

INDIA GLOBAL BUSINESS

Yearend UK Edition

2019

The year of assertion



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2019: The year of assertion

The year 2019 was marked by powerful nations asserting their national identities and redefining their nationhood.

In India, following the re-election of Narendra Modi as Prime Minister in May, his government quickly set the agenda, integrating Jammu & Kashmir with the rest of India by defanging a “temporary” provision of the Indian Constitution that had somehow survived for seven decades. He then amended the law on citizenship to provide fast track relief to persecuted minorities in neighbouring countries. Asserting India’s economic sovereignty, the government then pulled out of the Regional Comprehensive Economic Partnership as it could have flooded the Indian market with cheap Chinese goods. And finally, he continued with the economic clean-up initiated in his first term in office.

In the UK, Boris Johnson, who replaced Theresa May as Prime Minister in July, felt hamstrung by a party and a Parliament that didn’t seem to have a clear-cut solution to Brexit. Determined to break the status quo, Johnson took a risk by calling a snap election and was rewarded with a thumping majority. It now looks pretty certain that he will lead Britain out of the EU within a few months, throwing up both challenges and opportunities for Indian business which is heavily invested in the UK.

Meanwhile, US President Donald Trump continued to assert the US’s right to take unilateral action to right several perceived historical wrongs, even if meant dragging an ill-prepared world into an all-out trade war and pulling the US out of its self-appointed role as the world’s policeman.

And Xi Jinping’s China continued its unilateral strategic and diplomatic expansion in the Asian and African regions.

Even as these and other nations find their places in the world, multilateralism is being tested to the limit. A new consensus must emerge.

A promising New Year for UK-India relations

As the year of two major elections – one in India in May and a snap poll in the UK in December – comes to a close, the vote is quite definitively in favour of stronger UK-India ties in the New Year.

Prime Minister Boris Johnson, who was voted into power with a “stonking” mandate, has made repeated references to his commitment to strike a new post-Brexit trade deal with India and partner with the Indian Prime Minister, whom he fondly refers to as Narendrabhai, on his mission to build a new India.



The year 2019 marked a decisive shift in the UK’s three-and-a-half-year-long arduous journey to leave the European Union (EU) with a victory for Johnson’s “Get Brexit Done” mantra. As the 31 January 2020 Brexit deadline nears, the prospect of a step-change in the UK-India relationship to a truly strategic partnership is also taking shape. That the hard Left agenda of Labour’s Jeremy Corbyn was rejected at the ballot box would have come as a sigh of relief in India.

Untethered from the EU’s freedom of movement rules, a new Australian-style system is being pegged as a fairer alternative for India’s skilled professionals. The ease of movement of people will inevitably be at the heart of any new trade arrangement and the signs at the close of the year look promising.

With Modi’s invitation for Johnson to visit India being formally extended during the obligatory congratulatory phone call, the year 2020 could well

turn out to be a defining one for the bilateral relationship. Trade between the two countries stands at just over £20.5 billion per year, which reflects the immense potential that remains untapped. Watch this space!

COP25 disappoints – like others before it

The goal of climate change science is fairly commonly known. Unless we limit and reverse global warming, billions of living along coasts and in several islands around the world will see their worlds washed away by angry tides. Scientists say achieving the long-term temperature goal requires global greenhouse gas emissions to peak by 2020 and subsequently fall to zero before the end of the century. To limit warming to 1.5°C, this reduction to zero must take place around 2050. That is a daunting task and matters are not helped by the irresponsible actions of climate sceptics such as US President Donald Trump.

The recently concluded COP25 conference in Madrid, unfortunately, failed to deliver on its mandate – to negotiate and finalise rules for the carbon market and other forms of international cooperation. But negotiating through thickets of politically contentious issues relating to the carbon market and the emissions cuts proved too much for the delegates. In the end, the objections raised by the US, Russia, China, Brazil, India and Saudi Arabia – not all of them for the same or similar reasons – meant that these decisions have now been pushed to the next climate conference in Glasgow.

In the absence of any significant breakthrough at COP25, the high point of the conference was the passionate speech by teenage climate activist Greta Thunberg. The wide media coverage she received globally had one positive effect – it has made many more people aware of the looming crisis.

Hopefully, the politicians will manage to get their act together by the time they meet again in Glasgow in November next year. Meanwhile, the India-sponsored International Solar Alliance, has thankfully gained traction, with more than 121 member-countries at last count.

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The Yearend Edition of 'India Global Business' does a deep dive into the highlights, major milestones and biggest newsmakers of 2019, including a Brexit roundup for the year. A range of expert columns and interviews, staying with the broad theme of a look-back at the year that was, make up the rest of the package. Happy reading and a very Happy New Year from the team at India Inc.

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Advertising & Sponsorship

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Year of drama and assertion

by Arnab Mitra

2019 was a year of near non-stop drama, fast-moving action and events with far-reaching consequences. It was also a year in which powerful nations and their leaders asserted their right of action in different ways and in doing so, majorly disrupted the 'business as usual' status quo that the world has gotten used to. We look at some of the biggest developments of 2019 in this analysis.

Trade war

The year's biggest economic news was undoubtedly the ongoing trade war between the US and China, the world's two largest economies, which began in 2018 and has raged right through 2019. In India, a large part of the coverage was centred upon the moves by the Narendra Modi government to lay out the red carpet for companies looking for alternatives to China. As each announcement of tariff hike by US President Donald Trump and each act of retaliatory duty increase by the Chinese government set off stock market upheavals around the world, anxious investors pored through headlines and the fine print to make sense of how these distant events were impacting their saving

habits and their lives. By the end of the year, though, it looked like the two sides could be heading towards a truce, though that is by no means certain. But regardless of the way it ends, this trade war and the resultant raising of protectionist walls in various countries have shattered the post-Second World War consensus that unfettered trade between nations is the only way to prosperity. It has also given countries such as India, Vietnam, Indonesia, the Philippines and Bangladesh a second chance to try and emerge as manufacturing bases for Western companies looking for alternatives to China.

The Pulwama attack and the Balakot revenge

For a fortnight in February this year,

the world watched with bated breath as two nuclear-armed nations walked to the brink of war and then walked back. On 14 February, a terrorist rammed an explosive-laden car into a convoy ferrying paramilitary personnel in Pulwama district of J&K. Result: about 44 people lost their lives. Jaish-e-Mohammed, a Pakistan-based terrorist group, backed and trained by the Pakistani Army, claimed responsibility for the attack, perhaps emboldened by the lack of any Indian retaliation at previous such provocations.

Conventional wisdom on both sides of the border had it that Pakistan's nuclear umbrella had effectively precluded any retaliatory Indian military action. This doctrine was



rewritten on 26 February when a dozen Indian Mirage 2000 jets entered Pakistani airspace and bombed a terrorist training camp in Balakot.

This mission was a landmark not only because it was the first time since the 1971 war that Indian military jets entered Pakistan but also because it destroyed forever the myth that Pakistan could carry on waging an undeclared war against India via its terrorist assets without any fear of a counter-offensive.

Modi's re-election

By noon on 25 May, the Indian election was as dead as a dodo. It was evident by then that the people of India had reposed their faith once again in Narendra Modi and had re-elected him, his party, the BJP, and his coalition, the National Democratic Alliance (NDA), by an overwhelming – almost two-third – majority. The final tally and the margins would be known only later that evening, but there was no doubting the finality of the verdict.

It was the first time in almost five decades that a government with a single party majority was being voted back to power – again with a single party majority.

Boris Johnson's re-election

After facing yet another setback to his plans of taking Britain out of the European Union with or without a Brexit deal, Prime Minister Boris Johnson called a high-risk snap election that was almost a referendum on his resolve to get the job done. The results were overwhelmingly in favour of Johnson and his Conservative

THERE ARE SEVERAL REASONS FOR THIS SLOWDOWN BUT THE MOST SIGNIFICANT IS THE CRISIS IN INDIA'S BANKING SECTOR.

Party. In addition to giving him an absolute majority, which the Tories had fallen short of in the 2017 election, the election effectively defanged rival power centres and cemented the Prime Minister's power in his party. Johnson's re-election has brightened the probability of a limited trade deal between the UK and India as Britain tries to forge closer financial and business links with the world's leading trading nations to compensate for any losses arising out of Brexit. Equally interesting to watch will be the role of the 1.5 million strong Indian diaspora in Britain, which is

believed to be disenchanted with Jeremy Corbyn's Labour Party and its rigid, misinformed and ideologically blinkered stand on India and the Johnson government's possible outreach to it.

Slowdown spreads in India

The India Growth Story, which for years, shored up falling global growth rates, seems to have run out of steam. On 24 December, the International Monetary Fund (IMF) announced that India was amid a significant economic slowdown and urged the government to respond with policy actions to counter the same. "Growth in the second quarter of 2019-20 came in at a six-year low of 4.5 per cent (y/y), and the composition of growth indicates that private domestic demand expanded by only 1 per cent in the quarter. Most high-frequency indicators suggest that weak economic activity has continued into December," the IMF said.

There are several reasons for this slowdown but the most significant is the crisis in India's banking sector, which is saddled with billions of dollars of unpaid debts and the burgeoning crisis in India's non-banking finance company (NBFC) sector, which is mainly responsible for transmitting loans to the real estate, small business and unorganised sectors. Falling consumption demand in the economy is another major factor for the slowdown.

Corporate tax cuts provide a stimulus

Investors have long complained about India's relatively high tax rates. In response to the economic slowdown, Indian Finance Minister Nirmala Sitharaman, on 21 September, cut the corporate tax rate from 34 per cent to 25.17 per cent inclusive of surcharge and cess. In her Budget on 5 July, Sitharaman had reduced the tax for companies with a turnover of up to \$55 million. Now, the rate has become universal for all companies that do not take the benefits of any other exemptions. Such companies will also not have to pay any Minimum Alternate Tax (MAT). Now, the peak rate of corporate tax is comparable

THIS TRADE WAR AND THE RESULTANT RAISING OF PROTECTIONIST WALLS IN VARIOUS COUNTRIES HAVE SHATTERED THE POST-SECOND WORLD WAR CONSENSUS THAT UNFETTERED TRADE BETWEEN NATIONS IS THE ONLY WAY TO PROSPERITY.



to the lowest rates charged by any country.

Further, in a bid to boost the Make in India programme, attract foreign investment in the manufacturing sector and make India competitive compared to China and the ASEAN countries, the government has allowed any new domestic company incorporated on or after 1 October 2019 and making investments in manufacturing to pay income tax at 17.01 per cent inclusive of cess and surcharge. These companies may not avail any other exemptions or incentives and must start production on or before 31 March 2023.

This move is expected to kick start the sputtering investment cycle that has been stubbornly refusing to pick itself up for the last few years. These tax cuts will lead to a revenue loss of more than \$20 billion for the government and, therefore, provide a stimulus of an equal amount for the Indian corporate sector.

Article 370 goes

On 5 August, the Narendra Modi government revoked provisions of a contentious clause in India's Constitution that granted special status to Jammu & Kashmir. The move was widely welcomed by all sections of Indian society. It also

received support from a large section of India's opposition ranks.

Newspaper articles and television channels covered this in detail, giving equal space to scenes of wild celebrations across the country. Even foreign countries such as the US, the UK, the EU, the UAE, Saudi Arabia and other major powers that took note of the development did not express any reservations about what they saw as India's internal matter.

Only a section of the Western media and some political parties such as Britain's Labour Party adopted a strong anti-India stand on the issue and gave wide play to anti-India voices on Kashmir.

Citizenship Amendment Act

The Citizenship Amendment Act (CAA) has received the most biased coverage possible in both the Indian and the Western media. Most of this coverage has been uninformed, some of it has been irredeemably motivated and politically slanted. The introduction and passage of this law through both Houses of Indian Parliament have been dubbed the disenfranchisement of Muslims in India. Many otherwise well respected Indian and Western commentators have called it a conspiracy to strip Indian Muslims of the citizenship and

reduce them to the status of second-class citizens.

Nothing could be further from the truth. The CAA is simply a law to regularise the status of persecuted minorities from Afghanistan, Pakistan and Bangladesh who have taken refuge in India. There is no provision in it to strip anyone of citizenship.

But opponents of CAA obviously don't want to let facts get in the way of a good story.

Modi govt decides to get out of business

The Narendra Modi government kicked off its privatisation programme and green-flagged the strategic sale of the country's second-largest downstream oil company Bharat Petroleum Corporation Ltd (BPCL), India's largest shipping company, Shipping Corporation of India, India's largest operator of container depots and warehouses and terminals, Container Corporation of India (Concor), and two relatively small public sector units in the energy sector – Tehri Hydro Development Corporation (THDC), and North Eastern Electric Power Corporation Ltd (NEEPCO). It expects to complete the privatisation process by the end of the current financial year ending 31 March 2020. Strategic sale means the sale of a controlling interest in a company, i.e., a transaction where management control of a company passes to the buyer(s) along with its shares. The sale is expected to net the government \$15 billion, which is critical for it to meet its budgetary targets especially after cutting corporate taxes earlier this year, which meant foregoing \$20 billion in revenues. Along with the proposed sale of national carrier Air India, this will mark the largest privatisation exercise initiated by the government of India in the last decade and a half.



The UK's relationship with India will continue to flourish

by Lord Karan Bilimoria

A British Indian entrepreneur takes stock of the changes in UK's economy over 2019 and what this means for its relationship with India.

2019 – what a year! Prime Minister Narendra Modi gets re-elected with an enhanced majority. Brexit remains unresolved and although India continues to grow at a pace enviable to any western country, its growth rate has slowed down.

The UK, with all the continuing uncertainty regarding Brexit, continued to grow as an economy, albeit at a very low rate. The threat of a no deal Brexit has been looming large thought the year and parliament has been at a gridlock. The UK has always been the gateway to Europe for India and its companies and Indian companies continue to invest in the UK and play a major presence. The 842 Indian companies in the UK had a combined annual turnover of £48 billion, employed over 100,000 citizens and, in 2019, paid £684 million in corporation tax. That said, some of the largest high-profile Indian investments from companies such as Tata Steel and Jaguar Land Rover have been facing severe challenges. The India-EU free trade agreement,

Highlights

- The UK has always been the gateway to Europe for Indian companies, but the uncertainty surrounding Brexit has significantly affected trade.
- The revival of the two-year post-graduate work visa will encourage more Indian students to study in the UK.
- With PM Boris Johnson in office, there is a chance that UK-India relations will go to higher levels than ever before.

which and been negotiated for over a decade, is nowhere near completion and there is talk of a post Brexit UK-India free trade agreement – in theory, a possibility; in reality, it will be extremely difficult to implement not least because of the immigration issues.

The good news is that the two-year post-graduate work visa, which I helped to spearhead in parliament in 2007-8 only to have it removed in 2012 by Prime Minister Theresa May while she was Home Secretary, has been reinstated by Prime Minister Boris Johnson and Home Secretary Priti Patel. This will be excellent news for Indian students, giving them the opportunity to earn some extra money to pay for their education, gain work experience and continue to build generation-long links with Britain and be life-long ambassadors for the UK. Furthermore, the living bridge of the 1.5 million Indians in the UK are continuing to flourish and go from strength to strength in every field. Today there are three Indians at the Cabinet table including one holding one of the great offices of State, Home Secretary.

This has been a very special year for me as Chancellor of the University of Birmingham. I am the first Indian born Chancellor of a Russell group university in Great Britain. The University of Birmingham has just



been awarded the Guru Nanak Chair, sponsored by the Indian government in the 550th birth anniversary year of Guru Nanak Dev Ji. This, being the 150th birth anniversary of Mahatma Gandhi, has also been a year of celebration between our two great countries. I have always said that the UK has a special relationship with two countries more than others in the world – the US and India.

