufacture defence equipments and platforms. And, not just to meet our defence needs, but also to respond to regional and global demand," Modi said.

India vs China in Africa

Howsoever big a loan or value of infrastructure that India has offered in Africa may seem, it dwarfs in comparison to the involvement of China in the continent. Last December alone, Chinese President Xi Jinping offered a staggering \$60 billion loan and aid package to Africa to develop infrastructure, improve agriculture and reduce poverty. Chinese investment too has grown

subcontinent. Yet, there is an underlying mistrust among African nations regarding China, which is seen to be pumping money only because of its interests in the continent's abundant raw materials like metals and oil. India wants to cash in on this perception coupled with the slowdown in China's economy that would invariably mean reduced spending in Africa. "We missed the bus earlier but want to be

from \$7 billion in 2008 to \$26 billion in 2013, according to Wharton Africa Business Forum.

India's FDI to the continent pales in comparison and even then, most of it goes to Mauritius from where the capital is routed back to the

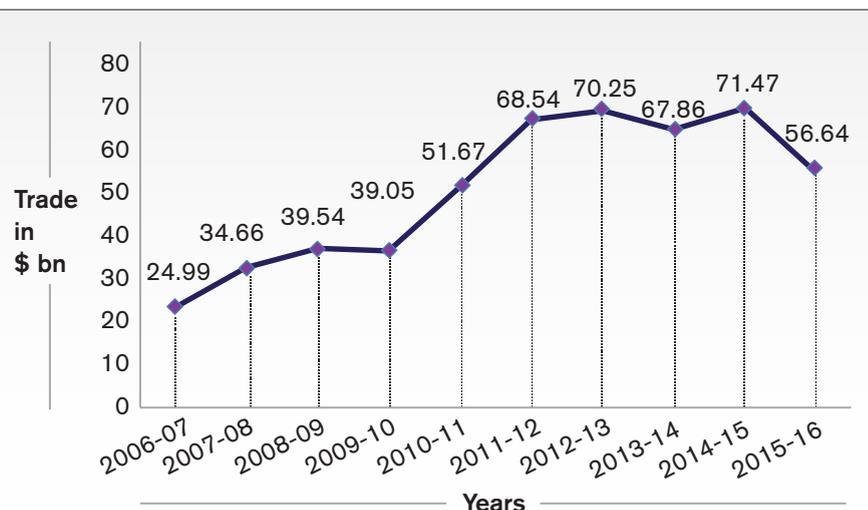
there in case of any opening," says a bureaucrat in the ministry of external affairs. "Africa is a long term bet but the time to sow the seeds is now. We are anyway playing catch up with China. This isn't the last time Mr Modi has visited Africa."

International security and NSG membership

Of all the countries that Modi visited in Africa, India's ties with South Africa is the most nuanced and complex. As the largest economy in the continent, South Africa brings a more resilient attitude on the negotiating table helped in no small measure by its proximity in trade ties to China. The one perennial emotional topic between the two countries is Mahatma Gandhi and Modi, eager to evoke that connect, was quick to retrace his train journey to establish the similarity in the history of oppression that both countries suffered from. "We stood together in our common fight against racial subjugation and colonialism," he said in South Africa. "It was in South Africa that Gandhi found his true calling. He belongs as much to India as to South Africa."

The reiteration was necessary as India seeks the elusive permanent membership in Nuclear Suppliers Group. While South Africa has been

INDIA'S BILATERAL TRADE WITH AFRICA



Source : Ministry of Commerce and Industry

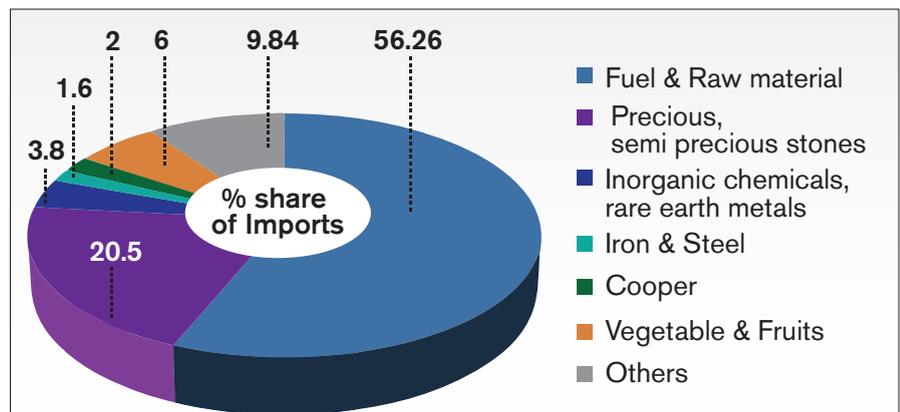


President Jacob Zuma receives Prime Minister of India Narendra Modi at the Union Buildings in Pretoria

Credit: Flickr

THE CONTINENT HAS FOR LONG BEEN SEEN AS A POTENTIAL BRIGHT SPOT IN THE WORLD ECONOMY THAT WILL MANIFEST ITSELF AFTER EMERGING MARKETS LIKE RUSSIA, INDIA, BRAZIL AND CHINA HAVE EXHAUSTED THEMSELVES.

INDIA IMPORTS FROM AFRICA

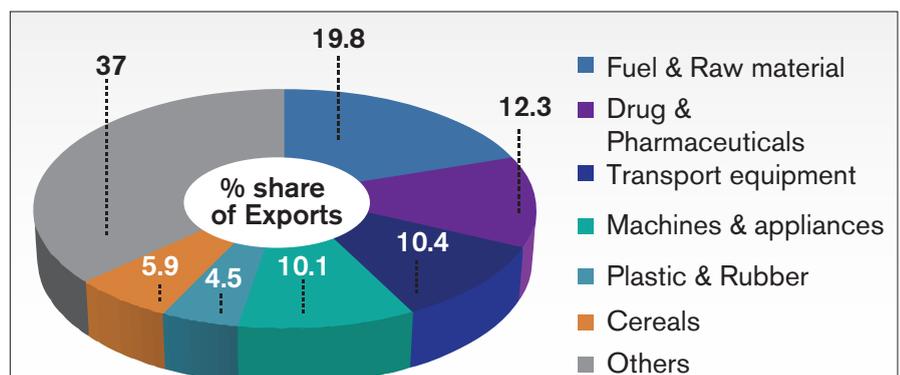


Source : Ministry of Commerce and Industry

a staunch supporter of India's bid for a permanent seat in United Nations Security Council, its stand on India's entry to NSG has been ambiguous. In May 2015, South Africa had promised to back India's candidature but it dithered and is one of the 6 countries that opposes India's entry into NSG.

That China was the main spoilsport as also South Africa's largest trading partner, is not a coincidence. It will take more than a visit and a historical emotional connect to get South Africa's vote but the attempts at isolating China in global diplomacy, began with that train journey from Pentrich station in Durban to Peitermaritzburg.

INDIA EXPORTS TO AFRICA



Source : Ministry of Commerce and Industry

A man with dark hair, wearing a dark blue suit, a white shirt, and a striped tie, is sitting in a brown leather chair. He is smiling slightly and looking towards the camera. The background shows a window with light-colored curtains and a framed picture on the wall.

RACING AHEAD ON THE E-VEHICLE TRACK

Mahindra & Mahindra is one of India's leading automotive giants and among the few global manufacturers of electric cars commercially. The \$16.9-billion Mumbai-headquartered conglomerate's Mahindra Racing was the only team to represent India in the Formula E world racing event for the second consecutive year in London in July 2016.

Dr Pawan Goenka, executive director & group president (automotive & farm sector), shares his insights on the racing season, what it means for Indian electric vehicle (EV) ambitions and Mahindra's plans to become a leading EV player in the world.

What is your assessment of this season of Formula E for Mahindra Racing?

Mahindra Racing had a good year being the "most improved team" on the grid with a near doubling of the points it won during the second season of Formula E. We competed at the front of the grid with podium wins, fastest laps, super poles, and double point finishes. Overall, we are satisfied with the direction and performance of our Formula E team.

How are plans to take Formula E to India shaping up?

We are constantly exploring and supporting the process of bringing a race to India. We have been in touch with various stakeholders, including Indian government officers, and there is a strong appetite and interest in having a Formula E race in India.

When we spoke at last year's races, you had called on the Indian government to invest more on e-infrastructure. Have things improved since?

A lot is happening in this regard, though it will take time. The government of India has launched a scheme called FAME with the intent of accelerating the development, manufacturing and usage of electric vehicles in India.

[FAME or Faster Adoption and Manufacturing of Hybrid and Electric vehicles was launched as part of the National Mission for Electric Mobility in April 2015. The scheme is aimed at providing demand incentives to electric and hybrid vehicles – from two-wheelers to buses.]

Energy minister Piyush Goyal has said India can be a 100 per cent e-vehicles nation by 2030; What is your view?