These are extremely uncertain times globally in so many aspects – Mahatma Gandhi said “Strength does not come from winning. Your struggles develop your strengths. When you go through hardships and do not surrender, that is strength.” Most importantly, looking ahead, with Britain and India, we need to continually learn from each other and flourish together – once again as Mahatma Gandhi said, “live as if you’re going to die tomorrow and learn as if you are going to live forever.” The UK and India’s strong and resilient relationship will live on and flourish forever.

I congratulate Boris Johnson and the Conservative party on their Majority.

After over three years of gridlock, the Prime Minister now has a clear mandate to govern. I think this will be extremely good news for British

business including in attracting inward investment where Britain has traditionally always been one of the largest attractors of inward investment in the world.

THE UK HAS A SPECIAL RELATIONSHIP WITH TWO COUNTRIES MORE THAN OTHERS IN THE WORLD – THE US AND INDIA.

There will now be the opportunity to resolve Brexit and bring long-needed stability and the end of uncertainty.

I also think that the Boris Johnson government will no longer have the hostile immigration policy that existed under his predecessor, which they have already demonstrated, as I have said above by bringing back the two-year post-graduation work visa for international students. This will be a particular benefit to students from India.

The government has also removed the net migration target and will hopefully bring in immigration policies that will allow skilled workers from India, be they IT workers or chefs, to be allowed to come and work in the UK.

I also hope the government will now reduce the visa fees for Indian visitors, be they tourists or business visitors, in line with the rates for Chinese visitors which are four times less than those for Indians.

I know personally, having worked with Boris Johnson as a member of his Promote London Council while he was Mayor of London, how much he genuinely loves India. I have suggested that one of the first things he should do in the new decade, 2020, as Prime Minister is to lead a large business delegation to India, which I will do everything I can to support as Vice President of the CBI and Founding Chairman of the UK-India Business Council.

I think UK-India relations are going to flourish and go to even higher levels than ever before. Reinforcing, as I have always said, that India, along with the USA, is one of the two countries in the world with which Britain has a special relationship.

Lord Karan Bilimoria is Vice-President of the Confederation of British Industry (CBI) and the Founder and Chairman of Cobra Beer.

Reducing emissions makes good business sense

Bob Patel is the CEO of energy and chemical major LyondellBassell. In this interview with 'India Global Business', he tackles some of the tough questions around the war on plastic waste and the company's commitment to a greener future.

Is shale gas a reliable prospect for the world economy?

The US has abundant resources in terms of natural gas, shale gas. The reserves are enormous, and the cost of production is quite low. The US is becoming much more of an export centre for LNG, which comes from shale gas. As far as environmental impact is concerned, natural gas is a much cleaner fuel compared to coal. It is clean-burning and it holds good prospects in terms of its longevity and low environmental impact. Even the exploration process for natural gas is becoming much more environmentally friendly.

What is the role being played by LyondellBasell's India units and how do you see the country's manufacturing base progressing in future?

We strongly believe in the growth prospects of the Indian economy. The growth of the middle class will continue, and they will consume both durable goods and plastics through packaging. The growth rate will be quite significant going forward. We think that the middle class is driving 75 per cent of the consumer spending by 2030 in India. As a company, we want to participate in this. We have polypropylene compounding manufacturing in India, mainly in the automotive market. So, as plastics are replacing steel and other heavier materials in automobiles, our aim is to participate in the lightweighting of vehicles. This provides the benefits of fuel efficiency. We're producing polypropylene compounds that enable this. Also, our company produces polyethylene pipes which are used for carrying sewage. These are also used in clean water systems. Between the use of plastics in vehicles and infrastructure, we can significantly participate in the Indian market going forward.

Where do emerging economies like India fit in within the future of petrochemicals?

The growth of the middle class is going to drive a lot of consumption

of goods that come from petrochemicals, eventually plastics. We think that India is a very important end market for us and we continue to focus on reaching that market through local production, like polypropylene compounds, and also build on exports from the US and Europe of polyethylene grades – raw material which enables everyday life and the development of food packaging, pipes. In a market like India, people don't buy in bulk because they don't have enough storage space. And generally, they can't afford to buy four-six weeks' worth of supply at a time. They buy as they need. Plastic enables the packaging of food and other goods in smaller quantities so that they can purchase and consume on a daily or weekly basis.



Are the Paris climate change targets realistic from an industry perspective?

These targets are being evaluated. But as a company, we think that looking after the climate and reducing emissions makes good business sense. What we are trying to do is try to prove our operational reliability and reduce the amount of energy required to produce the chemicals or plastics. We are using cleaner-burning boilers and furnaces in our plants. We try to recover heat that otherwise may go into the environment and use it to heat something else. Reducing carbon footprint will be an important

part of our strategy going forward, but it has to make economic sense as well. I think both are possible together.

Is the war on plastics a winnable proposition?

Yes, absolutely. First of all, the war on plastics is actually a war on plastic waste. We have to separate the two. Without plastic, we can't undertake everyday life. The challenge is really about what we do with the waste. The waste must be collected close to the source. And it cannot be released into the environment. People litter plastic packaging and it ends up in the sewage system which eventually ends up in rivers and into the ocean. Our company, in addition to a few other large chemical companies, has started the Alliance to End Plastic Waste. Essentially, the idea is to be a cross value chain alliance. We not only have chemical companies like ourselves but also packaging manufacturing companies, consumer companies like Procter & Gamble and waste handling companies who help the waste from leaking into the environment. We want to develop sustainable products and packaging that is easier to recycle. We engage the entire value chain to address the lifecycle of plastic. The Alliance has four strategic pillars:

- 1) Infrastructure – This aims to collect plastic waste.
- 2) Innovation – This is intended to spur innovation and convert the waste into a usable product. We are providing catalytic capital for research on subjects like making plastics that are more recyclable.
- 3) Education – It is the education of governments, municipalities, consumers on how to responsibly dispose of waste once it is created.
- 4) Clean up – We dedicate some resources from the Alliance to clean up the waste in the environment.

One example is the project we have undertaken which involves the clean-up of the Ganga in Varanasi in partnership with Renewology. It's undertaking the separation and

BETWEEN THE USE OF PLASTICS IN VEHICLES AND INFRASTRUCTURE, WE CAN SIGNIFICANTLY PARTICIPATE IN THE INDIAN MARKET GOING FORWARD.



conversion of waste into fuel. The idea is that we would employ mostly impoverished women around the area to collect waste which can then be converted to fuel that can be used in winters there. Being an Indian, I am proud of that project and the significance of the river and the social good the project will do.

So, my answer is that yes, the war on plastic waste is winnable. People must realise that waste has value. If we can collect it, we can reuse it.

Plastics actually do so much in terms of reducing environmental impacts of everyday life are a very sustainable material. The entire value chain is working on how to solve the challenge of plastic waste and how to recover the waste and convert it into new sustainable products.

Can you tell us about some of the initiatives undertaken by LyondellBasell to help this?

In the Netherlands, we have entered into a joint venture with SUEZ, a

waste collecting company, to recycle polyethylene and polypropylene. They segregate waste like plastic packaging, shampoo bottles and then we wash it, grind the waste and create new raw material that can be used in consumer packaging. Unilever is one of our biggest customers for that. Recently, we also got into a partnership with Samsonite to create bags made from recycled waste.

We are working on several things to promote circularity. We are doing research on molecular recycling – converting the waste into feedstock that can be used to make new plastics. We are also using bio-based material like cooking oil to make plastic. In a project in the Netherlands, we are converting wastewater into steam to reduce CO2 emissions. It is equivalent of taking off emissions from over 30,000 vehicles on the road in the Netherlands every year.

What, in your view, is an ideal mix for countries to balance their energy needs with environmental concerns?

I think using clean sources of energy is very important. And most of them are all around the world. So, global trade will be important. LNG, or even propylene, that is being exported from the US is being used for cooking in places like India, Thailand and even parts of China. There will have to be trade of energy that has a lower environmental impact. LNG is something that will come from the US or the Middle East and be shipped to places around the world. It has to be a global game.

Same thing with plastics. Global trade will be important. The cost to produce plastics is lower in regions that have an abundance of shale gas like the US or cheap natural gas like in the Middle East. These can be exported to the rest of the world.

My reflections on 2019: The glass is not always half empty

by Manoj Ladwa



In the pursuit of so-called 'balance', 2019 has seen far too many commentators straying towards the negative as their safest bet when explaining India's growth story. The glass is not always half empty, argues India Inc. Founder & CEO, Manoj Ladwa

Over the past five years, I have written over 250 'Globally Speaking' blogs, which are published online every Friday at www.indiaincgroup.com and selected ones in the 'India Global Business' magazine. I am pleased to inform readers that in 2020, some of my columns will be compiled into a book, which currently has a working title 'Positive India'.

Why positive? Well, frankly because there is so much that is negative in what is written about India and its path to globalisation, that there is almost a default belief that the glass must necessarily be half empty. Alas, a lot of writers feel that in the pursuit of balanced commentary, imbalance towards the negative is the safest path.

At India Inc., each day we seek to disprove this thesis. Every issue, of course, has two sides. Or, in India's case, multiple differing voices. As a passionate believer in democracy

(however imperfect it may be), the voice of the silent majority also must be heard. They include those who don't always think that the world is crumbling around them, who experience political and business decisions in their towns and villages which are changing their lives and those around them for the better.

For instance, despite the economic slowdown in India, there are many measures that the Indian government has taken, for which credit must be due. For instance, the lowering of corporate income tax rates, not only to historic lows in India, but also bringing them to competitive levels with the ASEAN bloc countries. Similarly, whilst the debate rages over India's new Citizenship Amendment Act, we have taken the view that in protesting against its perceived ills, the case of the persecuted and the stateless must not be ignored.

2020 will also mark a decade of our own journey as a media house. It

was in 2010 that the idea of starting a media platform focussed on India's globalisation first came to mind.

Over the past decade, we have seen the emergence of two phenomenal globalisation stories. The China story, and the India story. China's global march, however fascinating it may be, is essentially driven by the state. Whereas India's is driven by its people and its business. The Indian government has mostly been a cheerleader – though of late, a rather assertive and, quite often, an effective one with the emergence of Modi.

It's that story, the story of Indian business going global in such an unprecedented manner, of its vibrant and increasingly influential diaspora, and the interplay between global business and policy, that we tell through our content and our events.

2019 has been a watershed year for India Inc. In the UK, we have established 'India Global Business'

IT'S THAT STORY, THE STORY OF INDIAN BUSINESS GOING GLOBAL IN SUCH AN UNPRECEDENTED MANNER, OF ITS VIBRANT AND INCREASINGLY INFLUENTIAL DIASPORA, AND THE INTERPLAY BETWEEN GLOBAL BUSINESS AND POLICY, THAT WE TELL THROUGH OUR CONTENT AND OUR EVENTS.



as the leading India focussed business magazine, which we publish fortnightly from London. Its covers have become quite iconic, with many readers regularly commenting on them and comparing which they like the most! For me, this year, the most memorable cover was 'Gandhi Cool', which marked 150 years of the Mahatma's birth anniversary. We also publish the annual '100 Most Influential in UK-India Relations' which is widely read and appreciated as a go-to place to get a pulse on who's who in this important bilateral corridor.

We launched the North America

edition of 'India Global Business' in September, to coincide with Prime Minister Modi's memorable 'Howdy Modi' event in Houston. I have been astonished at the interest that India Inc. has received in the US, and this has spurred us to start planning some high-profile events in 2020 on the East and West coasts. My team has already started to curate a list of the '100 Most Influential in US-India Relations' to complement our UK power list.

As a team, we have almost doubled the number of staff in one year, and have opened an office in Bangalore,

India's tech capital, as we see technology playing a huge part in our business going forward. This is that time of the year when we start planning in earnest for our annual India Inc. Leaders' Summit and India Global Awards in June 2020. Yet again, we will have some blockbuster speakers and participants from across the world.

At India Inc., we believe it's only a matter of time before the other half of the glass fills up to the brim. And we will be there, as always, to bring you a ringside view of that ascent to the global high table.

MAKING IN INDIA FOR THE WORLD

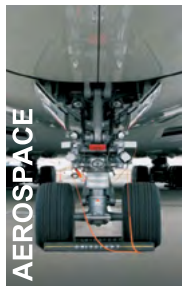


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TechSagar – Showcasing India's technology and cyber preparedness

by Rama Vedashree



The CEO of the Data Security Council of India explains how a new tech repository enables targeted search of India's technology capabilities which will open gates for innovation and collaboration across industry and academia.

Cyber technology capabilities have become central to National strategic outlook. As India aspires to become a trillion-dollar digital economy, enhancing our preparedness and securing the cyber space is a key national priority. There is a need for concerted efforts in developing critical technology capabilities in the country for India's geopolitical advantage. While these efforts have been visible in the past few years, the effectiveness of developing national cyber competence needs closer attention. Start-ups, enterprises, academia, researchers and R&D institutes in the country need to synergise their efforts and work in tandem to achieve this national goal.

With this view, the National Security Council Secretariat Government of India partnered with Data Security Council of India to conceptualise a 'National Technology Capability Repository', now named TechSagar. TechSagar, as it sounds – an ocean of technology – is a consolidated and comprehensive repository which provides actionable insights about capabilities of the Indian industry,

Highlights

- As India aspires to become a trillion-dollar digital economy, enhancing cyber security measures becomes a key national priority.
- Tech Sagar is a repository featuring 4000+ entities from industry, academia and research, providing a country-level view of India's cyber competencies.
- The initiative enables the Government to assess the country-level readiness on strategic technologies for future readiness.

academia and research; across 25 technology areas like IoT, AI/ML, blockchain, cloud & virtualisation, robotics & automation, AR/VR, wireless & networking, and more.

Hierarchical ontologies and detailed definitions have been built for each of the technology areas that allow

granular and multidimensional search, detailed and seamless navigations to discover entities using more than 3000 niche capabilities. As of now, the repository features 4000+ entities from industry, academia and research including large enterprises, start-ups, R&D institutes and individual researchers, providing a country-level view of India's cyber competencies. Capability mapping has been done at product level for the industry and enterprises which allows to locate and comprehend 9000+ products, solutions and services. In addition to this, key investments and fund flow in various technology areas and companies have also been made available, subject to availability in public domain.

TechSagar is a dynamic platform which will be frequently updated with new entities and information to maintain its relevancy and usefulness. Research reports showcasing India's capabilities across several technologies like IoT, AI/ML, Robotics, NLP, AR/VR, and many more are available. It is a good example of government facilitating ecosystem collaboration and industry growth in

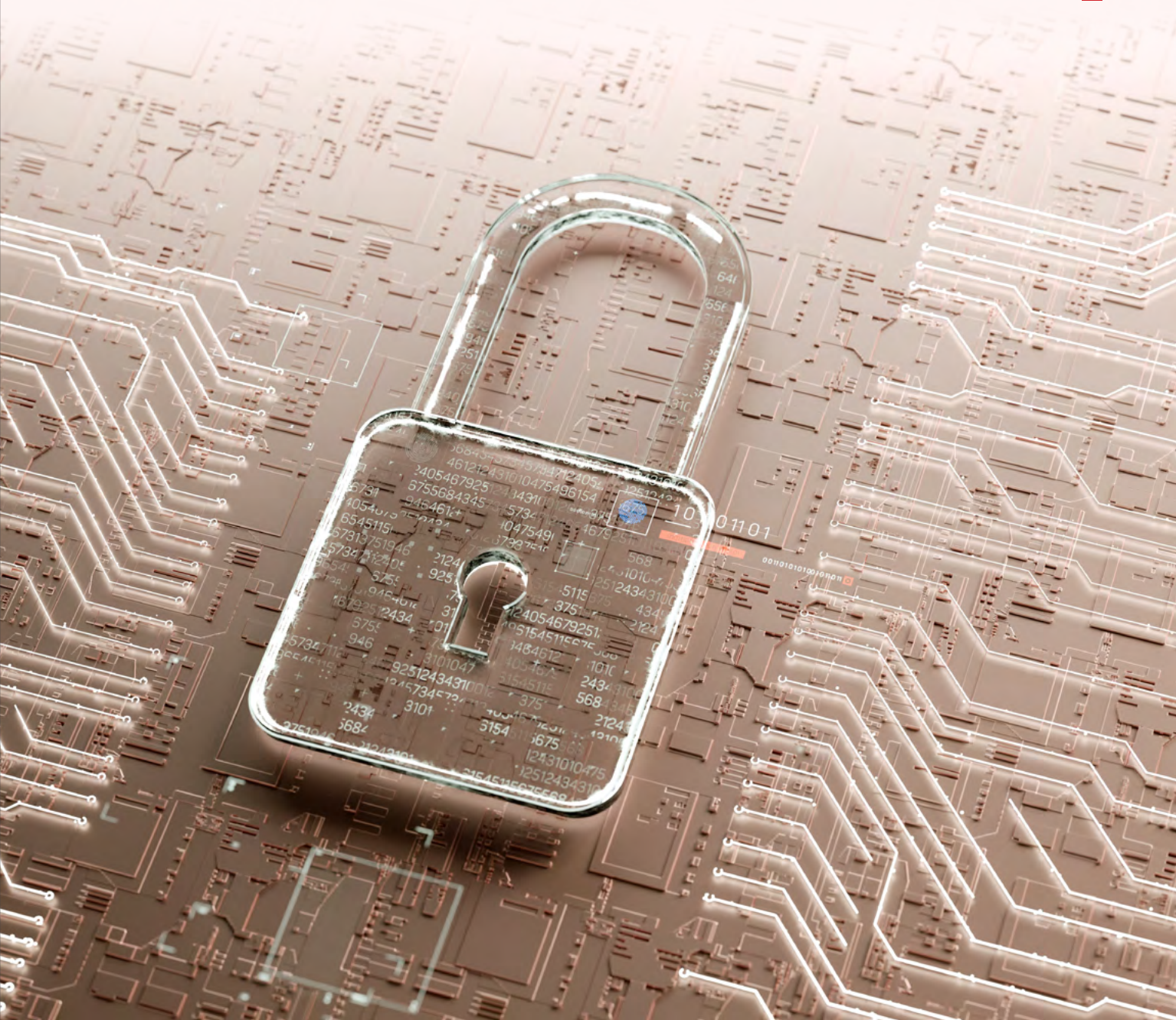
THE REPOSITORY ENDEAVOURS TO PROVIDE DIRECTION FOR A STRATEGIC CYBER ROADMAP OF THE COUNTRY IN R&D, INDUSTRY DEVELOPMENT, AND STRENGTHENING THE PREPAREDNESS OF NATIONAL SECURITY.

a strategic domain. The repository endeavours to provide direction for a strategic cyber roadmap of the country in R&D, industry development, and strengthening the preparedness of national security.

A central repository like TechSagar enables the Government to assess the country-level readiness on strategic technologies for future readiness. This will enable the

government to have targeted interventions to build capacity in specific technology areas, and drive R&D investments in academia and industry development. Having a consolidated view will also drive better collaboration and partnerships between academia and industry, and among industry members, to drive an outcome-driven approach in technology development and/or commercialising R&D.

Rama Vedashree is the CEO of Data Security Council of India, a premier industry body on data protection in India, set up by NASSCOM.



The long road to Brexit takes a decisive turn in 2019

by India Inc. Staff



The definitive result of the UK General Election in favour of Prime Minister Boris Johnson to get Brexit done ends the year with more clarity on the issue of Britain's relationship with the European Union (EU) than there has ever been since the June 2016 referendum.

It has taken over three years, two elections and three leadership changes behind the revolving 10 Downing Street door but the moment finally arrived days before Christmas – clarity on Brexit.

Boris Johnson was voted in with an overwhelming majority and the verdict in the “Brexit election” clearly chimed

with his central “Get Brexit Done” theme, setting the UK on course to leave the European Union (EU) by the 31 January 2020 deadline.

Where it all began

It seems way in the distant past but there was a time before Brexit entered the common lexicon and went on to dominate the UK's political scene over

and above all else. David Cameron was forced to step down as Prime Minister in the immediate aftermath of the referendum in June 2016 when the results proved most pollsters wrong as Britain voted to leave the EU with a narrow margin of 51.9 per cent in favour of Leave versus 48.1 per cent for Remain.

The battle lines were instantly drawn as Theresa May stepped in as Prime Minister with the bewildering message of “Brexit means Brexit,” as it soon became clear that what Brexit meant would possibly go down in history as one of the biggest conundrums of our times.

Highlights

- A quick trip down Brexit lane shows us the twists and turns of one of the biggest conundrums of our times.
- Three years, two elections and three leadership changes have finally led to some clarity on Brexit.
- Prime Minister Johnson's decision to call a snap General Election handed him a much-needed Parliament majority on road to meet the 31 January 2020 Brexit deadline.

Deal or no deal

Once Article 50 of the Lisbon Treaty had been triggered, the deadline for Britain's exit from the 28-member economic bloc was etched in as March 29 this year. If all had gone to Theresa May's plan, the UK would have been a former member of the EU in 2019 and on course to discuss its future trading relationship with the remaining 27 member-states during an ensuing transition period.

However, a controversial backstop clause within the EU Withdrawal Agreement proved the stumbling block she had clearly not bargained for. When she had called a snap election in June 2017, May had hoped

IN THE FACE OF A LABOUR PARTY THAT OFFERED YET ANOTHER REFERENDUM IN 2020 FOR THE PUBLIC TO HAVE A SAY ON ANY BREXIT AGREEMENT, THE ELECTORATE VOTED WITH A CLEAR VOICE – TO SIMPLY GET BREXIT DONE.



to win a majority in Parliament to be able to get any future agreement she struck with the EU through the House of Commons with relative ease. Instead, she found herself reliant on the Northern Irish Democratic Unionist Party (DUP) for a supply and demand arrangement.

It was this Irish element that ultimately spiralled out of her control as her so-called EU divorce bill was repeatedly rejected by her own MPs, resulting in her unceremonious exit to make way for Boris Johnson as leader of the Conservative Party after a bitterly fought leadership election in July this year.

The Boris factor

As soon as he got his feet in the Downing Street door, Johnson/ issued a stupefying “do or die” Brexit pledge by the extended Halloween deadline of 31 October 2019. He seemed to be the only one convinced that he could bring the EU’s Brexit negotiators round to the idea of reopening Theresa May’s divorce bill to remove the controversial backstop – an insurance policy insisted upon

by the EU to ensure the rights of member-country Ireland but seen as a backdoor attempt to keep the UK tied to EU rules even after Brexit by using Northern Ireland’s border as an excuse.

To much shock and surprise, Johnson did succeed in getting that deal reopened and tabled a fresh version, dubbed Brexit 2.0.

The “undemocratic” Irish backstop was gone and in its place was the prospect of an invisible border in the Irish Sea. However, many sections of the Commons remained opposed to the renegotiated deal because they felt it treated Northern Ireland differently to the rest of the UK.

The Opposition Labour Party also challenged its impact on workers’ rights.

People’s Parliament

Faced with a fate reminiscent of Theresa May’s due to the realities of heading a minority government, Johnson announced a snap General Election after missing the 31 October

deadline – a prospect he was so opposed to that he had declared he would rather be “dead in ditch”.

For someone who had just emerged from a gruelling leadership election just weeks before, the prospect of another election only seemed to further energise him. He hit the campaign trail with an unapologetic message about it being a veritable People versus Parliament clash – because the Parliament had failed in its duty by not allowing him to get Brexit done despite his “great new deal”.

Turns out, he had read the public sentiment of Brexit fatigue right when he called for electing a new “People’s Parliament”. In the face of a Labour Party that offered yet another referendum in 2020 for the public to have a say on any Brexit agreement, the electorate voted with a clear voice – to simply get Brexit done.

How that tag line really translates into reality and what lies in store for the future of UK-EU relations continues to hang in the balance.

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Competing with robots: How online learning can help professionals win in the future

by Zairus Master

The CEO of one of India's largest online job and recruitment portal elaborates on how reskilling can help avoid slowdown.

The future is exciting but not secure. Technologies that are on the top of the value chain become obsolete sooner than anyone can imagine.

A report by McKinsey Global Institute, conducted in 46 countries, predicts that up to 800 million global workers will lose their jobs by 2030 and be replaced by robotic automation. The rise of artificial intelligence and data analytics has changed the dynamics of the jobs market completely.

Organisations are looking for an array of new-age skills among employees that can be utilised in fields like marketing, HR, operations, banking, agriculture, chemistry, data mining, cloud computing, finance, stocks and healthcare, among others.

The new economy also requires professionals to possess skills such as creativity, adaptability, critical thinking, leadership and the ability to collaborate seamlessly. No one-time course at a business school

Highlights

- The rise of artificial intelligence and data analytics has changed the dynamics of the jobs market.
- To remain relevant in today's fast-evolving, tech-centric job market, employees must upgrade their skills regularly.
- Offline skilling courses will no longer be able to accommodate the influx of job seekers looking to upskill themselves.
- Online channels offer a viable option for jobseekers looking to upskill.

can impart all these skills among professionals.

Sector-specific skill gaps in India

Recent studies suggest that the Asia Pacific region is set to face a shortage of 12.3 million professionals by 2020. India alone faces a 40 per cent shortage of job-ready candidates. The IT sector requires around 40 per cent of its professionals to up-skill themselves over the next few years.

Further, according to the Future of Jobs report by FICCI-Nasscom and EY, 20-25 per cent of existing jobs in the BFSI sector will not exist and 15-20 per cent of professionals will be working in job roles that do not exist today. Similarly, a report by the National Skill Development Corporation (NSDC) mentions that the automobile sector will require 15 million skilled candidates by 2022.

With all sectors undergoing such disruptive transformation, what's the way out of this conundrum? Re-skilling!



NEW-AGE SKILLING PLATFORMS HAVE THE POTENTIAL TO CHANGE THE SCENARIO, MAKING INDIA AN ECONOMY OF OPPORTUNITIES THAT ARE OPTIMALLY CAPITALISED UPON AND REALISED.

Re-skilling through online learning platforms

To remain relevant in today's fast-evolving, tech-centric job market, candidates are expected to upgrade their skills regularly. Professionals, especially in the IT sector where new roles are rapidly evolving and new skillsets are required frequently, must continuously upskill themselves to keep up with the fast pace of emerging technologies. At this scale, e-learning platforms are the only way forward.

Also, as the number of employees looking for upskilling opportunities increases, offline skilling courses will no longer be able to accommodate this demand because the infrastructural set-up required to facilitate such large-scale upskilling is limited. Hence, job seekers will have to start looking at online channels to

support their upskilling endeavours.

Thankfully, acquiring these skills through digital means is no longer a challenge. There are several online platforms that offer courses in data science, automation, blockchain, the Internet of Things. With a flexible approach to learning, these platforms allow professionals to upgrade their skillsets at their preferred pace without having to take a break from their jobs. Such courses add weight to the resume of candidates, increasing their chances of promotion in their current jobs as well as opportunities in other organisations.

These online learning programmes also utilise artificial intelligence and predictive analysis to map skills demand in the industry. This information allows for customised course suggestions for individual

candidates, helping them acquire skills that boost their career prospects considerably.

India's recruitment space is currently going through a peculiar phase. Around 8 million youth enter the country's job market every year, yet the companies find it difficult to fill vacancies for crucial roles. The reason is the ever-increasing skill gap. New-age skilling platforms have the potential to change the scenario, making India an economy of opportunities that are optimally capitalised upon and realised. With the rise of robotics, re-skilling is the answer to staying relevant.

Zairus Master is CEO of Shine.com, India's leading online job and recruitment portal.

India-UK relations remain right on track

Organisations at both ends are collaborating in sectors ranging from defence to media and entertainment.

MG to Invest \$422.5mn in India's automobile sector

British automobile brand Morris Garages (MG) is bullish on the Indian market and plans to invest \$422.5 million (Rs 3,000 crore) more in the country. MG Motor India has already spent approximately \$282 million (Rs 2,000 crore) in the country and commenced manufacturing operations at its plant at Halol in Gujarat.



Gaurav Gupta, Chief Commercial Officer, MG Motor India, said they have so far sold nearly 13,000 units of its internet SUV, MG Hector. The company will launch an electric internet sport utility vehicle and will have a total of four models by July 2021, all in the SUV segment.

With good response from the customers, the company had to increase production levels from November onward, he said, adding that the car manufacturer would focus on the SUV segment as it is fastest growing and in tandem with the global trend.

The company also focuses on expanding customer service centres and around 250 showroom-cum-workshops will be put in place by March 2020.

UKIBC creates a new vertical for defence cooperation

To further promote India-UK collaboration, the UK India Business Council (UKIBC) has established an Aerospace and Defence Industry Group. The initiative is also in recognition of the relationship between the two countries in the defence and aerospace sector and the Defence vertical is an example of how this cooperation is being taken to a new level.

Earlier this year, an MoU on Defence Technology Industrial Capability Cooperation has been signed between the two countries highlighting the British government's efforts in enhancing cooperation with India.

Richard McCallum, Vice-Chair, UKIBC, said that it will not only support and but will also build on the huge opportunities for collaboration that exist between the defence industries of the two sides. The collaboration between companies is expected to not only advance India's defence acquisition process but also foster long-term technology and hardware transfers.

He further explained that the UKIBC supports India's Make in India initiative and the new vertical the Aerospace and Defence Industry Group can contribute to India's continued emphasis on defence modernisation and sophisticated military capabilities.

UK and Indian institutes in Bollywood tie-up

Birmingham City University has struck up a partnership with a Mumbai-based Ronkel Media Education Institute to give students the opportunity to collaborate on major projects across the UK film industry and Bollywood.

The partnership aims to provide opportunities for students to study aspects of the media, arts and entertainment overseas as part of the exchange study programmes between the institutions.

The tie-up will cover skills in areas such as screenwriting, film production, visual effects, film studies and film business and promotion.

Professor Alison Honour, Pro Vice-Chancellor and Executive Dean, Birmingham City University's Faculty of Arts, Design and Media, said: "This new partnership will provide opportunities for students to work on collaborative film projects and have international work placements and exchanges to provide opportunities to gain skills specific to the UK and Indian Bollywood film industries."

Sanjeev Sharma, Founder and Director, Ronkel Media Education and Research Institute, said: "Our association with Birmingham City University is a great opportunity for Indian students to utilise this platform to hone their skill sets in the best possible manner, and prepare themselves to be absorbed by the industry."



A year of elections that ended with a vote for stronger India-UK ties

by India Inc. Staff

The year 2019 saw two major elections in the world's largest and oldest democracies and the common thread in the outcome of both was the promise of a new strategic partnership between India and the UK.