To make it a reality, a lot has to be done by all stakeholders. We are seeing a constant reduction in the cost of electric vehicles over time. However, the infrastructure development needs to keep pace with the vehicle demand growth if it is to be sustained over time.

We believe that EVs are the perfect solution for the Shared Economy with taxi aggregators like Uber and Ola being able to derive the running cost benefits of EVs at a much faster pace compared to private owners, given the greater number of kilometres these vehicles are driven. As a result, vehicles used for commercial purposes would adopt EV technologies at a faster pace.

What are some of Mahindra's global plans in the E space?

We are aiming to be the leading manufacturer of EVs in India and achieve scale. We are making steady progress toward this goal and will look to global markets, including the UK, Europe and China, to grow our

share of the EV market.

Is the solar sector's involvement in powering these vehicles a promising sign?

Yes. Alternate energy can and will power alternate transportation solutions in the future. This process will accelerate as the 'next-generation' of solar cell technology increases energy output from solar photovoltaic (SPV) cells.

What are some recent developments in the electric arena that excite you?

Electric vehicle technology is literally transforming in front of our eyes at a very rapid pace. The energy density of batteries is increasing on an annual basis, while the cost of raw material is decreasing, and powertrain efficiencies are approaching 90 per cent. Mahindra's participation in the Formula E championship has exposed us to these cutting edge EV technologies which will flow into our vehicles as part of our 'Race to Road' program. To answer your question, I am very excited and bullish on electric transportation.



E credentials of Mahindra Racing

Mahindra Racing wrapped up the second FIA Formula E Championship with a seventh double points finish, narrowly missing a podium.

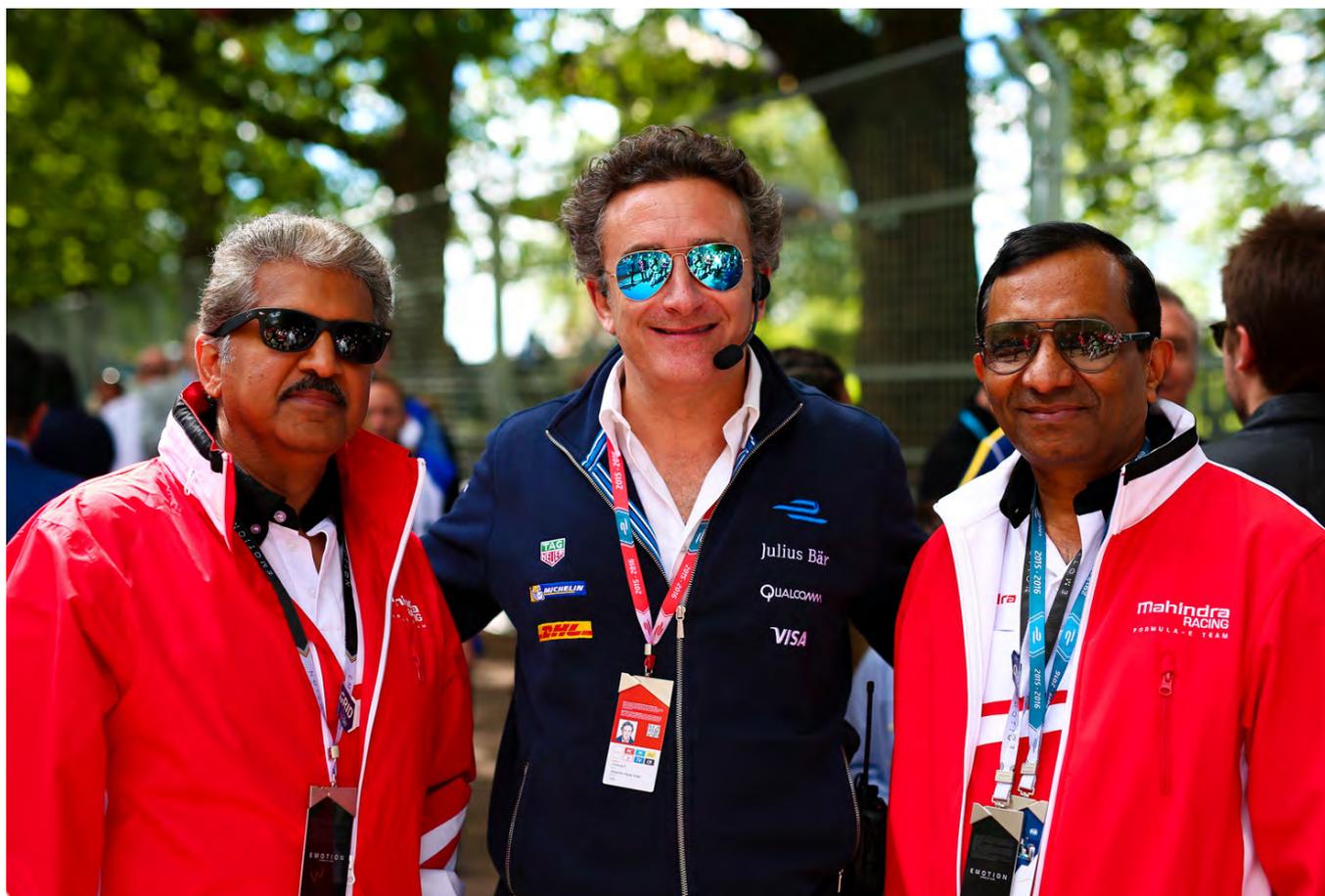
Nick Heidfeld finished in P4 but was deemed to have used too much energy in his final charge to the line, demoting him to P7 and promoting Bruno Senna from P10 to P6. Bruno Senna started the race out of place in P13 due to issues with getting heat into his tyres during qualifying. Through precise energy management and avoiding the incidents around him, Bruno succeeded in managing his race strategy and gained positions while defending from cars behind. He was finally classified in P6.

Senna said: "Considering all the chaos that was going on around me, I am very happy that we came away with a strong final result. We had great pace in the car and learned a lot... We have a consistent car and increasingly strong race pace. I was disappointed not to start from further forward but I was behind a slower car during qualifying and couldn't get the tyres working before



my 200kW hot lap. "Unfortunately, I suffered from a technical issue during the race which caused my car to go into false neutral on some downshifts, so I needlessly lost some positions but I am happy to come away with this strong result and more points for the team. We can be so proud of what we achieved this season."

Dilbagh Gill, Team Principal of Mahindra Racing Formula E Team, said: "We ticked every box we set out to this season. We have scored podiums, multiple double points finishes and fastest laps, and gained many championship positions compared to our season one result. We will take a moment to reflect on that achievement, but only a brief moment. We have every intention of continuing this upward trajectory. It feels odd to retire the M2Electro now but the preparation of the M3Electro is already in its final stages."



Indian exports register a bounce

Indian engineering major Larsen & Turbo has secured export orders worth around \$71.3 million from Mitsubishi Hitachi Power Systems Ltd (MHPS).

L&T bags \$71.3mn export orders



“Larsen & Toubro (L&T) through its joint venture companies L&T-MHPS Boilers Private Ltd (LMB) and L&T-MHPS Turbine Generators Private Ltd (LMTG) has secured export orders worth \$71.3 million from Mitsubishi Hitachi Power Systems Limited (MHPS),” the company said in a Bombay Stock Exchange filing.

The contract of L&T-MHPS Boilers Private Ltd (LMB) includes the supply of pressure parts for a 2 x 1,000 MW power plant in Indonesia and includes furnace header, panel, coils and piping.

This order takes LMTG’s tally of export orders to 22 units, out of which 11 are being executed, thus increasing its global footprint of sub-critical to ultra-supercritical steam turbines and components to the Americas, Middle East and the Far East.

LMB has its manufacturing facility at Hazira (Gujarat) for the manufacture of pressure parts and coal pulverisers for supercritical steam generators having capacity of 5,000MW per annum.

It is currently executing nine export orders for the supply of pulverisers and pressure parts for various MHPS projects in Japan and Indonesia.

Rajesh Exports bags UAE jewellery order



Indian FMCG major Dabur has announced its acquisition of Discaria Trading, based in South Africa (SA).

The acquisition was done through Dabur International, the wholly-owned subsidiary of the firm in an all cash transaction. Discaria is a South African firm engaged in manufacturing and trading of cosmetics.

Dabur said: “It has been acquired to do the business of manufacturing and trading of cosmetics products in South Africa.”

With this acquisition, Discaria Trading has become a step down wholly-owned subsidiary company of Dabur India Ltd with effect from July 2016.

Dabur is likely to sell its Namaste range of hair care products, which caters to ethnic African population, and cosmetics under the Vatika hair care and DermoViva skin care brands.

The Indian company has one manufacturing unit each in Nigeria and Egypt, which caters to the north and east African markets. Discaria will now enable the maker of Real Juices to enter the southern part of the continent.