It was no accident that Boris Johnson saved his visit to one of the world's famous temples in London, the Swaminarayan Mandir in Neasden, for just days before the General Election on December 12. Being an astute politician who has always struck an India-friendly tone, he knew well the power of the 1.5-million-strong Indian diaspora, especially in these elections as they had been feeling betrayed by the Opposition Labour Party for its perceived anti-India messages. Sporting a tilak and garland, Johnson performed a traditional puja at the temple and later told the diaspora gathering that they could well guess what he had wished for. Well, whether it was anything to do with those prayers or not, his wish certainly did come true and more as the British electorate voted him back into 10 Downing Street with a "stonking" 80-seat majority.

Highlights

- Boris Johnson astutely leveraged the power of the 1.5-million-strong Indian diaspora, by stressing on building stronger relations with India in the lead up to the General Election in December.
- Johnson's good relationship with Prime Minister Modi of India helps set the tone for the next phase of the India-UK relationship.
- The Queen's Speech in Parliament spelt out the contours of this new post-Brexit strategy, which will also include a special fast-track visa for medical professionals.

"British Indians have played a vital role in helping the Conservatives win elections in the past. When I told Narendraabhai [Modi] this, he just laughed and said Indians are always on the winning side," he said, striking a note of bonhomie with the Indian PM who had himself won a solid majority in elections earlier in the year.

"I know Prime Minister Modi is building a new India. And, we in the UK government will support him fully in his endeavour," he added, amid cheers.

New partnership

It is this spirit of partnership that ran through the Conservative Party manifesto, which made a categorical reference to India as a dynamic economy.

IT IS THIS SPIRIT OF PARTNERSHIP THAT RAN THROUGH THE CONSERVATIVE PARTY MANIFESTO, WHICH MADE A CATEGORICAL REFERENCE TO INDIA AS A DYNAMIC ECONOMY.

It read: "We will forge stronger links with the Commonwealth, which boasts some of the world's most dynamic economies such as India, with which we already share deep historical and cultural connections.

"We will use export finance to increase our businesses' access to emerging markets and engage diaspora communities in the UK with this agenda."

The plans are now set in motion, including a promise to make India one of his first stops on his overseas visits trail in the New Year. The prospect of such a visit was further reaffirmed with Prime Minister Modi extending a formal invitation to him during the customary congratulatory phone call to Downing Street.

Trade, security and environment

"The Prime Minister spoke to Prime Minister Modi of India, who congratulated him on the result of the General Election. The two leaders resolved to continue working closely together on issues such as trade, security and defence, and to step up our cooperation on climate change ahead of next year's COP26 climate summit in Glasgow," said a Downing Street readout of that call, soon after Johnson's landslide victory.

It sets the tone for the next phase of the India-UK relationship, which experts believe can now be "unleashed" – to borrow one of Boris Johnson's election refrains.

Rahul Roy-Chaudhuri, Senior Fellow

for South Asia at the International Institute for Strategic Studies (IISS), believes the election result should pave the way for a real strategic partnership, beyond the rhetoric.

"Convergences on maritime security, cyber space, counter-terrorism/extremism and defence technology/trade need to be deepened, thickened, highlighted and mainstreamed to remove the trust-deficit that has recently emerged between the two countries," he says.

would be open to skilled migrants from countries like India on the same basis as those from within the EU. Untethered from the economic bloc's freedom of movement rules, the Queen's Speech in Parliament spelt out the contours of this new post-Brexit strategy, which will also include a special fast-track visa for medical professionals addressing acute shortages being faced by the state-funded National Health Service (NHS).

Doctors from India have historically been referred to as the backbone of the UK's health service but have not had a very welcoming ride in recent years. Skilled professionals and students from India have also felt unwelcome, a perception that is being addressed if the latest data is anything to go by.

Truly special relationship

The stage is set for the New Year to be the start of what Boris Johnson has previously dubbed a "truly special relationship" with India.

"The sooner we leave the EU and take back control of our trade policy, the sooner

we can strike a new trade deal with India that will deliver new jobs, growth and prosperity for both our countries. Securing this new and improved trading relationship with our friends in India will be a priority for me," he is on the record as saying.

Now that leaving the EU is really within his grasp in 2020, it remains to be seen how he intends to put those words into action.



However, the complexities of Brexit and Britain's 31 January 2020 timer to leave the European Union (EU) would undoubtedly lead to some delays in this game-plan being fully rolled out.

Movement of people

However, it is the impending exit from the EU which has been repeatedly flagged by Johnson as a freeing up the UK to set up a "fairer" points-based system of immigration – which



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The South Asia cooperation conundrum

by Dr Gareth Price



While, historically, India's bilateral relations with other South Asian countries have been unsteady, the past year has seen some tangible improvement.

When first elected in 2014, PM Narendra Modi made a point of inviting leaders of the South Asian Association for Regional Cooperation (SAARC) to his inauguration. India's foreign policy has long shifted between a view that its global standing stems from its own significance, or because of its regional – and potentially-beneficial – hegemony. 2014 gave hopes that the latter view might prevail. While tension with Pakistan rapidly ended hopes that this cooperation may be facilitated through SAARC itself, functional engagement within a sub-region of South Asia has been significantly improved. Two areas stand out. India now trades electricity with Bhutan, Bangladesh and Nepal. In addition, the creation of a truly regional grid is under discussion, with 2019 witnessing the start of conversations between India, Nepal and Bangladesh about exporting Nepalese power to Bangladesh through the Indian grid.

The second issue on which progress is being made is on waterways. Historically, South Asia's rivers were a key conduit of goods across the region. Most of this trade stopped, however, after partition. The benefits of reviving links are manifold, not least reducing the number of trucks on

Highlights

- Developments on waterways and energy between India and its neighbours demonstrate that regional engagement is both feasible and mutually beneficial.
- India's relationship with the core BBIN group is finally shifting to a position in which it acts multilaterally.
- The 2019 Modi government's domestic focus has raised concerns within South Asia.
- Enhancing regional trade would serve to stimulate the health of South Asia's economy.

India's roads. The benefits for North East India, in particular, of accessing India via Bangladesh will be substantial. Again, India, Nepal and Bangladesh are developing protocols, along with inland ports, to enable an expansion in inland shipping both within and between countries.

In many respects, hopes that regional cooperation could be at a "South Asian" level were always aspirational given the relationship between India and Pakistan. But put another way, if India couldn't demonstrate some benefits of working with Nepal and Bangladesh – its less contentious neighbours – hopes for some future cooperation with Pakistan, were the political environment to improve, would be minute. But by 2019, two important areas of engagement – waterways and energy – are in different stages of development and demonstrating that regional engagement is both feasible and mutually beneficial.

By the time of the 2019 election – won in part by India bombing Pakistan – self-evidently SAARC is, at best, in abeyance. This year, Modi invited leaders from the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). This excludes Pakistan, along with Afghanistan from the SAARC grouping, but adds in Myanmar and Thailand.

BIMSTEC's limitations are manifest, most notably its remit is too wide, and its resources too few. But India continues to signal the virtue of regional organisations, and its



relationship with the core BBIN group (Bangladesh, Bhutan, India and Nepal) is finally shifting to a position in which it acts multilaterally rather than, as was historically the case, bilaterally. Given its size vis-à-vis its neighbours, its motivations in bilateral discussions were frequently questioned outside of India. This shift remains positive.

But the 2019 Modi government has undoubtedly been domestically focussed, and many of its domestic moves have raised concerns within South Asia. While Bangladesh's official comments regarding India's citizenship bill have been relatively low key, there is increasing alarm at the potential implications of the bill, given that many of those who would potentially lose their citizenship will presumably be assumed to be from that country.

These political events could potentially undermine India's stated aspirations for BIMSTEC. Myanmar's crackdown on the Rohingya has

resulted in almost one million moving to make-shift camps in Bangladesh with obvious political ramifications.

BY 2019, TWO IMPORTANT AREAS OF ENGAGEMENT – WATERWAYS AND ENERGY – ARE IN DIFFERENT STAGES OF DEVELOPMENT AND DEMONSTRATING THAT REGIONAL ENGAGEMENT IS BOTH FEASIBLE AND MUTUALLY BENEFICIAL.

The role of China in South Asia is also evolving. The Maldives and Sri Lanka have rotated between (relatively) pro-Indian and pro-Chinese leaders. The Maldives is currently pro-Indian, while Sri Lanka's new leadership was, when earlier in government, pro-Chinese. Nepal and Bangladesh are both relatively

balanced, but all have signed up to China's Belt and Road Initiative.

While at times India has sought to limit Chinese influence in its region, it would seem fairer for India to view its neighbours' engagement with China as completely understandable. It is in each of its neighbour's interests to ensure that Chinese projects are economically viable, and that they do not lead to unsustainable debts. But with that caveat, China's ability to construct infrastructure is unquestioned. India's continued construction of the India-Myanmar-Thailand Trilateral Highway, which commenced in 2001, merely highlights its difficulties in doing so. So how does India's scorecard read? Politically, many of its bilateral relations face difficulties. The 2015 "blockade" remains a recent memory in Nepal; the citizenship bill troubles Bangladesh and the Chinese-liking Rajapaksa family are back in power in Colombo. And yet, at other times when the "politics" has been more positive, little tangible progress has been made to enhance regional or even bilateral cooperation.

In recent years, and at times despite the politics, tangible cooperation has started to emerge. South Asia remains one of the least integrated parts of the world, but the trend is upwards. Of course, the trend could reverse, but the longer electricity, for instance, flows between India and Nepal, the greater the trust generated. Better integrated regions are, generally speaking, wealthier than those that are not. Given South Asia's economic slowdown, enhancing regional trade would serve to stimulate the health of the region's economy. While it seems that domestic concerns are likely to dominate, were India's government to divert its focus from defining India's citizenry to improving the well-being of its people, expediting regional integration would be one route to follow.

Dr Gareth Price is Senior Research Fellow, Asia Programme, Chatham House.

SoftBank, CPPIB among major investors in India

Brookfield Infrastructure in \$3.5bn deal with RIL

Canadian asset management firm Brookfield Infrastructure Partners will invest \$3.55 billion (Rs 25,215 crore) in the telecom tower assets of Reliance Industries.



Reliance Industrial Investments & Holdings Ltd., a wholly-owned unit of Reliance Industries, has entered into binding agreements with Brookfield Infrastructure and its institutional partners, which will invest the amount in units to be issued by the Tower Infrastructure Trust, its tower arm.

After the transaction is completed, the Trust will own 100 per cent of the equity share capital of Reliance Jio Infratel Private Ltd. (RJ IPL), the unit that houses the telecom tower assets.

This will be Brookfield's second investment this year in a venture controlled by Mukesh Ambani. In March, it agreed to buy the loss-making East-West Pipeline, earlier known as Reliance Gas Transportation Infrastructure, at an enterprise valuation of \$1.8 billion (Rs 13,000 crore).

SoftBank bets big on renewable energy in Gujarat



SB Energy, a sister company of Japan's SoftBank, announced that it will invest \$4 billion (Rs 30,000 crore) in the renewable energy sector in Gujarat, a state government release said.

The announcement was made at a meeting between Gujarat Chief Minister Vijay Rupani and Manoj Kohli, Executive Chairman of SB Energy.

The investment will be in solar energy, wind energy and other unconventional renewable energy sources.

The present installed capacity of renewable energy in Gujarat is 8,885MW and the state government aims to ramp it up to 30,000MW by 2022. Of this, 20,000GW will be used in the state while the rest 10,000MW will be given to other states. SB Energy's announcement of investing \$4 billion will go a long way in achieving the target, the release added.

The past few weeks saw great investments from Canadian firms across various sectors in India.

CPPIB to invest up to \$600mn in Indian fund

Canada Pension Plan Investment Board (CPPIB), Canada's biggest public pension fund, is investing up to \$600 million in India's National Investment and Infrastructure Fund (NIIF), as it seeks to grow its infrastructure bets in Asia's third-largest economy.

The deal includes a commitment of \$150 million in NIIF's Master Fund and co-investment rights of up to \$450 million in future opportunities to invest alongside the Master Fund.



The NIIF is majority-owned by institutional investors, but says it is anchored by India's government, which is also an investor in its Master Fund.

India needs investments worth about \$778 billion for highways, urban transport and renewable energy by 2022, according to the India Brand Equity Foundation, a government body. With CPPIB's investment, NIIF's Master Fund now has \$2.1 billion in commitments.

India is living up to its potential as an emerging superpower

by India Inc. Staff



While the number of foreign visits this year by PM Modi was significantly lesser than last year, India's position in global diplomacy remains strong.

With only 15 trips in the entire year, 2019 was relatively quiet for Prime Minister Narendra Modi who typically does not miss a chance to bolster India's image across the world. Last year, the number of trips he had made was 23. It was not surprising. With long drawn out general elections in the middle of the year taking up much of his time, Modi's headspace was occupied more with domestic issues.

That was one of the reasons why the country attracted fewer foreign heads of states as well. Some of the heads of states that came calling included South Africa as the chief guest at the annual Republic Day Parade in January, Norway, Mauritius, Argentina, Sri Lanka, Germany, China and Bangladesh. The monarchs with considerable influence in their countries that came calling during the year were from Saudi Arabia, Sweden, the Prince of Wales, Netherlands and Monaco. Besides, as has become the norm, heads of states of friendly neighbouring countries of Bangladesh, Sri Lanka, Mauritius, Bhutan and Nepal also visited India to see Modi being sworn in for the second time in a row.

Highlights

- Apart from heads of states of friendly neighbouring countries, heads of states or monarchs from South Africa, Norway, Mauritius, Argentina, Sri Lanka, Germany, China, Bangladesh, Saudi Arabia, Sweden, the Prince of Wales, Netherlands and Monaco visited India in 2019.
- India's position on Jammu & Kashmir was undisputed and unchallenged by most of the UN's members and measures to bring in normalcy and development in the region were also acknowledged.
- India also displayed its leadership at the BRICS summit in Brazil this year.
- In 2019, India not only enhanced its stature in global politics but also showed how it was not afraid to exert its influence in multilateral forums.

Not everything went to plan. The long-cherished wish of luring the mercurial US President Donald Trump to visit India could not be realised this year after he declined the invitation to become the chief guest at the Republic Day Parade. Towards the end of the year, Japanese Premier Shinzo Abe, who enjoys a particularly strong bond with India, had to also put off his visit due to the growing unrest in the country over the Citizen Amendment Act that was passed earlier in mid-December by the Indian parliament.

In the middle of it all though, India continued to not only enhance its stature in global politics but 2019 also showed how it was not afraid to exert its influence in multilateral forums. Some key internal decisions like the abrogation of Article 370 and 35A that had, for nearly 70 years, granted special status to the country's northern most state of Jammu & Kashmir, had the potential to snowball into a major crisis in the international arena. Even as India has always maintained that J&K was an integral part of its territory, Pakistan wanted the world to believe Kashmir was a matter of dispute. It was believed



the latter would use all its diplomatic channels to corner India on the issue and retract its decision. The Modi government has been able to not only maintain peace in the region – there have been only a handful instances of any untoward incidents in the valley – but also expertly leverage its own diplomatic heft to counter and negate Pakistan's rhetoric on multi-lateral forums.

At the United Nations Security Council in mid-August, India's position on J&K was undisputed and unchallenged by a majority of the UN's members including the Arab countries while its measures to bring in normalcy and development in the region were also acknowledged. There was only a feeble protest by China, as expected, and Pakistan was left isolated in its efforts to make Kashmir an international diplomatic hot potato. Even the middle eastern countries that are traditionally in Pakistan's corner, kept quiet on the issue. India's importance as a major

crude oil customer was too significant to be ignored.

ANOTHER SHOW OF STRENGTH WAS THE WAY THE GOVERNMENT MANAGED THE RCEP IMBROGLIO DESPITE INTENSE PRESSURE FROM OTHER NATIONS ESPECIALLY CHINA.

Another show of strength was the way the government managed the RCEP imbroglio despite intense pressure from other nations especially China. The Regional Comprehensive Economic Partnership (RCEP) that has been under discussion since 2012, seeks to create an integrated market comprising half of the world's population and a third of its GDP. Besides India and China, member

states include Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam, Japan, South Korea, Australia and New Zealand.

India has had an unenviable record on FTAs in the past and though the pressure was intense, it withstood the temptation and opted to not be a part of it till a time when its concerns were addressed. Most of it was related to China. India has a trade deficit with China that stands at over \$50 billion and there were fears that RCEP would have opened more doors for Chinese goods to come through from third countries. India's stance did not change despite the fact the Chinese premier Xi Jinping met India's Prime Minister to assuage some of his concerns in September in Mamallapuram.

In the far end of the year, India also displayed its leadership at the BRICS summit in Brazil. The motley group of five nations – Brazil, Russia, India, China and South Africa – makes up almost 42 per cent of the world's population, 23 per cent of global GDP, 17 per cent of world trade and 26.6 per cent of this planet's landmass. BRICS sought to provide a counter to more heavyweight and mature groups like the NAFTA and EU but some minor successes aside, differences between members on bilateral issues often end up undermining the forum. India, with its credentials as a liberal democratic society and one of the most attractive investment destinations in the world, provides the glue that keeps BRICS relevant and holds it together. Without the I in BRICS, it would be reduced to just an illiberal anti-Western coalition where the fragile economies of Brazil and South Africa would not be adequate counters to the expansionist and divisive perceptions shared by Russia and China.

Capping a decade where India has finally lived up to its potential as an emerging superpower in global diplomacy, the foundation is set for it to play a decisive role in shaping the future of the world in the next decade.

Newsmakers 2019 – Influencers on the world stage

As with every year, 2019 had its fair share of people making news for their achievements, triumphs, idiosyncrasies, failures and follies. ‘India Global Business’ editors have curated this list of people who they felt deserved the “newsmaker” tag for impacting policy and uniquely highlighting global opportunities and challenges. We left out some of the obvious newsmakers – Donald Trump, Narendra Modi and Boris Johnson – and spread our net wider to search for people who in some way or other have influenced for good (or otherwise) India’s march on the world stage.

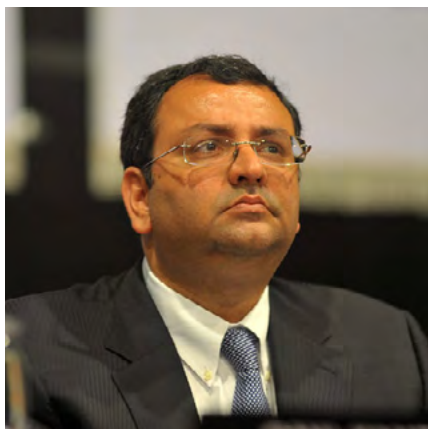
Prior to the 2019 general elections in India, BJP President Amit Shah revelled in his role as a backroom boy. He did feature regularly in Indian newspapers and on Indian television channels but was hardly known outside the country. That changed when Indian Prime Minister Narendra Modi appointed Shah as his Home Minister. In his new role, Shah has piloted two important – and in the eyes of the Western media, controversial – legislations that effectively defanged Article 370 of the Indian Constitution that granted special status to Jammu & Kashmir and also oversaw the passage of the Citizenship Amendment Act that grants citizenship to persecuted minorities from neighbouring countries.

Even more than the passage of these legislations themselves, it was the follow-up measures to prevent violence in J&K, including placing restrictions on the assembly of people, that got him a lot of media coverage in the West. Ironically, this same J&K move made him a hero in India, second in profile and power only to the Prime Minister. Shah sits on all the powerful cabinet committees, and takes a special interest in Economic matters, like no previous Indian Home Minister.

Amit Shah



Cyrus Mistry



It’s not very often that a Forbes-listed billionaire finds himself essaying the role of the proverbial David against Goliath. But that is exactly how the battle of attrition between the Tata Group, India’s largest and most valuable business house and the UK’s largest private sector employer, and its former Chairman Cyrus Mistry is playing out. The National Company Law Appellate Tribunal (NCLAT) recently ruled his removal in October 2016 as illegal and ordered his reinstatement as Chairman of the Tata Group. It also held as illegal the decision to convert Tata Sons into a private company. Tata Sons, the holding company of the Tata’s sprawling global empire, and the Tata Trusts, which own two-thirds of the holding company, have said they will appeal the NCLAT orders before the Supreme Court. But regardless of the outcome, this case is expected to become a landmark in the field of corporate governance and the rights of minority shareholders. And irrespective of whether he returns at the helm of the Tata Group, Mistry will go down in the annals of India’s corporate jurisprudence as the David that took on a Goliath and won.

ANALYSIS

Greta Tintin Eleonora Ernman Thunberg has been fairly well known in Europe since she began her “School Strike for Climate Change” movement outside the Swedish Parliament in August 2018 but she really emerged as a global newsmaker with her now famous “You have stolen my dreams... how dare you...” speech at the United Nations Climate Action Summit in September 2019. But this wasn’t her first brush with international fame and acclaim. In May 2019, she was featured on the cover of Time. The magazine also named her among the 100 Most Influential People and the youngest individual Time Person of the Year. Given India’s own young population and its challenges with climate change, this young star resonates with India’s own growing global leadership in this arena.

Greta Thunberg



Jeremy Corbyn



He promised ideological purity to the faithful but couldn’t win the trust of others. Jeremy Corbyn is possibly the most far-left leader of the Labour Party in decades. His rhetoric both in the run-up to the elections and even before harked back to a politics that Britain hasn’t seen in more than a generation – with talk of nationalising key industries, levying higher taxes on the rich and providing several public services free. But his uncompromising ideologically driven stance on several important issues, including Kashmir, turned away many traditional Labour support groups. Corbyn’s Kashmir rhetoric resulted in the socially influential, culturally assimilated and well-to-do Indian diaspora drifting away from their traditional Labour moorings. This is believed to be one of the important contributing factors to the party’s worst electoral showing since 1935. The first-ever India Inc. survey of British Indian voter intentions, in collaboration with Optimus, conducted in November 2019, confirmed their dealignment from the UK’s Labour Party.

Muthayya Vanitha and Ritu Karidhal



He India's partially successful moon mission Chandrayaan-2 was, to paraphrase, Neil Armstrong, "a small step for science, a giant leap for women." Regardless of how history will judge the mission, it has already made history – it's the first space mission with an all-woman leadership team.

Project Director Muthayya Vanitha, an electronics engineer, and Mission Director Ritu Karidhal, an aerospace engineer, who were also involved in India's first lunar mission, Chandrayaan-1, and the country's Mars Orbiter Mission in 2013, have already entered popular folklore in India and have become the latest role models for aspiring women scientists not only in India but all over the world.

She began the year as India's first full-time woman Defence Minister and, following the BJP-led National Democratic Alliance's victory in the 2019 Lok Sabha polls, was appointed India's first full-time woman Finance Minister. These alone gave her lots of media coverage but were not the only reasons why she has remained in the news. As the Indian economy, following in the footsteps of the world, slowed down, all eyes were on her first Budget, which received a mixed response from experts and analysts.

But a number of bold steps, such as massive cuts in corporate tax rates to 25.17 per cent for existing companies and 17.01 per cent for new ones – making Indian tax rates competitive vis-à-vis its South East Asian peers – and a considerable easing of FDI norms and other business rules have kept her in the news round the year. As India's GDP continues to dip, Sitharaman's work is certainly cut out in 2020.

Nirmala Sitharaman



ANALYSIS

Priti Patel made history earlier this year when she became the first woman from an ethnic minority in Britain to be appointed Home Secretary. First elected to the British Parliament in 2010, she has risen dramatically through the Conservative ranks, being appointed Minister of State for Employment by David Cameron in 2015 and then International Development Secretary by Theresa May before her promotion to her current position. She was a member of the British Parliament's Foreign Affairs Committee that recently released a damning report that warned that the UK was falling behind in the race to engage with India. Patel will be pivotal in shaping the UK's post-Brexit relationship with India.

Priti Patel



Ravi Shankar Prasad



India's Minister for Law & Justice, Communications and Electronics & Information Technology has been in the news because of his single-minded determination to ensure that Indians remain owners of the data they generate. He recently piloted the Personal Data Protection Bill through the Indian Cabinet, much to the chagrin of large US technology companies such as Amazon, Facebook, Google, Mastercard and others that have lobbied hard against Indian data localisation rules on the grounds that the requirement of storing data locally would increase costs, sometimes prohibitively, hurt both local and foreign companies and "negatively impact the flow of foreign investments".

These companies aren't likely to simply accept the new rules, when they become law, and fade away. So, this issue alone will keep Prasad in the news well into the foreseeable future.

This soft-spoken alumnus of IIT-Kharagpur made a splash when Google Co-Founders Larry Page and Sergei Brin relinquished control of the company they had co-founded more than two decades ago and handed over the reins of parent company Alphabet to him. This was a crowning moment for Pichai, but it wasn't entirely free of controversy. The job came with the grant of \$240 million in stocks that are tied to performance and will vest over the next three years. This immediately reopened the debate in the US about excessive C-suite pay scales.

Sundar Pichai





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2019 – A snapshot

A brief round-up of events that created quite a buzz across the globe in the past year.

Trouble in Pulwama

On 14 February, forty Central Reserve Police Force (CRPF) personnel were killed in a terrorist attack as an explosives-laden vehicle rammed into their bus in the district of Pulwama in Kashmir. The attacks were identified as originating from Pakistan. On 26 February, the Indian Air Force retaliated by bombing a terrorist training camp in Pakistan. The resulting tensions brought both countries to war before tensions de-escalated.



President Trump terminates India's preferential trade status under the GSP programme

On 4 March, Trump announced that the US would terminate India's designations as a beneficiary developing country under the GSP programme, after determining that India had not assured the US that it will provide "equitable and reasonable access" to its markets.

Narendra Modi's landslide win in Indian general elections.

The world's largest democracy saw as many as 900 million citizens casting their votes that resulted in the Bharatiya Janata Party (BJP) gaining a landslide victory, gaining 303 out of 543 seats and winning Narendra Modi his second term as Prime Minister.





India's space odyssey continues with Mission Shakti

Mission Shakti propelled India into an elite club of four countries, including China, Russia and the US, to successfully deploy the A-SAT technology by destroying one of its own satellites in space.

Theresa May formally resigns as Prime Minister of the UK

Brexit claimed its second Prime Minister in June 2019, as Theresa May stepped down after nearly three years of serving as the UK Prime Minister over failed Brexit negotiations.



Commonwealth at 70

The commonwealth celebrated 70 years since its inception in 1949. But with several other multilateral initiatives now in play, can the Commonwealth justify its purpose and its importance?

India's lunar mission: Chandrayaan-2

Despite losing contact with its moon lander, India's second lunar mission, Chandrayaan-2, was still seen as a success in many ways. The mission was the most complex mission ever attempted by India's space agency and is perceived to have paved the way for future Indian missions to land on Mars, thus opening up the possibility of India sending astronauts into space.

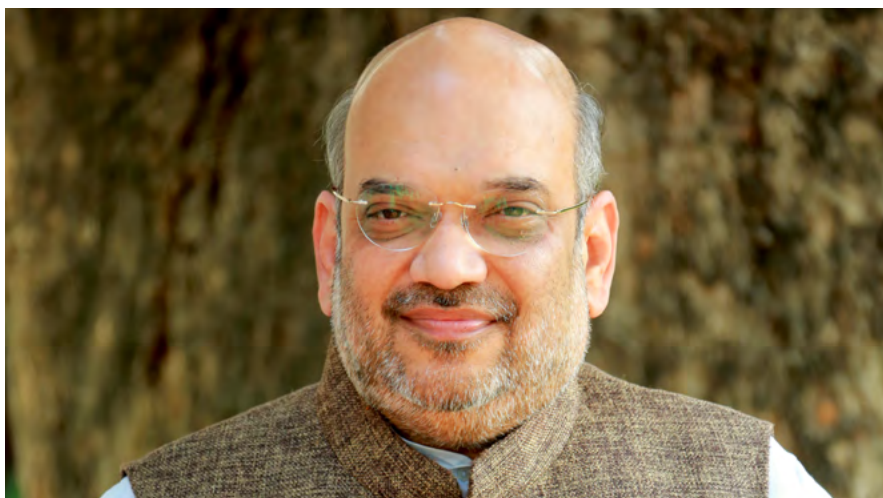


China announces \$75 billion in tariffs on US goods

The Customs Tariff Commission of China's State Council announced \$75 billion in tariffs on US goods. 5 and 10 per cent tariffs were to be imposed on 5,078 US goods from September 1 (list 1) and 15 December 2019. President Trump reacted by ordering American companies to immediately start looking for an alternative to China, creating a business opportunity for many countries in South Asia, including India.

Article 370

In an unprecedented move, India revoked article 370 of the Indian constitution which granted Jammu and Kashmir a special status, in a bid to extend the full benefit of India's constitutional rights and address the unrest in both regions. The move provoked criticism and bias from international press but received support from international leaders who viewed it as 'India's internal matter.'





A change in tact: Modi and Xi meet in Mamallapuram

India and China, though not inimical to each other, have often had conflicting views on most issues. However, in a powerful display of developing diplomacy, leaders of both countries found a way of discussing bilateral issues in a much-publicised meeting in an 'informal summit' at the historical Mamallapuram in Tamil Nadu, India.

The UK restores the two-year post-study work visa for international students

In a much-anticipated move, the Boris Johnson government reversed a key plank of then Home Secretary Theresa May's restrictive immigration policies in September. The reversal allows international students, including those from India, to work on a two-year work visa after graduating from a British university. The move was hailed with much praise all around and has been pivotal in boosting the number of international students coming to the UK.



Howdy Modi: PM Modi visits Houston

Prime minister Modi's address to 50,000 largely Indian Americans in Texas was a first-of-its-kind and largest mass rally for a foreign leader in the southern American state. The event was seen as a symbolic strengthening of US-India ties as PM Modi walked hand-in-hand with President Donald Trump, greeting the crowds, and addressed the UN General Assembly a few days later in New York.

PM Modi receives Global Goalkeeper award for Swachh Bharat Abhiyan

Prime Minister Narendra Modi received the 'Global Goalkeeper' Award by Bill and Melinda Gates Foundation for the Swachh Bharat Abhiyan. The Swachh Bharat Abhiyan initiative is just one instance where PM Modi has reinvented Mahatma Gandhi – India's most iconic global brand – as a modern icon whose personal example symbolises many solutions the world urgently needs for the problems it is facing, including sanitation.