India’s apparel exports on a high



India’s textiles and apparel exports are expected to touch \$20 billion during the ongoing 2016-17 fiscal year.

This boost is aided by the government’s special package and marketing plans. The Union Cabinet last week approved a Rs 6,000 crore (\$902 million) package for the sector, with an aim to create millions of new jobs in three years and attract investments.

Rahul Mehta, president, Clothing Manufacturers Association of India (CMAI), said: “India’s garment export value, estimated at \$16.80 billion now, is expected to reach \$20 billion during the current fiscal. The special package announced by the government will not only help in attracting large investments but also enhance production capacity.” The new package announced is part of a draft textile policy, which will go to the Cabinet next month for approval.

Mehta said the industry may see a 5 per cent decline in exports due to the prevailing downturn in the global economy, which continues to adversely impact India’s garment industry. The domestic garment industry also faces dull market conditions and may see flat growth or a 2 per cent decline in consumption in the quarter ended June 2016.

Motown India comes of age

by India Inc. staff



The Indian automobile industry is making its presence felt globally with rising exports, multiple acquisitions and heightened exposure to overseas markets.

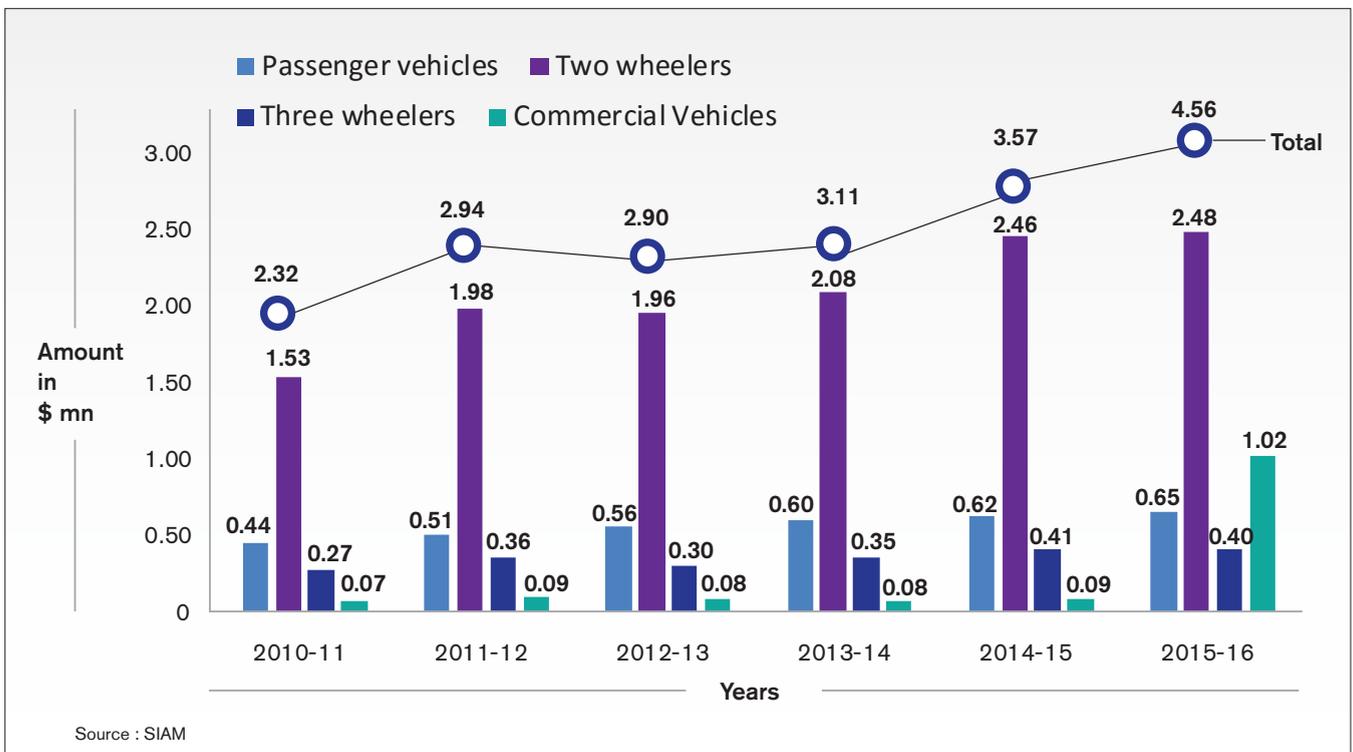
In February this year something very uncommon, if not unprecedented, happened in the Indian automotive industry. The country's largest car maker, Maruti Suzuki India Ltd, exported a batch of 1,800 units of its latest premium compact car Baleno to its home market Japan.

Export of cars from India have gained significant volumes and are growing fast but even then this tranche was of special relevance. It was the first time ever that Maruti, where Suzuki

owns a majority 54 per cent, was exporting a model from its factories in India to parent Suzuki's home country. Over the last decade, Maruti – and with it India – have assumed greater importance in Suzuki's global standing, contributing 40 per cent to its overall profitability. But this was a development that underlined in no uncertain terms that India was finally producing world class cars that are fit to ply on Japanese roads. Maruti quickly followed up the export of Baleno with the launch of its

compact SUV Brezza, which is the first model ever to be designed and manufactured by a team of Indian engineers led by executive director (engineering) C.V. Raman. Brezza would also be exported to a variety of markets including the Middle East, South America, Africa and rest of Asia. "If Baleno is our poster car for Make in India, Brezza is Maruti Suzuki's statement of create in India," said Kenichi Ayukawa, Maruti Suzuki managing director, at the launch of the car in April.

AUTOMOBILE EXPORTS FROM INDIA



MADE IN INDIA FOR FOREIGN ROADS

Volkswagen Vento**63,157 units**

Exported last year mainly to Latin America

- Made in India Vento among 5 best selling cars in Mexico
- VW has exported 100,000 cars to Latin America over last two years
- Every second car made in VW's Pune factory is exported to Mexico

Nissan Micra**75,456 units**

Exported from its Oragadam factory near Chennai in fiscal 2016

- Nissan exported more Made in India cars than it sold in domestic market
- Huge hit in Latin America; bestseller in Chile

Maruti Alto, Celerio**54,656 (Alto),
13,891 (Celerio) units**

Exported to Sri Lanka and Uruguay last year

- Company has exported 1,042,337 units over the last 10 years
- Celerio is the new Alto for global markets

Hyundai Grand i10**44,672 units**

Exported during the last financial year to over 50 countries

- Car is made only in India
- Left hand drive version for export markets reportedly being tested near Chennai

Nissan Sunny**31,027 units**

Exported to Europe, the Middle East and Africa last year

- Nissan also makes and exports small car Micra from India
- Company also ships about 1,800 types of components to 34 plants across 24 countries

Ford EcoSport**83,325 units**

Exported last year mainly to Africa

- Most exported car from India
- Best seller in South Africa
- Plans to export small car Figo from India

As cars like Baleno, Brezza and around 3.4 million exports in the last six years stipulate, it is not difficult to find a made in India car in any corner of the world today.

Global hub for small cars

The journey of India becoming a hub for mini car production in the world started quite some time back but the Union Budget of 2006 had a big role to play in it. That year, the Indian government decided to introduce different rate of excise duties for small cars, defined as those that measured less than 4 metres in length and had engines smaller than 1.2 litre for petrol and 1.5 litre for diesel and others.

That differential rate exists till date and in some cases is even more unbalanced. The resultant price difference led to the proliferation of small car production in the country and creation of new segments like compact sedans and SUVs.

Though the policy was aimed largely at the domestic market, as the government wanted to incentivise smaller cars that cost, pollute and cause less congestion and are more fuel economical, it had an indirect

spin-off on export markets. The intensity of competition and growing domestic market led to massive investments in scale and India became a test market for affordable cars worldwide. If a car can be successfully made and sold in India, it would find a market in many other emerging markets.

"I have been a big admirer of India's frugal engineering," says Carlos Ghosn, chairman of the Renault Nissan alliance which developed the Kwid compact car for India.

He adds: "A car like Kwid cannot be made in France or Japan. India is a big test market for us. We have used the expertise in France, the engineering prowess of India and some know-how from Japan. If the Kwid succeeds here with big numbers, we will be certain that it will be successful in whichever global market we launch it in. Right now we start here and going forward markets like South America, Middle East and Africa are all markets where Kwid will find buyers. If Kwid succeeds globally, it will highlight the strengths of Indian engineering. "If you want to make a value for money product with frugal engineering, India is the place to do so. By 2016, 60 per cent of the

automobile market will be in countries such as India, Brazil, China, Russia and Indonesia."