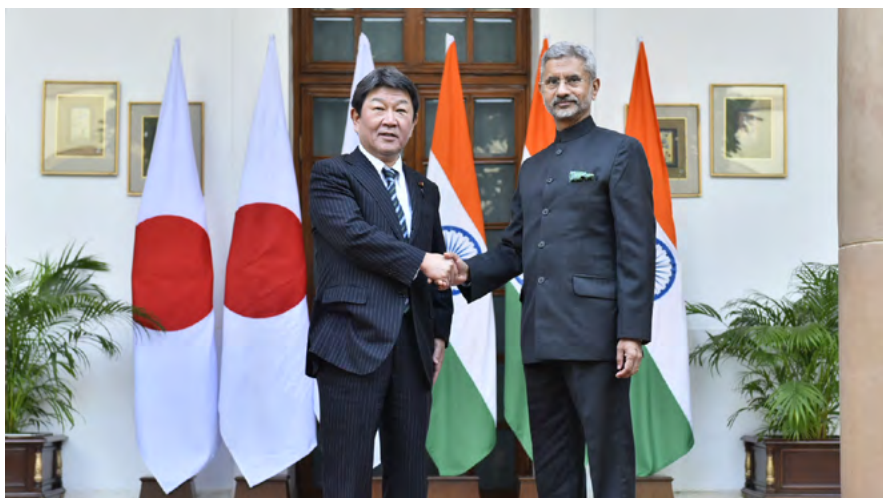


India axes its corporate tax

In a bold move to encourage FDI investment into India, Indian Finance Minister Nirmala Sitharaman cut India's corporate tax rate from 34 per cent to over 25 per cent. She also announced a new tax rate of 17 per cent for manufacturing companies setting up after 1 October 2019.

The first India-Japan 2+2 dialogue takes place

In an indication of the increasingly close ties between the two nations, India and Japan concluded their first ever 2+2 dialogue in late November 2019. The only other country India has held a 2+2 ministerial dialogue, which is seen as an upgrade from any meeting at a secretarial level, is the US, which makes the significance of the India-Japan dialogue even greater, with hopes that both countries will fulfil the potential of their bilateral relationship.





Johnson returns to power after a strong victory in General Elections

Boris Johnson's astute decision to call a snap election and leverage the power of the 1.5-million-strong Indian diaspora by stressing on building stronger relations with India paid off. On 13 December, Johnson and the Conservative party were voted back into 10 Downing street in a historic win in the December general election.

India approves the Personal Data Protection Bill

The Indian government recently approved The Personal Data Protection (PDP) Bill that will govern the storage, use, processing, analysis and monetising of all data generated by Indians within the territory of India. The Bill is a momentous step forward to prevent data colonisation in line with the broad global consensus on the issue. The Bill is expected to be passed and signed into law by the President of India very soon.



President Trump is impeached

On 18 December, US President Donald Trump was impeached and now faces the next stage of a process that could, with enough support in Congress, see him removed from office. President Trump was impeached by the House on charges of abuse of power and obstruction of Congress. However, given that the Senate is currently controlled by the Republican Party, the conviction is unlikely to take place.

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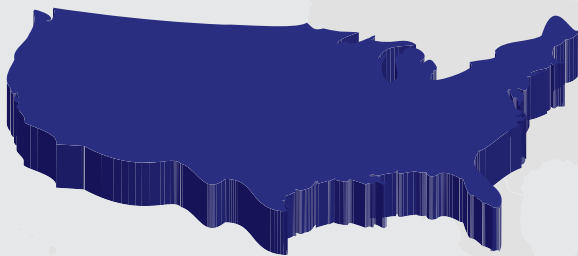
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India and the world in 2019

by Arnab Mitra

From handling often unjustified US demands on trade to tackling its delicate ties with China, from forging even closer ties with all-weather partners Japan and France to putting its relationship with the EU on track to maintaining its interests around the world, India had a busy year on the world stage. 'India Global Business' takes a look at some of India's key bilateral relationships.

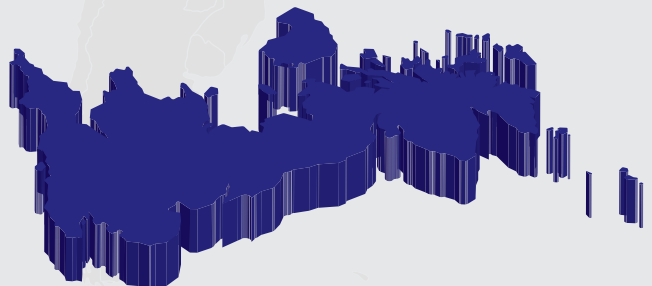
United States of America



New Delhi and Washington came closer than ever before in the diplomatic and strategic sphere. In several meetings at various high levels, including between Indian Prime Minister Narendra Modi and President Donald Trump, the two sides reiterated their commitment to a peaceful Indo-Pacific, which, as everyone knows by now, is diplomatic code the joint efforts to check the rise of a belligerent China in the region. US arms sales to India continued, with the induction of the Apache helicopters and M777 howitzers into the Indian Air Force and Indian Army, respectively. But Trump's grandstanding on trade and his withdrawal of Generalised System of Preferences (GSP) benefits to \$5.7 billion of imports from India soured the trade relationship. Resolving this should be on the top of the bilateral to-do list for both nations in 2020.

For historical as well as commercial and strategic reasons, the UK remains one of India's most enduring global partners. And many will say that BoJo's re-election as Britain's Prime Minister will ensure that it stays that way. In particular, his decision to do away with Theresa May-era restrictions on post-study work visas for overseas students is expected to benefit Indian students and restore the UK's status as one of the two main foreign study destinations (along with the US) for Indians. This will help calm nerves in New Delhi and help smoothen feathers ruffled by the May government's unsympathetic handling of India's core concerns. Analysts will be keenly watching if the much talked about limited trade pact between the UK and India is finalised in the coming year. They will also keep a close watch on the 1.5 million-strong Indian diaspora, whose contribution to Britain's economy, social and cultural life and now politics is way beyond their strength in numbers. Traditional Labour supporters, their swing away from Jeremy Corbyn's Labour is believed to have contributed partially to that party's defeat in the just-concluded elections. The role of this community in British public life and its continuing contribution to bringing the UK and India closer will be keenly followed.

United Kingdom



China



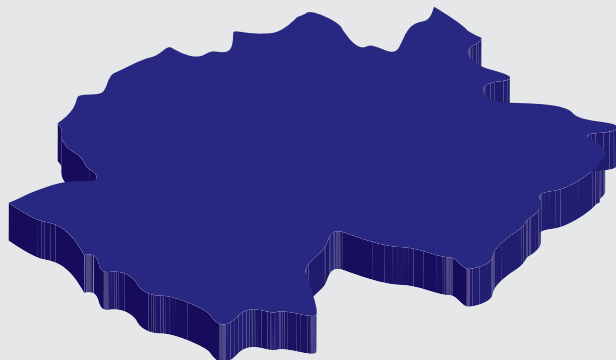
China remains, arguably, India's most troubled relationship – not a friend or ally but not really an enemy, either. Apart from the strategic and military relationship, which remains skewed in Beijing's favour, there is the trade relationship, where China runs a massive trade surplus with India, which was at \$53 billion in 2018-19. At his October summit in Mamallapuram in the southern state of Tamil Nadu with Chinese President Xi Jinping, Modi pushed for greater access for Indian goods as well as a lowering of non-tariff barriers. India has been pushing for greater access for its generic pharmaceuticals and information technology companies, among others, to the Chinese market, but Beijing has stonewalled these. The next stage of the relationship could be set by China's response to India's demands and New Delhi's willingness to otherwise allow Chinese telecom equipment supplier Huawei to sell its 5G equipment and technology to telecom companies in India.

Indian Prime Minister Modi met his Japanese counterpart Shinzo Abe several times – including at the G-20 summit in Japan and thereafter on the sidelines of a multilateral meeting in Russia – but the bilateral meeting in the north eastern Indian city of Guwahati had to be postponed. This has not in any way hurt India's ties with arguably its closest ally in Asia with which it shares not only its democratic values but also a common vision for the development of the region. The two countries will look to build on the warm ties in the new year.

Japan

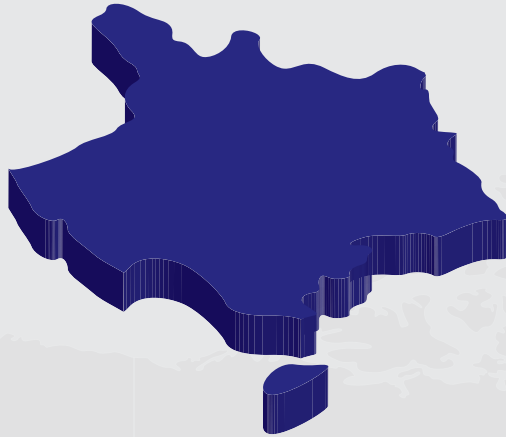


Germany



Germany is likely to become India's most important partner in the European Union (EU) once Brexit becomes a reality. The bilateral relationship is based on robust trade and commercial ties, with more than 1,700 Germany companies that have invested more than \$12 billion since 2000. In recent times, though, the two countries have focused on sustainable development and climate change – Indian Prime Minister Narendra Modi's International Solar Alliance (ISA) initiative dovetails well with Germany's technological superiority in this and allied sectors. This was emphasised by the two sides when German Chancellor Angela Merkel visited India in October-November this year for the biennial 5th Indo-German Inter Governmental Consultations (IGC) with Indian Prime Minister Narendra Modi.

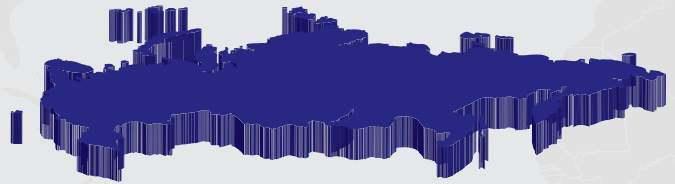
France



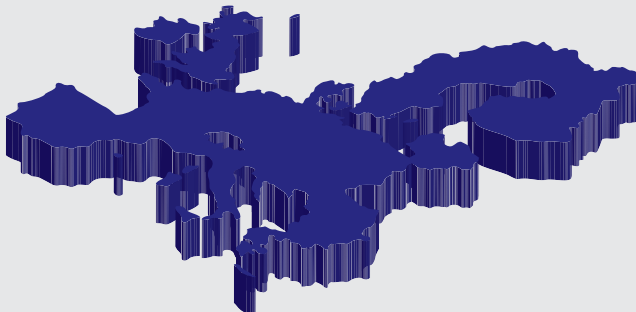
If Germany emerges as India's closest trade partner in the EU following Brexit, France will almost certainly be New Delhi's strategic and defence partner of choice within the bloc. France has traditionally been India's all-weather friend within the EU and the strategic-defence relationship received a boost when French armament company Dassault delivered the first of 36 Rafale fighter jets to the Indian Air Force. Indian Prime Minister Narendra Modi's visit to France in August and French President Emmanuel Macron's return visit three months later and the announcement of a three-pronged security partnership in the southern Indian Ocean deepened the security ties between the two countries.

The year was marked by the landmark agreement between India and Russia on the joint production of AK 203 assault rifles for the Indian army, navy and air force as well as some para-military forces at Amethi in the northern Indian state of Uttar Pradesh. But a bigger achievement was the payment of the first instalment for the Russian S400 Triumf missile shield that India is purchasing from Russia for \$5.43 billion in face of possible US sanctions under Countering American Adversaries Through Sanctions Act. Though it is negotiating with the Trump administration for a waiver of sanctions, India has indicated it will go ahead with the purchase regardless of the US view on the matter. The two countries are also likely to sign multi-billion-dollar agreements for the joint production of military helicopters, warships and other platforms despite the threat of US sanctions – a sign that India's longstanding strategic ties with Russia remain robust even as it comes closer to the US.

Russia



European Union



The European Union (EU) is India's largest trading partner, but the EU, as a bloc, doesn't command the same importance in New Delhi as some of its key members, such as the UK, France and Germany, do. That could also be why the India-EU Free Trade Agreement (FTA), in the works since 2007, is still in limbo. Why, for example, should New Delhi grant easier market access for several EU products such as second-hand cars, agricultural items and services, accept a stronger intellectual property regime and environmental, human rights and social clauses that it considers completely extraneous to trade when Brussels refuses to consider its demand for easier entry norms for its professionals? With neither side willing to budge, it will need someone with the political heft like German Chancellor Angela Merkel to make this mountain move.

Africa



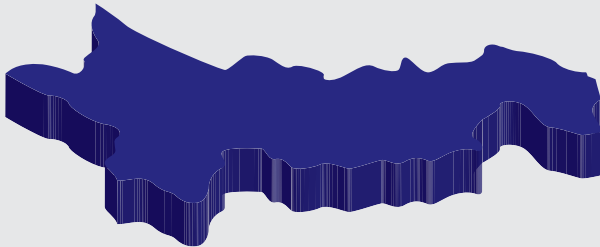
The Indian government continued its outreach to Africa and its 54 countries – both as a trade and business partner as well as a strategic ally – in 2019 as it had done in Indian Prime Minister Narendra Modi's first term in office. In a diplomatic coup of sorts, India gave the Government of Niger a grant of \$50 million, which the Sub-Saharan West African nation used to fund the African Union Summit it hosted earlier in July. Indian companies such as the Tata Group, the Mahindra's, L&T, Bharti Airtel and others continued to spread in Africa and Indian pharmaceutical companies such as Cipla, Dr Reddy's Labs and Ranbaxy, among others, continued to win hearts by supplying generic versions of several life-saving drugs at a fraction of the price charged by the original Western patent owners.

ASEAN

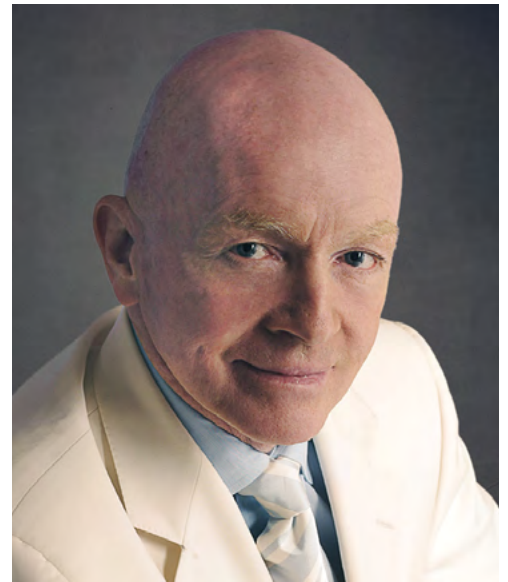


India withdrew from Regional Comprehensive Economic Partnership (RCEP), a multilateral trade deal backed by the ASEAN but continued to its close strategic and trade ties with the 10-nation bloc. During the year, Malaysia, with which India shares a somewhat ambiguous relationship on account of its support for the Pakistani position on Kashmir, shortlisted Tejas, the Indian light combat aircraft, among five others for its air force. Ties with the bloc remain warm and India will look to build on these in the years ahead.

Pakistan

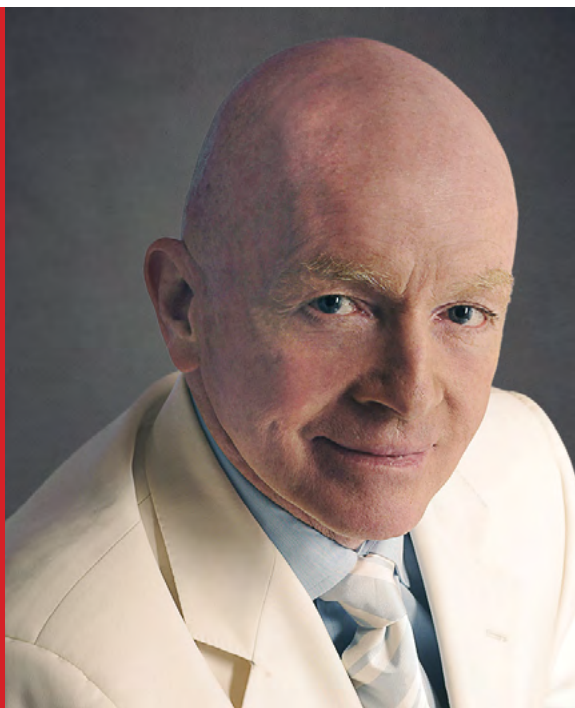


2019 will be remembered as the year in which the Narendra Modi government redrew the red lines. Defying Pakistan's so-called N-umbrella, Indian fighter jets entered deep inside Pakistan and bombed a terrorist training camp on February 26. This was in retaliation against a Pakistan-backed terrorist group attacking an Indian para-military convoy in Jammu & Kashmir that killed 44 Indian soldiers 12 days earlier. Though formal talks are still not on the table, the two sides inaugurated a corridor to enable Indian Sikh pilgrims to visit the birthplace of the founder of Sikhism in Pakistan without visas.



India's reform agenda is on track

Mark Mobius, an emerging markets fund manager and Founder of Mobius Capital Partners, shares his thoughts on the recent economic reforms in India, opportunities for investment in India's private sector, and his Invest for Good mantra.



Does this era of trade wars worry you from an investment perspective?

No, it does not as for every problem there will be an opportunity. For example, while some Chinese manufacturers are losing business as a result of restrictions on exports to the US, manufacturers in India and other countries will gain an export advantage.

Is India's reform agenda on the right track to weather the storm and maybe even reap some benefit?

Yes, India's reform agenda is on track as evidenced by the dramatic reduction on taxes that was recently introduced. It is clear that the Modi government is taking actions designed to boost the economy through reform to encourage private investment which is the best driver for economic growth.

What most excites you about the Indian market; conversely, are there particular areas of concern?

What most excites me about the Indian market is its tremendous size and the opportunity to grow

from a relatively low base. The only worry would revolve around the government and its ability to accelerate reforms and reduce bureaucracy barriers to change. The key is to give the private sector room to grow.

How do you see India's corporate rate tax cut playing out in the context of investor sentiment?

The sentiment is very good as a result of the tax cut. Here, I am referring not only to foreign investor sentiment but domestic investor sentiment which is actually more important. The degree to which the government can encourage investment, such as taking measures like tax cuts and reductions in bureaucratic barriers to growth, will determine the degree of positive investor sentiment.

What are some of the aspects of trends such as blockchain and cryptocurrency we should all be wary of?

Blockchain is really an enhancement of ideas already in place, when we examine the international system of money transfers where there is a sharing of data under

secure conditions. There is, of course, a danger of blockchains being interfered with and invaded. Thus, such systems will need to be carefully monitored and restricted to tight-knit groups with mutual guarantee systems. Cryptocurrencies continue to grow based on the faith that users have the ability to use such currencies as a means for payment. It is really a matter of faith just as any currency depends on the users' faith in their ability to use it to purchase and sell goods and services. The interest in such currencies stems from the desire of people to make transactions with speed and confidentiality. Thus, often such currencies are used for illicit purposes despite the fact that many legal and proper transactions are being made in order to enhance confidentiality.

How would you distill your 'Invest for Good' message for the world?

Invest for Good means that whenever you invest, it should be done with the long-term goals of obtaining a good return for shareholders by improving governance so that environmental and social good can be enhanced.

India is harnessing the power of tech to transform lives

In this exclusive interview with 'India Global Business', Ravi Shankar Prasad, India's Minister for Communications, Electronics & Information Technology and Law & Justice, discusses a wide array of topics, ranging from strides in the country's electronics industry to the Digital India movement, as well as creating a vibrant ecosystem for start-ups and emerging technologies.



TODAY, INDIA IS KNOWN IN THE WORLD AS A COUNTRY WITH 1.16 BILLION PHONE USERS, 1.24 BILLION PEOPLE WITH A BIOMETRIC-BASED DIGITAL IDENTITY, AADHAAR, OVER 600 MILLION INTERNET USERS WHO ARE USING THE INTERNET AT THE LOWEST TARIFFS IN THE WORLD AND THE SECOND LARGEST START-UP ECOSYSTEM IN THE WORLD.

Congratulations on being recognised as one of the most influential leaders of the world in the field of digital governance. How do you see this recognition?

Thank you very much. I see this recognition as a global acknowledgement of the success of Digital India, which is a visionary initiative of Prime Minister Narendra Modi to transform India by using the power of digital technology. In the last five years, India has witnessed transformation in every aspect of life where digital technologies have led to inclusive growth and empowerment of citizens. Today, India is known in the world as a country with 1.16 billion phone users, 1.24 billion people with a biometric-based digital identity, Aadhaar, over 600 million internet users who are using the Internet at the lowest tariffs in the world and the second largest start-up ecosystem in the world. These and several other achievements of Digital India are now being acknowledged globally. I feel the acknowledgement by the apolitical is actually a recognition for the visionary leadership of our Prime Minister and tech savvy citizens of India.

India has made significant strides in electronics manufacturing in the last five years. What is your message to global investors in the electronics industry?

Indeed, in the last five years, India has achieved tremendous growth in electronics manufacturing. In 2014, the value of electronics produced in India was \$29 billion which increased to \$70 billion in 2018. There were only two mobile phone manufacturing units in India in 2014. Today, there are 268 mobile phone, components and accessories units

in India. India has now become the second largest mobile phone producer in the world. It feels great when I read behind an iPhone, "Designed by Apple in California. Assembled in India."

India offers a huge domestic market as well as a very competitive export product manufacturing base for the electronics industry. The talent pool of professionals, strong software industry, low cost of labour, friendly government policies and now a corporate tax rate as low as 15 per cent makes India a great destination for global electronics manufacturers. I would urge the global electronics industry to invest in India and I assure them of full support from the government.

What is your take on critics who claim mobile phones that are being produced in India are merely assembled and have low domestic value addition?

When we started encouraging mobile phone manufacturing in 2014, there were only two manufacturing units in India. The electronics industry needs a fully developed ecosystem of various component manufacturers, service providers, design solution providers etc. We started by inviting major mobile phone manufacturers to set up their units in India and allowing them to import components. But at the same time, we developed a Phased Manufacturing Plan with the industry where we incentivised gradual domestic value addition. This has gradually allowed the component manufacturers and other service providers to start their work from India. You will notice that each year the domestic value addition has been increasing and we are working to enhance it further. This approach has created nearly 500,000 new jobs in the electronics manufacturing sector

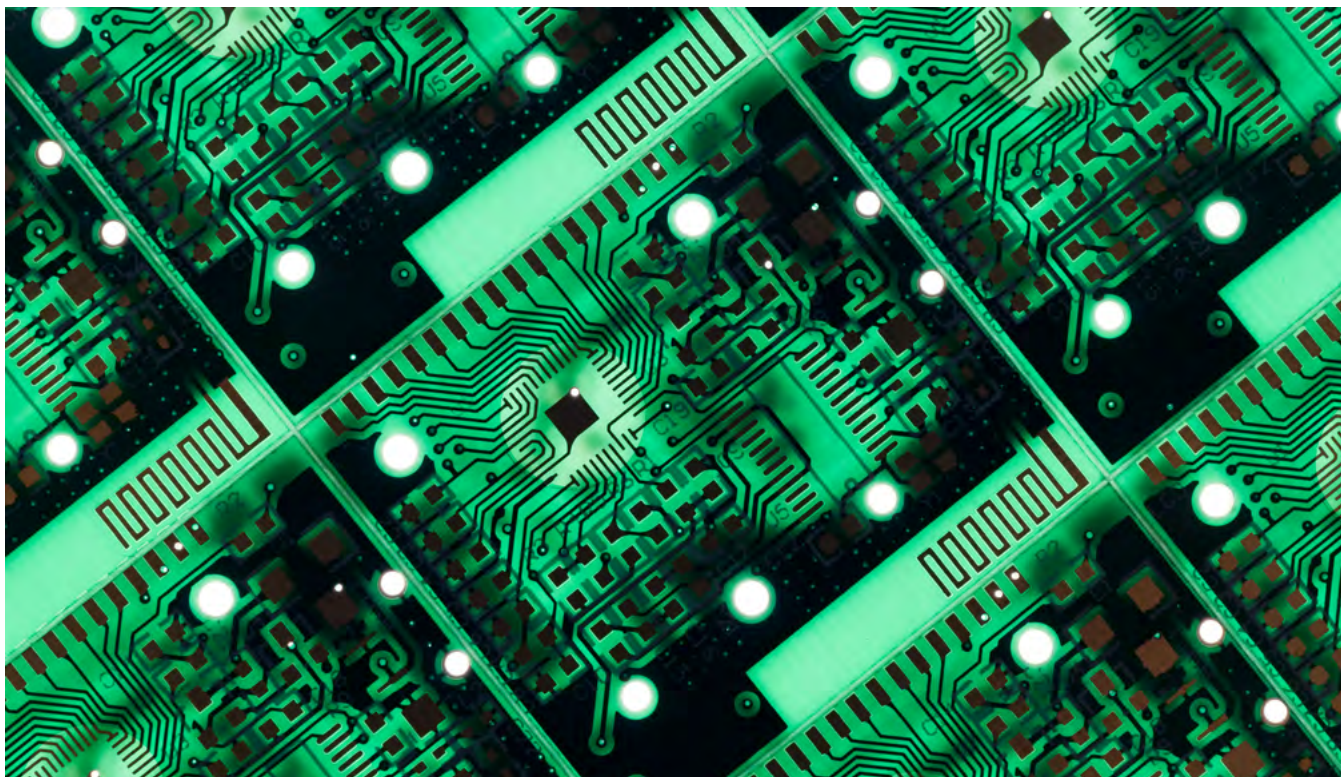
which is only increasing day by day.

Despite great success in electronics manufacturing in recent times, exports of electronics are still less than \$10 billion. Is there a roadmap to change this?

Yes. Our efforts are geared towards encouraging exports of electronics from India in a big way. When we say Make In India, it means manufacturing for Indian markets as well as for the export markets. Export promotion is an essential component of Make in India and our policies are geared towards that. More efforts are being made to develop India's electronics manufacturing export oriented. Certainly, we will see a fast rise in electronics exports from India in the near future.

There is a feeling that the Government of India is focussing mostly on the mobile phone basket and not enough on other consumer electronics goods. Your comment on this.

This is not a correct perception. It is true that recent achievements in electronics manufacturing are dominated by mobile phones but there are other verticals which have grown as well. Out of the total electronics produced from India, mobile phones consist of 37 per cent, industrial electronics consist of 18 per cent, consumer electronics consist of 17 per cent, electronics components consist of 15 per cent. There is immense potential to diversify it further. We are encouraging investors to invest in automobile electronics to cater to India's huge auto industry. Medical electronics is another big opportunity that awaits manufacturers. The Modi government has encouraged defence manufacturing in a big way



and defence electronics holds great potential from that standpoint. India's space programme is one of the best in the world which can offer exciting opportunities for space electronics. Therefore, it is our conscious effort to diversify electronics manufacturing in a big way.

India has cut corporate taxes but bottlenecks remain. How long will it take for India to become competitive vis-à-vis economies like China?

The Modi government has taken a very bold decision by reducing the corporate tax rates to 15 per cent from 30 per cent. This, coupled with measures to improve the ease of doing business in India, has really encouraged the investors' sentiments in India. That is why India received \$65 billion as foreign direct investments in FY 2018-19, which is the highest ever in a financial year. Even in the first quarter of FY 2019-20, the FDI received in India is 28 per cent higher than the same quarter of the previous year. We are working towards removing all other disabilities to make India a competitive and favourable

destination for global investors. India's ranking in the World Bank's Ease of Doing Business Index improved from 142nd in 2014 to 63rd in 2019. There are improvements in every aspect of doing business including land and labour laws. Whatever more needs to be done will be done by our government.

I WOULD URGE THE GLOBAL ELECTRONICS INDUSTRY TO INVEST IN INDIA AND I ASSURE THEM OF FULL SUPPORT FROM THE GOVERNMENT.

We have start-ups like Flipkart, Oyo and PayTM that have replicated the success of companies in the West. When will we see an Indian Google, Facebook, Twitter or Tesla emerge?

It is our collective desire as well as effort to see that an Indian Google, Facebook, Twitter or Tesla emerges. In the last five years, Prime Minister Modi has given a lot of emphasis on

innovation and entrepreneurship in India and that is why, in a short span of five years, India has become the second largest start-up ecosystem in the world. There are 24,000 registered start-ups in India. Nearly 8,000 of them are deep tech start-ups. 24 of these start-ups have become unicorns. Our government brought out a dedicated Start-up Policy with several incentives for start-ups. In 2019, we also brought out the National Policy on Software Products to develop the software product potential of India. According to a recent trend, India is fast becoming a preferred destination for tech start-ups for research and development works, which clearly implies that India is an attractive destination not merely because of low cost of labour but also because of a highly qualified talent pool. Hopefully, with these sincere efforts from the government and the rising entrepreneurial appetite of innovators in India, we will get to see a world-class internet giant from India.

You mentioned that Digital India is bringing about inclusion and empowerment. What steps have been taken to achieve this goal?



Could you share some of the achievements in the digital payment sector?

India is one of the fastest growing digital payment ecosystems now. In November 2016, a total of 918 million digital payment transactions worth \$1.57 trillion were recorded, which increased to 3.32 billion transactions worth \$4.8 trillion in July 2019. The Unified Payment Interface (UPI) platform, which is a unique Indian innovation, has allowed the proliferation of easy and simple mobile-based digital payments. Aadhaar Enabled Payment System (AEPS) is another Indian fintech innovation that uses the Aadhaar biometric of a user to authenticate digital payment transactions from their Aadhaar linked bank account, enabling even an illiterate person to make digital payments. RuPay debit and credit cards have been given to most of the Jan Dhan bank accounts opened for underprivileged people. All this has created a very vibrant digital payment ecosystem in India, which is growing very fast and is leading to the creation of a clean, transparent and robust economy.

What is your big vision for a digital future?

It is Prime Minister Modi's vision to transform the lives of ordinary citizens by using the power of technology. Earlier, digital technologies were confined only to the educated and urban sections of society. Digital India has taken the benefits of technology to the poorer sections and improved their lives by ensuring access to entitlements and information in an easy, affordable and efficient manner. We created a tech-based platform of Direct Benefit Transfers to send financial entitlements of the low-income group directly into their bank accounts. This led to savings of \$19.8 billion – an amount that was earlier going into the hands of fake beneficiaries or middlemen. Access to the banking system was a distant dream for this demographic until 2014. In the last five years, India opened more than 370 million bank accounts for

low-income individuals using their digital identity Aadhaar and created a global example in financial inclusion. Building on this, India has created homegrown fintech products which these people can use to carry out their banking transactions using biometric-based micro ATMs in their villages, without needing to visit a bank branch. More than 350,000 Common Service Centres – digital service delivery kiosks – that are offering banking, eGovernance, skilling, digital literacy, utility bill payment services to common citizens have been set up in small towns and rural areas. India has also undertaken the world's largest digital literacy program to make 60 million rural adults digitally literate. Several such measures have undertaken by our government has indeed made inclusion and empowerment using technology a reality.

India missed out on the industrial revolution because of colonial occupation. India also missed out on private sector led growth in the second half of the 20th century due to the license-permit-quota regime. India will not miss the digital revolution but rather it will be a leader in this. The Indian government has already set up many centres of excellence in emerging technologies like Artificial Intelligence etc. We are working closely with industry, academia and innovators to develop a vibrant ecosystem in emerging technologies. The Government has also prepared a roadmap to develop India as a \$1-trillion digital economy by 2024 as part of the larger effort to make India a \$5-trillion economy. India's digital future is very bright, optimistic and full of opportunities.