It is a policy that was first successfully used by Korean car major Hyundai Motor India. The company has been India's largest car exporter for well over a decade and its i10 small car is the most exported car from India ever. At the time of their launch, both the i10 and its bigger sibling i20 were exclusively made in the company's Chennai factory and exported even to developed markets in Europe, where safety and emission regulations are more stringent compared to India. Rakesh Srivastava, senior vice-president, sales and marketing, Hyundai Motor India Ltd says: "We have been the pioneer as far as exporting cars from India is concerned. Since the inception of the company we have demonstrated quality and standards that are at par with anywhere else in the world. The rest of the industry has woken up to the potential for exports from India only now.

"Some of our cars like i10 and i20 were only made in India and exported from here all around the world till some time back." Others such as Toyota, Renault-Nissan, Ford,

General Motors, Volkswagen and Honda have quickly joined in.

Toyota's Etios — the company's smallest and most affordable car till date — is exported from its Bengaluru factory to many markets. It has been a bestseller in South Africa. Nissan exports more units of the Micra hatchback and Sunny sedan from its Chennai factory than it sells in the domestic market. Consumers in

Chile and other countries in South America are lapping it up. It is a similar scenario with Volkswagen Vento, Chevrolet Beat, Maruti Suzuki Ertiga and Ford EcoSport. Vento and Beat are big draws in Mexico, Ertiga in Indonesia and EcoSport in South Africa.

"We are developing India as a major hub for our cars," explains Dave Schoch, president Asia Pacific, Ford

Motor Corp. "The segment below our entry level Figo hatchback is attractive as there is a large customer base not only in India but also in other emerging markets as well. Exports from India will help us stay on track for (high) growth in the region."

Motorcycle, tractor exports on upswing too

It isn't that cars offer the only success

SPREADING THEIR WINGS



- Tata Motor's acquisition of Jaguar Land Rover gave the company genuine bandwidth and credibility in global auto market
- Though it is the most talked about, JLR wasn't the only acquisition Tata has made
- In 2004, it acquired the truck manufacturing division of South Korea's Daewoo Commercial Vehicles
- It also bought a 21 per cent stake and management control in Spanish bus maker Hispano Carrocera in 2005
- It also inked a JV with Brazil's Marcopolo in 2006
- Foreign operations account for 65% of its consolidated revenues, 60% of its assets and 30% of its workforce



- Acquired South Korean SUV maker SsangYong Motor in 2011
- Owns assembly plants in China, UK and US
- Company's subsidiaries are spread around the world across three business verticals--passenger vehicles, two wheelers and tractors
- In 2014, M&M acquired a controlling stake in Peugeot's scooter division
- In late 2015, it acquired iconic automotive Italian design house Pininfarina



- Unveiled global ambitions after divorce with Japan's Honda Motor Corp, its JV former partner
- Plans to be present in 50 markets by the end of this decade with a target of 20 manufacturing units across the globe
- Eyes turnover of Rs 60,000 crore by then compared to Rs 28,160.48 crore now
- It has already set up assembly plants in Colombia and neighboring Bangladesh
- Plans to set up manufacturing facilities in Brazil, Argentina, Europe and the US
- By next year, exports will account for 10% of the company's overall sales compared to 3% now



- Has robust international operations and presence in 50 countries
- Revenues from exports account for more than 40% of Bajaj's net sales
- It has a commanding market share in African countries like Congo, Uganda and Nigeria, besides a substantial presence in Egypt, Peru, Bangladesh, Sri Lanka, Central America and the Philippines
- Next up, it has set its sights on China and the US
- Acquired Austrian sports biking firm KTM in 2007



- Motherson Sumi is the most diversified Indian automotive component maker
- Has offices and manufacturing units in 24 international locations
- Firm's manufacturing units are spread all across Europe, US, Middle East and Asia Pacific
- Overseas operations accounts for almost 75% of its assets, 70% of its revenues and 35% of its workforce
- Most of its overseas expansion has been through strategic acquisitions – 11 so far
- Notable acquisitions include Visiocorp in 2009, Peguform in 2011 and Stoneridge wiring business in 2014



- India's largest carmaker is considering setting up an assembly plant in Africa, which accounts for bulk of its exports from India
- This will be the first time the company will invest outside India without taking any funds from its Japanese parent

story in the industry. The growth in exports in two-wheelers has also been as dramatic. Since 2010-11, exports have grown at a cumulative annual growth rate of nearly 11 per cent. Nearly 2.5 million units were exported in 2015-16 alone. And even though India is a market for frugal, no frills economical 100cc mobikes, production capability has reached levels where even high-end sportsbikes are being produced and exported from here.

In 2012, Yamaha started manufacturing and exporting its R15 sportsbike that costs Rs 1.15 lakh (\$1,700) to its home market Japan. Like the Baleno in the case of cars, this was also the first time that an Indian subsidiary of a Japanese company was exporting to the parent's home country. While that is a statement of intent, the scale and volumes from exports invariably

comes from bigger domestic players like Bajaj and Hero MotoCorp. The Pune-based company was among the first to start exporting its mobikes from India, exploiting the restrictions for exports on arch rival and market leader Hero MotoCorp for its tie-up with Honda Motor Corp till 2010. It exported 1.46 million mobikes in 2015-16 and has market leadership position in many African markets like Nigeria and Uganda and South American markets like Colombia. Its dynamic managing director, Rajiv Bajaj, has also never been coy about revealing his global ambition.

"The motorcycle market outside India is double that of the Indian market. That means if Bajaj sells 100 bikes in India, eventually we must sell 200 bikes outside India," he says. "We are very clear we want to be a global player. And we are equally clear we

want to be a specialist in motorcycles and not dabble with scooters unnecessarily. To be global you need to be a specialist. Every day I ask myself and my team whether we can be bigger than any other company in the world. The hunger is there. In any part of the world if you think of motorcycles, Bajaj should spring to your mind." Market leader Hero MotoCorp, now unfettered after the divorce with Honda in the fog end of 2010 has quickly hatched a plan to spread its wings globally. Roping in golf legend Tiger Woods as global brand ambassador and collaborating with various international technological partners like Erik Buell Racing, Engines Engineering and Austria's AVL are proof of its intent. It aims to export to 50 countries from the current 30 by 2020, when exports will contribute at least 10 per cent of its overall revenues. In 2015-16

it exported 210,239 unit two-wheelers from India. It is investing Rs 1,100 crore (\$164mn) in a new factory in Halol in Gujarat, its fifth in India, which will be the hub of its exports out of the country. It has also set sights on developed markets like US and Europe for which it is readying a new line up of products.

“We will be selling in 50-plus countries by 2020. To top it all, I am talking of an annual turnover of Rs 60,000 crore,” said Pawan Munjal, chairman, managing director and CEO, Hero MotoCorp, in August 2013. “We are aiming for 10 per cent of our sales to come from export markets by 2017.” Unlike Bajaj, Hero has also committed investments overseas to further expand its global foray. It has commissioned a factory at Villa Rica in Colombia for South America and another facility in Bangladesh. In all, it will have 20 manufacturing facilities spread all across the world by the end of this decade. Yet, he sounds uncannily similar to Bajaj when he talks of global ambitions.

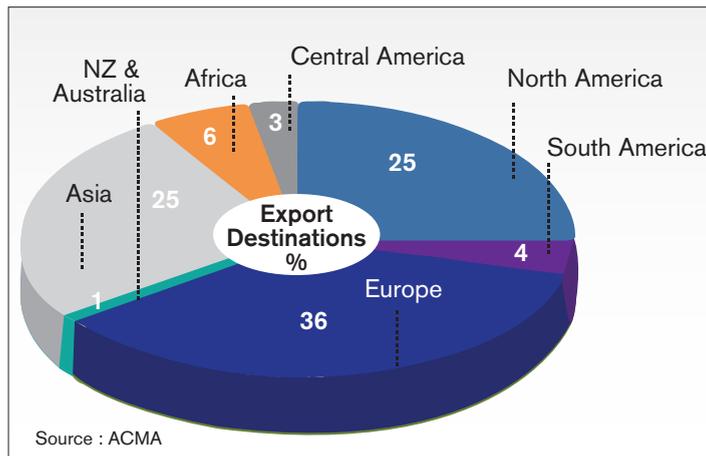
“My long-term vision is to make Hero a global leader not just in terms of sales volumes, but in every sense of the term — technology and innovation, product line-up, worldwide presence, global talent pool and global best practices,” Munjal said. “We have now expanded to 30

countries across Asia, Africa, and South and Central America, from just four markets in 2011 when we started our solo journey. We have recently added new export destinations in four new markets in West Africa — Nigeria,

Liberia, Ghana and Guinea. Together with Nigeria, which is the largest two-wheeler market in Africa, the combined volume size of these new markets is around 1.5 million units per annum. Hero products already sell in other West African countries such as Burkina Faso, Ivory Coast, Democratic Republic of Congo, Angola and Madagascar.” A Hero versus Bajaj fight is brewing up again, this time on foreign shores. Either way, Indian engineering and manufacturing would win.

A sizeable chunk of tractors and farm equipment is also exported out of the country thanks largely to Mahindra and Mahindra. The company, the

EXPORT DESTINATIONS (IN %)



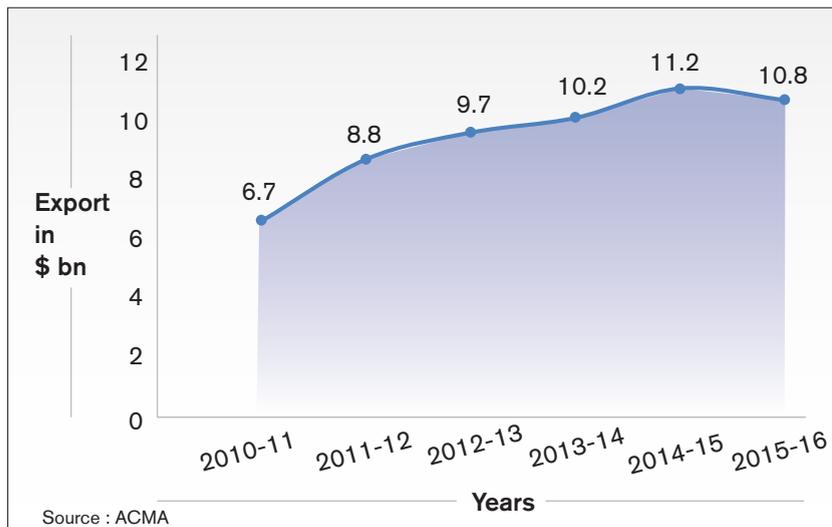
largest tractor maker in the world in terms of volumes, is an expert in low power small tractors that are in demand in emerging markets where landholdings are smaller in size. Just like in India. Mahindra easily exports over 10,000 tractors every year. A third of them goes to Africa where the company has small assembly facilities in Chad and Mali.

The company’s ambition in the continent is particularly intense. Last year, it set up a separate business unit to focus on the opportunities in Africa. The group that manufactures a wide variety of products from utility vehicles like Scorpio and XUV500, to two wheelers, tractors and trucks, says the Africa business unit has a potential to grow 10 times to \$1 billion in seven years.

“Africa has tremendous potential and we have merely scratched the surface so far,” says PawanGoenka, executive director, Mahindra and Mahindra. “There are 54 markets in Africa in various stages of evolution. We want to be at the forefront of servicing these markets.”

The lure of Africa has attracted heavy commercial vehicle maker Ashok Leyland as well. The Hinduja Group flagship company recently announced a Rs 70 crore (\$10.4mn) investment to set up an assembly plant for buses in Kenya. It already has a manufacturing facility in the UAE as a joint venture with local partner Ras Al Khaimah Investment Authority, which has an annual capacity to produce

COMPONENT EXPORTS FROM INDIA



2,000 vehicles. “The bus assembly plant in Kenya would be wholly-owned subsidiary. It will have an annual capacity of 1,200 buses. It will also serve as an export hub for three neighbouring countries,” said T. Venkataraman, senior vice-president (global buses), Ashok Leyland

Auto components

If such large number of cars, two-wheelers and tractors are being shipped out of the country, can components and spares be far behind. The low cost manufacturing that India offers has seen global firms source more and more components from the country for their global operations. Japanese car maker Nissan for example, exports a sizeable volume of components – some 1,800 types of manufacturing parts – to 34 factories across 24 countries.

That is only a part of the story. Domestic component makers themselves are getting aggressive – bidding for global tender and often winning them and exporting significant volumes overseas. It is a far cry from the past when vehicle manufacturers used to complain about low standards and lack of quality within the domestic industry that has seen the proliferation of so many Japanese, Korean and European joint ventures in the country. Today, a homegrown Motherson Sumi with nearly a dozen acquisitions to its credit and offices world-over is a global player in its own right. In 2005, 71 per cent of its revenues came from India. Ten years later, that has shrunk to just 16 per cent while 58 per cent of its revenues comes from Europe.

Vinnie Mehta, director general, Automotive Component Manufacturers Association, says: “In the last decade or so, the component industry has definitely come of age. There was a time when Indian companies had to be dependent on their foreign counterparts for critical parts. Today, they do it on their own. “Most of the small cars in India have high local content of up to 98 per cent and in some cases even 100

per cent. And these cars in turn are exported to developed markets. Even components are being exported all over the world. It shows how far the industry has come.”

Component export revenues have grown by a strong CAGR of over 19 per cent and stood at Rs 255,600 crore (\$38.15bn) in 2015-16. And unlike vehicle exports that show a strong bias towards emerging markets, components are exported in sizeable numbers even to developed markets like US and Europe that account for over 60 per cent of the revenues.

Local company, global ambition

The outreach of Indian companies is not restricted to just rising exports alone. India has been a prominent participant in the mergers and acquisition (M&A) space in global automotive space in the last 10 years.

A shift in automobile manufacturing across the world towards countries that offer bigger markets and lower cost and the global recession of 2008 saw valuation of many erstwhile global firms take a tumble, making them attractive acquisition targets. A hungry domestic industry, keen to make a mark globally, quickly lapped them up.

Tata Motors’ \$2.3-billion acquisition of British marquee brands Jaguar Land Rover (JLR) in 2008 is an obvious headline grabber. It coincided with the unveiling of the company’s low

cost car Nano, around the same time and gave Tata global recognition. But that was not a flash in the pan. Tata had made at least one acquisition every alternate year in the heavy commercial vehicle business prior to the JLR acquisition, snapping up South Korea’s Daewoo Commercial Vehicles, Spanish bus maker Hispano Carrocera and forging a joint venture with Brazil’s Marcopolo in the process. From being a company largely centred in India a decade ago, Tata Motors today has a higher presence abroad.

The other prominent Indian vehicle maker, Mahindra and Mahindra is behind Tata as far as overseas forays is concerned, but not by much. Mahindra is forever on the lookout and has been linked with Saab, Volvo and even JLR in the past. In 2011 it acquired troubled South Korean SsangYong Motor that gave it a foothold in markets like Russia and China. Then in 2014, its new found and as yet under achieving two-wheeler division acquired a controlling stake in Peugeot’s scooter division. In late 2015, it acquired iconic automotive Italian design house Pininfarina.





Pic Credit: Huma Ranj

A Hollywood style game, set, match

‘India Global Business’ caught up with the chairman and CEO of Hyde Park Entertainment during a recent visit to London to delve into the business of cinema, breaking the race divide in Hollywood to pave the way for future generations and China beating India in the box-office race.

Ashok Amritraj is famous as one of the Indians who made a mark on international professional tennis back in the 1970s, alongside brother Vijay. The 60-year-old is today best known as a Hollywood producer with over 100 films grossing over \$2 billion on the box-office worldwide. The Chennai-born filmmaker is based in Los Angeles but truly embodies the Global Indian tag, making regular trips to India as well as the UK.

How often are you able to go back to Chennai and how do you feel when you are back?

I go often and, in fact, will be heading there on the way to Malaysia this time to meet my mom and be a good son. I am a big fan of old Madras. I like new Chennai; new India is very different. But I think one has to be very careful. What we are in India,

what we have been for so many generations, the culture and the traditions and family values should not get lost in this sort of strange confusing world that we live in. I do see a lot of changes, a lot of it for the good, some of it not so good.

There are many more choices for the kids today than when we grew up. My parents said go play tennis, and we went to play tennis. There was no argument about it. Things have changed. It is educationally great for kids today!

Is Hollywood a more welcoming place for Indians today?

There are a lot of Indian actors nowadays, men and women, who are second generation Indians doing very well in America, like Aziz Ansari and Kunal Nayyar. You are starting to see a lot of them on television. I do believe that over the next decade you

will have a lot of working actors, both from India and second generation Indians who live in America and around the world, a lot on TV and in film. I think that is coming because the racial integration is much more today than it was 25 years ago.

I would give myself and others of my generation a lot of credit. I think we brought down those barriers over a period of 25 years in producing, in music, in acting, and we have had some wonderful talented people over the years who have made a difference.

Is the American film industry becoming more multi-cultural?

It is easier for a variety of reasons because the audience is more willing to accept a multi-coloured cast. The bigger movies, the Marvel movies, don't depend on a white cast. They are generally multi-cultural.

IF AN ACTOR WANTS TO BE GLOBAL, HE OR SHE SHOULD TRY AND DO THAT. YOU CAN'T DO THAT LIVING IN INDIA. YOU HAVE GOT TO PUT YOURSELF OUT THERE BUT YOU HAVE TO REALISE YOU ARE STARTING PRETTY NEW IN AN AREA WHERE ACTORS FROM EVERYWHERE AROUND THE WORLD COULD BE STARS IN THEIR OWN COUNTRY.



If a racoon can be a star in 'Guardians of Galaxy' or a tree can be star, I think you can be any colour in any of these movies. Those movies are very colour blind as opposed to the old days.

People like my dear friend Sidney Portier broke the mould and trend for African American actors. Antonio Bandares was similarly instrumental for Latino and Spanish actors. The Jackie Chans of the world did it for China and then all of us in our generation.

Do you think it is important for India to take its acting global? Do you think it is important for India to take its acting global?

If an actor wants to be global, he or she should try and do that. You can't do that living in India. You have got to put yourself out there but you have to realise you are starting pretty new in an area where actors from everywhere around the world could be stars in their own country.

You may not want to do that. Some from India do and others are very comfortable in their markets, and that is perfectly normal to stay with your comfort zone where they may be a huge movie star.

How would you compare Hollywood and Bollywood?

On an industry level, there are huge differences because stories are different in India, methods of acting are different, hair and make-up are different. But that's what the audience wants. So there is no point in giving them a dark gloomy festival film and expect 80 per cent of those not in the cities to want to go to that kind of a movie. I think the Shah Rukhs and the Salmans give the Indian audience what they want to see in a very large dose.

All of India operates with a sense of organised chaos. Everyone there understands what's going on, so it's like trying to compare the traffic in Mumbai to the traffic in LA. The cars seem to find their way through pretty well in both cities.

What do you make of the growing obsession with box-office figures?

In the US, it was \$100 million and now it is \$1 billion and then it will be how quickly can you get there. That exists in every industry around the world. Today it's all about the box office in China surpassing Hollywood. But they only allow 34 movies into China so it's not quite the same thing. I don't think it's a bad thing that one aims for a larger box office or to grow the industry. I think that's great, it's a good sign.

Do you track cinema in India?

I have heard more about them than seen them. But I do hear the

number of films that are alternative are increasing. At least the films are getting more diverse. But seemingly, the audience still gravitates towards the traditional formats.

I will say China is making much more noise these days than India is from a box office standpoint and so it would be important for India to also grow the industry and work on co-productions with other countries and use other ways to go global.

Your view on the Oscars accused of being racist; are things changing?

The Academy [Academy of Motion Picture Arts and Sciences] was started a long time ago when it was a very white organisation. I think I was among the first Asian producers to become a member.

We have all worked very hard towards diversifying the Academy and I think now you see the fruits of that and it's a combination of a variety of things – more diverse actors and the internet making us a more globalised village.

It is the correct time to do this. Over the next decade, it will become a lot more of a diverse industry worldwide.

Finally, tell us about some of your future projects.

The recent release was '99 Homes', which won a prize at Venice and we were nominated for Golden Globes, so that was great.

We have a movie shooting in Malaysia right now called 'Prey', which is more of a thriller. My daughter Priya, who wants to be a director, is working on it. Our business is not for the weak of heart, so we will see.

BRAZIL:

The B in BRICS has much to offer India

As Brazil puts the finishing touches to its preparations for the Olympic Games at Rio de Janeiro in August 2016, 'India Global Business' takes a wider look at what this BRICS partner has on offer for India's global ambitions

BRAZILIAN LANDSCAPE



Head of State

President Dilma Rousseff
(since 1 January 2011)



Minister of Development, Industry and Trade

Fernando da Mata Pimentel
(since 1 January 2011)



Government Type

Federal Republic



Legal System

Civil law. A new civil code was enacted in 2002 replacing the 1916 code.



Governance Structure

Federal presidential, democratic republic of a multi-party system. The political and administrative organization comprises of federal government, the states, the federal district and the municipalities



Area

8,515,770 sq km



Capital

Brasilia



Natural resources

bauxite, gold, iron ore, manganese, nickel, phosphates, platinum, tin, rare earth elements, uranium, petroleum, hydropower, timber

The formation of multilateral cooperation of strong developing economies of Brazil, India, Russia and China in 2009 marked the beginning of a new world order. In 2011, South Africa joined the group and the cooperation became unique as a distinct BRICS bloc. The enlarged geographic reach of the group to cover major continents enhanced its relevance in the 21st century global order.

Prime Minister Narendra Modi's visit to Brazil for the BRICS Summit nearly two years ago in July 2014 marked a

turning point in India-Brazil bilateral ties. The two countries agreed to expand trade and investment flows, while deepening collaboration in the fields of renewable energy, defence and cyber security.

Closer cooperation with Brazil holds immense economic potential for India as the country's profile is remarkably similar to India's own growth story.

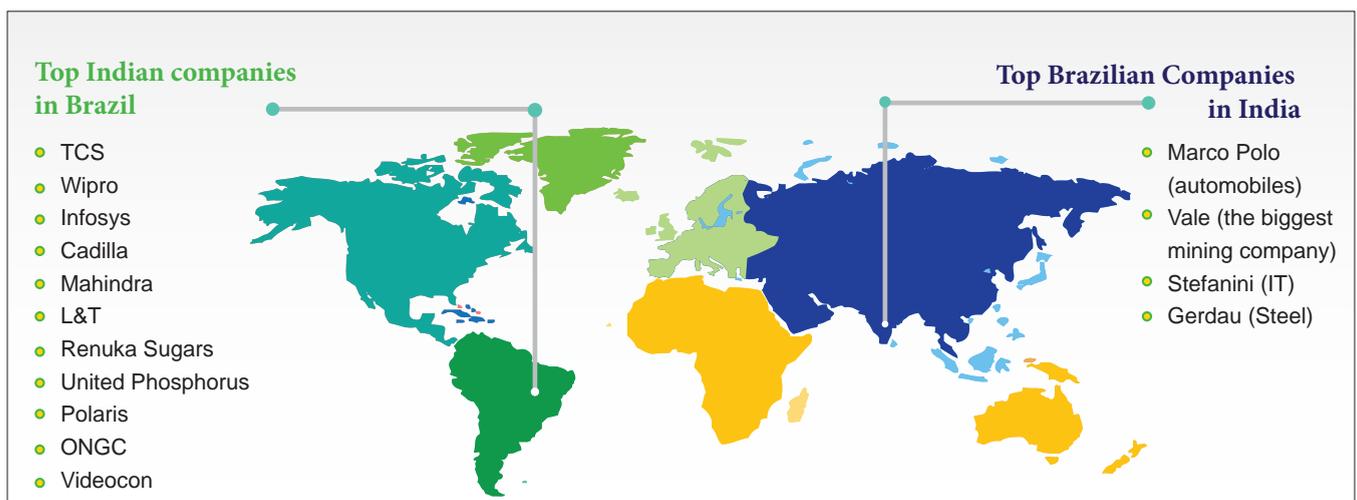
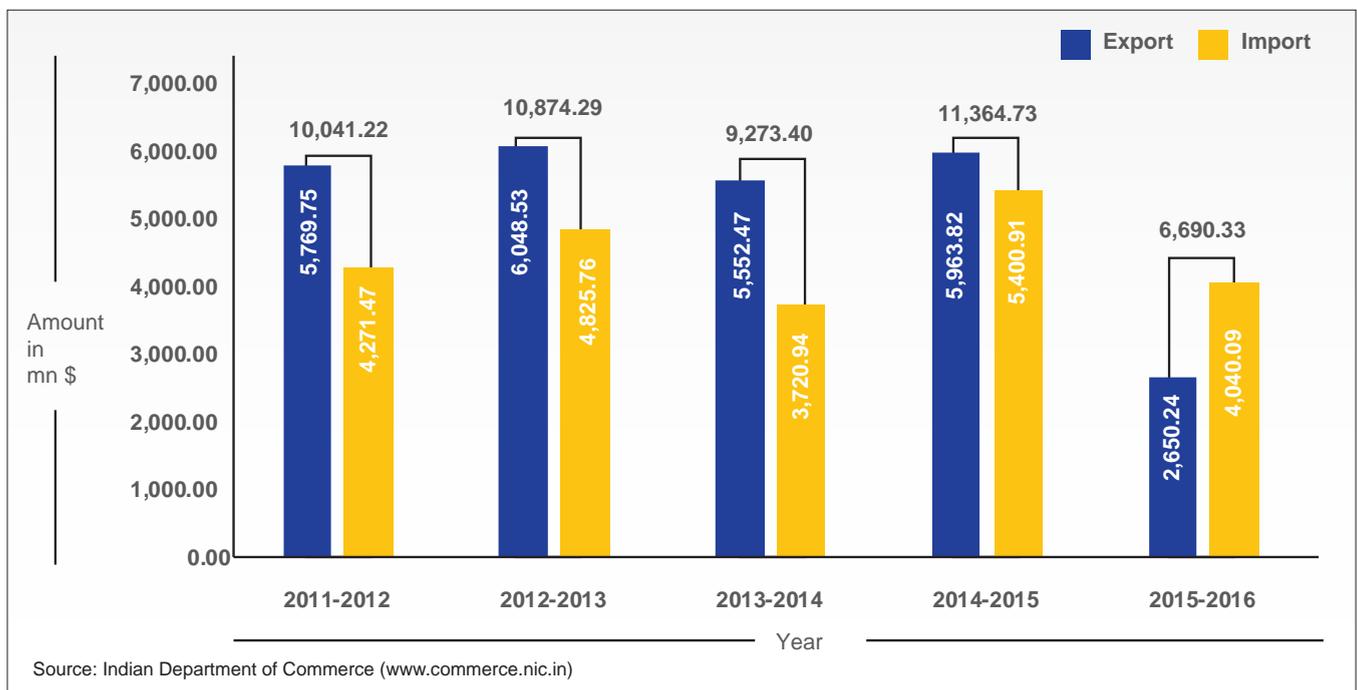
Indian companies have long been attracted to the potential offered by this fast growing economy, with information technology leading the

way. Belo Horizonte, Brazil's sixth largest city, has been the target for many Indian companies which work in the IT segment.

India's trade with the South American region as a whole has grown from less than \$2 billion 15 years ago, to \$46 billion between 2013 and 2014, and includes everything from soybeans to aircraft to minerals.

As all eyes will be on Brazil for the 2016 Olympics, it could also mean an enhanced partnership with fellow BRICS partner India.

INDIA-BRAZIL BILATERAL TRADE



INDIA-BRAZIL RECAP

- In 2014, India became the 8th largest trading partner of Brazil, while bilateral trade between the two countries escalated by 20 per cent to \$11.42 billion.
- India's investments in Brazil have been primarily in the areas of urban transportation, IT services and equipment, footwear, infrastructure, energy and healthcare. Total investments by Indian companies in Brazil have crossed \$5 billion.
- More than 50 Indian companies have a physical presence in Brazil, covering several market segments such as oil, renewable energy, mining, engineering, automotive services, information technology and pharmaceuticals.
- Brazilian companies have invested in automobiles, IT, mining, energy, biofuels, footwear sectors in India.
- The next India-Brazil Joint Commission Meeting is scheduled to be held in Brazil in 2017.

INDIA-BRAZIL SECTORS OF PROMISE



Agribusiness

Indian companies can acquire farm land in Brazil and grow oilseeds, pulses, sugarcane, etc and supply edible oil, pulses, sugar, fuel ethanol and biodiesel back to India. A policy mix of acquisition and leasing of land in the ratio of 1:3 could be followed by Indian companies. They can also buy stakes in the large agribusiness companies and establish strategic partnerships. Following the lead shown by Renuka Sugar, which has made investment of \$350mn in the Brazilian sugar sector, Indian companies can explore the emerging investment opportunities more effectively.



Chemicals

Indian companies can tap the emerging opportunities in the areas of Agro-Chemicals, Industrial Chemicals and Thermoplastics. Other potential sub-sectors are specialty resins, specialty organic and in-organic pigments, fertilizers, agro chemicals, specialty chemicals for leather and textiles, etc.



Energy

There is a huge potential for cooperation between the two countries in tapping the world's fuel ethanol market as well as in the area of technology transfer and up gradation related to biofuel. Such cooperation will lead to the enhancement of the competitiveness of the Indian companies engaged in this business and will help in reducing India's import of crude oil.

Indian companies could consolidate their presence through bidding rounds, farm-in and asset purchase, particularly in rich potential bearing offshore sectors, including pre-salt areas. Developers, OEMs and small-wind start-ups from across the world are already eyeing the potential in the Brazilian market. Indian companies can also tap this huge potential



Mining and Minerals

Indian companies can tap opportunities in excavating minerals. They can also utilise opportunities related to acquisitions, manufacturing and sub-contracting in the area of mining equipment.



Pharmaceuticals and Healthcare

The government's ambitious plan to expand the healthcare industry provides investment opportunities for foreign investors in select areas like medical equipment, patient monitoring services and IT services. Besides pharmaceuticals (especially generics), Indian companies can explore opportunities in medical equipment, IT products for healthcare and patient monitoring services.

Source: Confederation Of Indian Industry

ALLEN & OVERY



Delivering market-leading India expertise

Our driving ambition at Allen & Overy is to help the world's leading companies make sense of the commercial and legal complexities of globalisation. In a market as dynamic as modern India, that's an agenda that fits exactly with the needs of our clients.

We have taken a lead among international law firms in providing the right support for our clients, whether they are investing in India or looking to expand their operations in India to new markets across the world. We have done this by providing them with the right resources to complete complex cross-border transactions, often in multiple jurisdictions, and by giving them access to first-class legal support on the ground in India.

Our India Group is made up of over 100 partners and associates drawn from across our network of international offices. All of these professionals have deep specialist knowledge of the Indian market and

a long track record of working on India-related matters. But they also reflect the full range of practice areas in which A&O excels, including foreign direct investment, M&A, banking, capital markets, litigation, arbitration and employment, as well as the full range of business sectors, including energy, infrastructure, mining, financial institutions, private equity, insurance, telecoms, media and technology, real estate and life sciences.

As such, we are ideally placed to act as leading international counsel on the sort of transformational, cross-border deals that are burgeoning in India's fast-growing economy.

"The India group offers an impressive spread of legal services, from banking and finance and capital markets to international arbitration."

Chambers Asia Pacific
Awards for Excellence 2014



FACT SHEET:

An Indian in Rio de Janeiro

TOP ATTRACTIONS



Christ the Redeemer

This statue of Jesus Christ standing tall at 125 feet with arms stretched is among the Seven Wonders of the World.

Sugarloaf Mountain

The mountain cascades over the Guanabara Bay offering great sunset views.

Ipanema Beach

A 2-mile stretch of sand and cobalt waters; a place to see and be seen at.

Jardim Botânico

Spread across 340 acres the garden houses more than 6,000 indigenous and exotic species of flora.

TOP INDIAN RESTAURANTS

Veggie Govinda

Location: Rua Rodrigo Silva,6, Rio de Janeiro, State of Rio de Janeiro, Brazil

Phone: 00 55 21 3549 9108

Timings: Mon-Fri 11:30 to 15:30

Oriental

Location: Rua Nelson Mandela, 100, Loja 107, Rio de Janeiro, State of Rio de Janeiro, Brazil

Phone: 00 55 21 2535 7990

Timings: Mon-Sat 18:00 to 00:00 & Sun 14:00 to 00:00



Copacabana Beach

A 2.5-mile stretch of sand where you'll find a peninsula that houses the Historical Museum of the Army and Copacabana Fort.



TOP 5 BUSINESS HOTELS

Hotel Fasano Rio de Janeiro

Location: Avenida Vieira Souto, 80 I Ipanema, Rio de Janeiro, State of Rio de Janeiro 22420, Brazil

Phone: 00 55 21 3202 4000

Website: www.fasano.com.br

Access: 47 minutes from Tom Jobim International Airport

Hilton Barra Rio de Janeiro

Location: Avenida Abelardo Bueno, 1430 I Barra da Tijuca, Rio de Janeiro, State of Rio de Janeiro 22775-040, Brazil

Phone: 00 55 85 5605-0316

Website: www3.hilton.com

Access: 39 minutes from Tom Jobim International Airport

Miramar Hotel by Windsor

Location: Avenida Atlantica, 3668, Rio de Janeiro, State of Rio de Janeiro 22070-001, Brazil

Phone: 00 55 21 2195-6200

Website: www.miramarhotelbywindsor.com.br

Access: 42 minutes from Tom Jobim International Airport

Belmond Copacabana Palace

Location: Avenida Atlantica, 1702, Rio de Janeiro, State of Rio de Janeiro 22021001, Brazil

Phone: 00 55 21 4560-1670

Website: www.belmond.com/

Access: 47 minutes from Tom Jobim International Airport

Grand Hyatt Rio de Janeiro

Location: Avenida Lucio Costa, 9600, Rio de Janeiro, State of Rio de Janeiro 22795-006, Brazil

Phone: 00 55 21 3797-1234

Website: www.riodejaneiro.grand.hyatt.com

Access: 42 minutes from Tom Jobim International Airport

The seaside town of Rio de Janeiro in Brazil will play host to the Olympics in August 2016. As all eyes are currently on this city famed for its carnivals, 'India Global Business' prepares a handy guide for those planning to make the most of the business opportunities the city has to offer against the backdrop of this great sporting event.

Currency- Brazilian Real



Time- GMT -3

Money matters -

USD\$10000 can be brought to Brazil without declaration at customs. Many ATMs in Rio work with International credit cards and daily withdrawal limits may vary with different bank ATMs.

The VAT in Rio de Janeiro is 19 per cent. When making purchases in stores with the sign "Tax Free", you can request a tax refund at the airport by filling out a form and presenting receipts/invoices.

International flights have a departure tax of USD\$36 payable in Brazilian Real or American dollars at the tax section just after check-in.

Banking Hours - 10:00 am to 16:00 pm from Monday to Friday

Post Office Hours - 09:00 am to 18:00 pm from Monday to Friday

INDIAN EMBASSY DETAILS



Indian Ambassador to Brazil - Sunil Kumar Lal

Location: SES 805, LOTE 24, ASA SUL, Brasília - DF, 70452-901

Phone: 00 55 61 3248 4006



Honorary Consul of India in Rio - Pedro Aguiar de Freitas

Location: Av. Presidente Wilson 231-23rd Floor, Centro-Rio de Janeiro, Brazil
Phone: 00 55 21 3824 4752

AIRLINES FROM INDIA TO RIO

There are no direct flights from India to Rio. However, Etihad, Emirates, British Airways, Air France, KLM, Alitalia, Ethiopian Airlines, Lufthansa and Air Canada among others have flights with one or more stops.

TRADE ORGANISATION



India Brazil Chamber of Commerce:

Brazil Office: Paraíba Street, 523, Funcionários, Belo Horizonte, MG

Phone: 00 55 31 3264 5444, 00 55 31 3055 3836

Email: presidencia@indiabrazilchamber.org

India Office: 50, Babar Road, Near Bengali market, Connaught Place, New Delhi – 110001

Email: india@indiabrazilchamber.org

INDIAN DIASPORA IN BRAZIL

Indian community of PIOs/NRIs in Brazil is small, numbering about 2,000 persons. A majority of them live in Sao Paulo, Rio de Janeiro and Manaus.

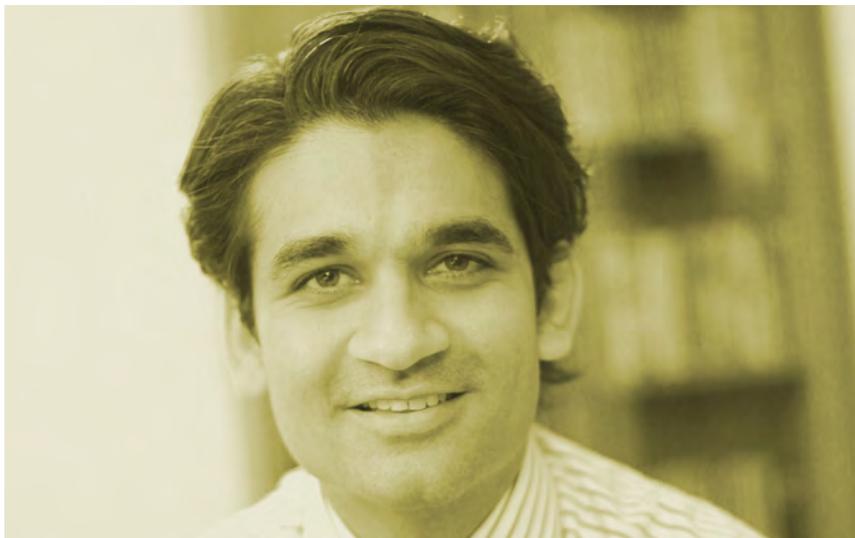
TRAVEL ESSENTIALS

Brazilian Visa takes about 10-15 working days

Yellow fever vaccination taken at least 10 days before departure date mandatory for emigration clearance.

STRIKING THE RIGHT WORK BALANCE

by Keerti Mathur



A leading Osteopath and Art of Living exponent delves into how yoga can positively impact our day-to-day working lives.

As an Osteopath, I'm concerned with function and how the body can best manage disease and injury. As an Art of Living teacher and volunteer, I'm interested in spirituality and its influence on people and society.

I often tell my patients that Yoga is the most comprehensive form of exercise that I have come across. Whether it is a specialised class or

an introductory session, the body and the mind need yoga.

Our physical body is made up of organs that promote and maintain our systemic function. The Mind being metaphysical isn't something that is observed under a microscope. Neurones are cells that make up the brain and nervous system but the mind is not gross and physical. The tangible link between the body and

the mind, as my Guru Sri Sri Ravi Shankar has always informed, is the 'breath', which is also the keystone of all yogic practice.

Yoga is a highly specified series of actions which directly leads to the support and strengthening of the body's organs and faculties, which action healing, growth and the regeneration processes. Yoga postures in effect 'direct' mechanical





forces and pressures which lead to organs in the body receiving nutrients from the blood stream. Increased nutrition comes from increased arterial (oxygenated) blood flow and the drainage happens by increased venous (deoxygenated blood) return.

This removes the build-up of toxins and the by-products of cellular activity from tissues. Parallel to this there is a profound effect of reducing anxiety and stress which results in a calmer state of mind and therefore better cognitive function, which is the basis of 'better decision making' and increased productivity.

As we become more established in our professional lives, we also become more efficient and better programmed to achieve professional goals, which are often not aligned to becoming healthier, fitter or even physically more active. In fact it is usually the opposite, leading to sedentary lifestyles where muscles, ligaments and joints become chronic,

stressed and start to dysfunction.

Yoga and meditation has crossed all socio-economic and cultural boundaries, the discipline and practice is now becoming deeper ingrained into everyday life and informing people's views on their place in society as individuals and as a collective. Initiatives such as International Yoga Day if anything have brought about recognition of Yoga's increasing popularity globally and brings together practitioners who are themselves the ambassadors of this ancient practice.

According to Sri Sri Ravi Shankar, 'Corruption begins where belongingness ends'. One would never bring harm to one's own when there is a sense of belonging. It is yogic practices that expand one's sense of belonging, leading to society that can co-exist and embraces principles of non-violence. Sri Sri recently mediated talks between the revolutionary armed Columbian rebel

forces FARC and the Columbian government, encouraging FARC to adopt the Gandhian principles of non-violence. Currently there is a ceasefire in Columbia, and the country hopes for continued cooperation. As an ambassador of peace, Sri Sri's efforts are underpinned by Yoga and Meditation.

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

Picture courtesy : Ministry of Ayush, Government of India

Let's make the most of Brexit

'India Global Business' calls out for government hand-holding to make the most of opportunities arising out of this seismic shift in the global order.

A lot has been written on how Brexit will affect the Indian economy. But a disproportionate amount of attention has been paid on the impact on India's domestic economy and its export prospects. Not enough has been spoken about how it could affect India Inc's appetite for acquiring British and EU assets – both production facilities and brands – that could help domestic Indian companies ramp up their global presence.

A few days before the Brexit vote, the International Monetary Fund (IMF) warned that a "Yes" vote could hit British living standards, fuel inflation and lead to a 5.5 per cent reduction in GDP.

In July, the National Institute of Economic and Social Research, one of Britain's most respected think tanks, warned that there was a 50 per cent possibility of recession in the British economy over the next 18 months. It also warned that more than 300,000 jobs could be lost in the UK

by the third quarter of next year. That's a pretty grim prognosis for a country that is still the EU's second-largest economy and the largest recipient of foreign direct investment (FDI) in that bloc. During 2010-2014, it received an average of \$56 billion in FDI each year, about half of it coming from other EU countries.

A 2015 study by EY found that 72 per cent of foreign investors were attracted by UK's status as a bridge to the EU market. Some studies point out that Brexit could reduce FDI flows into the UK by half.

This is where Indian investors can step in and help. Unlike the UK, India's economy is on the cusp of a take-off. According to most experts, many Indian companies have already bottomed out and are now on a slow but steady upswing in fortunes. If Britain slips into recession, many of its prized industrial assets could slip into losses. In the absence of deep pocketed buyers, they could shut down, taking with them

their proprietary technology and institutional knowledge. In such a situation, cash rich or low-debt Indian companies (contrary to perception, there are quite a few such companies around) could step in as white knights to rescue them and acquire technology, brands or production facilities that would otherwise remain out of reach.

It would also signal a new era in bilateral cooperation as Indian entrepreneurs, having mastered the art and science of frugal management at home, would be using their expertise to save jobs and help keep the wheels of the slowing British economy spinning.

Global commodity prices and the crude cycle are at historic lows, so the risks of such acquisitions will, by and large, be capped. But the potential benefits of nursing these assets through troubled times could be exponential when the economic cycle turns – as it must at some point in future.

The Tata Group's purchase of Jaguar Land Rover and the AV Birla Group's acquisition of Novelis – both loss-making, sick companies when they were taken over by their current Indian owners – show how such bold and visionary moves can pay rich dividends.

It would also establish the reputation of Indian businesses as non-predatory competitors.

'India Global Business' would like to urge the governments of the two countries to facilitate and hand hold any opportunities that arise in this area and calls upon Indian businessmen to grab the once in a lifetime chance that is likely to land on their laps over the next year or two.



**Reason says:
there are three
ways to go.**



**Instinct says:
only one leads
to growth.**

 **Grant Thornton**
An instinct for growth™

Business decisions are rarely black and white. Dynamic organisations know they need to apply both reason and instinct to decision making. We are Grant Thornton and it's what we do for our clients every day. Contact us to help unlock your potential for growth.

grantthornton.co.uk

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