Smart cities in India have attracted the world's leading tech providers

Hardeep Singh Puri is a dynamic force in the Indian Cabinet, in charge of the Ministry for Housing and Urban Affairs and Civil Aviation, as well as a Minister of State in the Minister of Commerce and Industry. In this interview during a recent UK visit, he covers a wide spectrum of issues under his various portfolios as he traces India's slow but sure journey to becoming a \$5-trillion economy by 2024.

How are the government's flagship programmes moving India towards the \$5-trillion economy by 2024 goal?

All the flagship programmes are doing extremely well. In the four years since the Modi government's flagship programmes started, from June 2015 to 2019, the amount of expenditure incurred on urban schemes is nearly six times when compared to the Congress-led UPA government's 10 years between 2004 and 2014.

The Amrut Mission, which covers 500 cities for stormwater drainage and basic amenities, Smart Cities – all are doing extremely well.

Currently, India's GDP is \$2.89 trillion and we are slowly but surely on a journey to become a \$5-trillion

economy by 2024 and \$10-trillion economy by 2030.

What is the role of foreign investments on the road to this goal?

We are and always have been open to Foreign Direct Investment. But in these programmes, particularly the Smart Cities programme, since there was not much experience, many of the technology providers are in effect foreign companies. So, 42 of the leading companies from 14 different countries are participating in that.

There is FDI taking place in a large number of areas. For instance, the Delhi Metro was set up with a loan from Japan's JICA [Japan International Cooperation Agency]. And, because we are able to repay

the loans, that's how we get more money.

There is very strong foreign component both in terms of FDI and such finance in many of these schemes.

What is your message for global players vis-a-vis the aviation sector; are privatisation plans on track?

Civil aviation is a critical growth area for India. I expect in the years to come a lot of foreign players will be showing interest. In the Budget speech, the finance minister [Nirmala Sitharaman], talked about 100 per cent FDI in the setting up of MROs [Maintenance, Repair and Operations] in several other civil aviation sectors. The privatisation process of Air India,

CIVIL AVIATION IS A CRITICAL GROWTH AREA FOR INDIA. I EXPECT IN THE YEARS TO COME A LOT OF FOREIGN PLAYERS WILL BE SHOWING INTEREST.



the flag-carrier, is now full swing, and should be completed in the coming months. Today, we are the third-largest domestic civil aviation, but we will be the third-largest overall and the rate at which we are proceeding, our share of global traffic can only increase.

In the coming decade, civil aviation will be a critical driver of economic growth in India. We have just 7 per cent penetration in the civil aviation sector and we register double digit rates of growth.

How are the infrastructure needs in the civil aviation sector being addressed?

When Jet Airways ceased operation in April this year, we had 590 registered civil aviation aircrafts in India. Today, we have many more – the figure is already close to 650, if not higher. And we have 100 airports today with 35 dealing with international traffic,

which will increase to 200 with 70 of them dealing with international traffic.

Currently, the Delhi Airport carries 70 million passengers a year. With the commencement of the fourth runway and its current expansion plans, we are looking at something like 100 million passengers a year in the existing airport. And another airport in Jewar [Uttar Pradesh] for which bids have been invited and the award will take place within a month or so. Therefore, we are looking at a combined civil aviation traffic which will be larger than the 140 million at Heathrow and the other London airports.

What are some highlights in the urban affairs sector?

The Swachh Bharat Mission is a roaring success. The sanitation cover in India prior to the mission was about 30 per cent or so. Today, all of rural India is ODF [open defecation

free] with the exception of one state [West Bengal], which I am hoping will complete its processes and also become ODF by the end of December. We have travelled a very long way in order to be able to achieve that objective.

But we are not going to stop there. We are adding to ODF, fecal sludge management, completely ridding India of single-use plastics and so on.

The physical target of building toilets is not the difficult part. The really difficult part always is that such schemes, in order to be successful, have to be anchored in behavioural change, and that's the good news. The Swachh Bharat mission has succeeded because of a Jan Andolan or people's movement, which has succeeded in transforming a project of the government into a project of the people.



Advances in technology provide an effective tool for improving pharma access

Kiran Mazumdar-Shaw, Chairperson and Managing Director of Biocon, elaborates on the company's revolutionary breakthroughs in the recent years and pinpoints what needs to be done to give impetus to the pharma industry in India.

Has technology created a level playing field in the pharmaceutical area and helped improve pharma access?

Advances in technology provide a very effective tool for improving pharma access and thus reducing healthcare disparities across the globe. Currently, technology is not being effectively leveraged to create a level playing field in terms of pharma access. For example, insulin, despite its universal availability for the last 97 years, it is yet to be widely accessible.

Biocon is driven by the belief that the pharmaceuticals industry has a humanitarian responsibility to enable access to essential drugs for patients. In keeping with this, we have, over the last 15 years, delivered 2 billion doses of insulin to patients in the developing world on an embedded affordability platform.

Recently, we announced our commitment to enabling universal access to high-quality insulin by offering recombinant human Insulin (rh-Insulin) at less than 10 US cents/day for procurement by governments in low and middle-income countries (LMICs).

While we do our part, all stakeholders – the government, corporates and non-profits – need to come together and leverage technology effectively to expand access to essential medicine like insulin in all regions of the world.

What would you categorise as the biggest biotech success story in recent times?

One of the biggest biotech success stories in recent times is the application of Chimeric Antigen Receptor T-cell (CAR-T) immunotherapy in cancer treatment, which is significantly extending

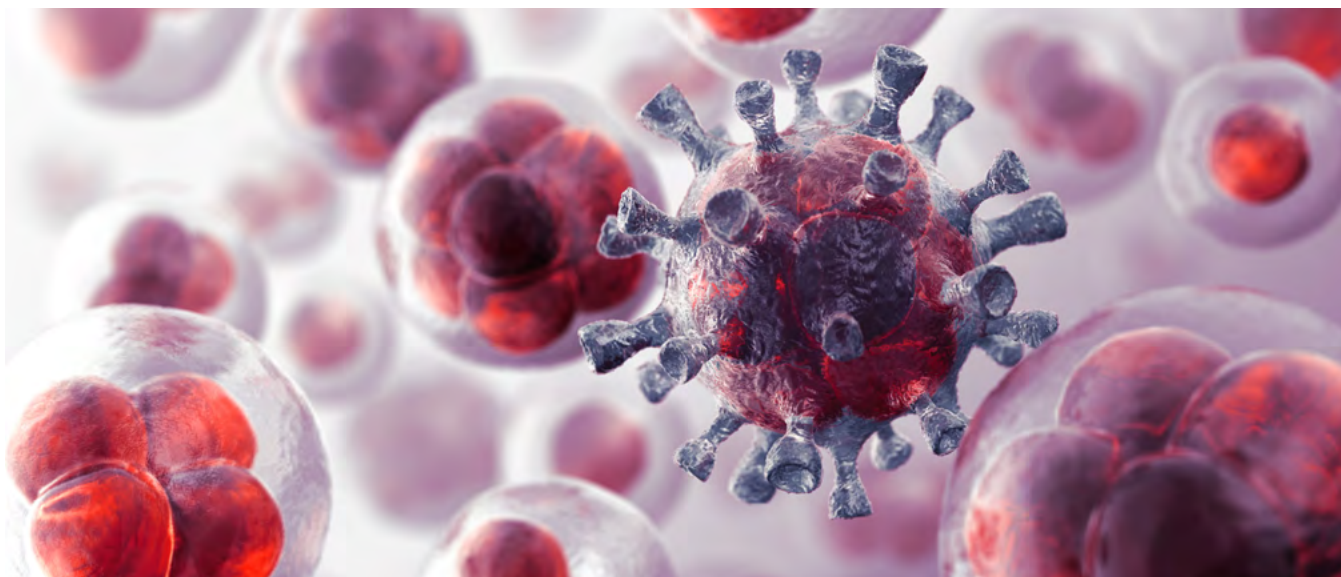
survival for cancer patients without the negative side effects of traditional chemotherapy.

It is currently expensive and only a handful of patients in the West can afford it. Therefore, I have spearheaded the creation of a new company called Immuneel, formed on philanthropic capital and with an initial platform of about \$25 million, to bring this treatment to India.

Is there a development that particularly excites you in terms of its global impact?

Pollution caused by the indiscriminate use of plastics is one of the greatest environmental challenges facing the world today and needs to be addressed urgently.

Biocon would like to lead the way in replacing disposable plastic pens with reusable pens for insulin products.



Disposable pens are generally more convenient as you do not need to load any cartridges, but they cost more to use and also contribute to a significant amount of medical waste.

When do you believe Biocon will be ready to launch novel biologicals?

Biocon has already launched two novel biologics in India, and we are working to take our innovative therapies to global markets.

We had embarked on an IP-driven strategy of novel drug development in the early 2000s, when the prevailing business ethos of the Indian pharma industry centred on manufacturing generic medicines.

It was a huge scientific risk because we decided to start our novel molecules journey with a complex entity: a monoclonal antibody. The result was Nimotuzumab, which we introduced as India's first novel indigenously produced monoclonal antibody, BIOMAb EGFR®, in 2006, targeted at head and neck cancer. Thousands of patients who previously could not afford treatment now had access to a life-saving biologic therapy at an affordable price point.

Through Itolizumab, our novel anti-CD6 antibody, we were able to offer affordable biologic therapy to psoriasis patients in India when we

launched it as ALZUMAb™ in 2013. We have licensed the molecule to US-based Equillum for development. They are now conducting clinical trials with Itolizumab in the treatment of acute Graft-Versus-Host Disease (aGVHD), severe asthma and lupus nephritis.

BIOCON IS DRIVEN BY THE BELIEF THAT THE PHARMACEUTICALS INDUSTRY HAS A HUMANITARIAN RESPONSIBILITY TO ENABLE ACCESS TO ESSENTIAL DRUGS FOR PATIENTS.

Our quest for a game-changing delivery method for insulin led Biocon to clinically validate Insulin Tregopil, a first-in-class oral insulin molecule. JDRF, a leading US organisation funding Type 1 diabetes research and advocacy worldwide, has come forward to support our plans to study our Tregopil in people with Type 1 diabetes and trials are scheduled to start soon.

What would be your caveats for any new entrepreneur keen on setting up an international venture in India?

India has emerged as the third largest ecosystem for start-ups in the world. We have the potential to deliver innovation at scale, but the biggest challenge is to fund start-ups to scale up. Bengaluru has almost 700 life science start-ups but the lack of venture funding and access to capital markets is preventing these companies from scaling up. There is a growing trend to establish a presence in the US to be able to raise funds from the highly networked and mature US market. Consequently, India loses out on its innovation quotient.

While the government is doing its bit by giving the seed capital for start-ups, for the long-term risk capital, we are yet to see the emergence of an ecosystem in India where venture capitalists (VCs) start investing in innovation-driven enterprises. I believe this will happen gradually when a few success stories start emerging. VCs in India today prefer information technology-led start-ups, which are of much lower risk and more predictable rather than a gestational business-like life tech.

Moreover, India still lacks scale in terms of advanced laboratories, supportive infrastructure for scale-up and commercialisation, and an ecosystem that enables seamless transfer of knowledge into practical, technology-based commercial solutions.

Resilience is the Indian financial service sector's biggest strength

Kalpna Morparia is Chairman - South and Southeast Asia at J.P. Morgan. In this interview, the banking veteran discusses the recent reforms in the Indian banking sector and her message for female CEOs in the making.



Are the banking sector reforms in India on track for a sector turnaround?

The introduction of a Bankruptcy Code to help resolve stressed assets in the banking system and the announcement of a grand merger of public sector banks (PSBs) to explore synergies and efficiencies among PSBs are two big-ticket reforms that are structural in nature. There are, however, some issues that need to be resolved in terms of the pace of resolution under NCLT courts and expediting recoveries. While the government has injected capital into these PSBs, a push to achieve the merger quickly can help them come back and improve credit availability in the market.

What are the major strengths of the Indian financial services sector; and conversely, what are some of the problem areas?

The resilience of the system is the biggest strength. Even as non-performing assets (NPA) have touched double-digit levels and an unprecedented liquidity crisis has hit us, the system has remained stable. Retail credit has continued to be excellent as well. The Reserve Bank of India is also playing a significant role in putting robust systems, processes and controls in place.

Historically, our problem areas have been:

- Non-performing loans (NPL) in infrastructure and power sectors where India has one of the world's worst bad loan ratios.
- The funding situation of non-banking financial companies (NBFC).
- Capitalisation/operational issues with public sector banks.

While the NPL issue is largely behind us, the NBFC situation needs to be resolved. The good thing is that this is now localised to a few companies and, incrementally even there, liquidity availability has improved of late. Also, bond markets in India are very nascent and heavy lifting on infrastructure build-out is largely done via banks. Regulators and the government need to think about measures that can deepen the market.

Is the credit availability scenario keeping pace with India's growth agenda?

India's credit to GDP ratio is one of the lowest in the world. We need system credit to expand at a 15 per cent plus rate. Compare this with credit that's currently growing at single-digit levels (8-9 per cent currently) despite excess liquidity available in the banking system. Also, credit availability is getting squeezed out towards higher rated corporates and higher quality retail. Fixing PSBs and NBFCs can accelerate that and

help achieve the \$5-trillion growth aspiration.

What are some of the recent innovations in Indian financial services that you feel should make international investors sit up and take note?

To me, the key ones will be:

- The lead taken by banks and fintechs in payments business which is one of the world's most cutting edge right now.
- The IBC reform which has structurally balanced the power equation between the borrower and the lender.
- The merger of PSBs to create a large bank that can be globally competitive and will be easier for regulators to oversee and manage.

What are some reflections you would like to share with future women CEOs in the making?

We need more women in both middle-level and senior management. Future women CEOs will, therefore, need to consciously increase the dialogue around the importance of building an inclusive work environment. They will need to push women around them to be ambitious, dream big and follow their passion. How they hire diverse talent, develop their skills, and promote an inclusive environment will all make a tangible difference to the culture of their organisations.

Improving Lives with Technology and Finance

The British Asian Trust believes in using advanced social finance models and technological expertise to achieve long-lasting change for marginalised communities. We have been working in India for over ten years to make improvements in education, anti-trafficking, and livelihoods.



Our highly successful projects within country such as the \$11 million education Development Impact Bond that we launched last year, along with our Child Labour Free Jaipur Initiative are testament to our expertise in the development sector in South Asia.

We create powerful cross sector partnerships and measure investments by outcomes to ensure we deliver results for local communities and investors.

Our partners: UBS Optimus Foundation • Michael & Susan Dell Foundation • Tata Trusts
UK Department for International Development • BT • John Lewis Foundation • Childline India
EdelGive Foundation • Halcrow Foundation • Vera Solutions



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Rolling out an innovative recycling landscape

by Neeraj Kanwar

An executive of a leading tyre manufacturing company plugs for a combination of sustainability and stakeholder-centric models to future proof companies.

When over 3,000 business and political leaders convene in Davos next month, they will acknowledge the fact that we need to change the way we do business. There will be a concerted call to embrace 'sustainable development' and a renewed effort to look at 'stakeholder capitalism'.

It is a well-known fact that almost a quarter of Europe's greenhouse gas emissions are generated by the transportation sector. Electric cars are trumpeted as the panacea to this challenge but alone, this is not enough. Innovative approaches to developing sustainable tyres, such as low rolling resistance tyres, alternative materials to rubber and reusing and recycling tyres, are essential to really drive down emissions from the motor industry.

Highlights

- Innovative approaches to developing sustainable tyres are essential to really drive down emissions from the motor industry.
- Disused tyres pose a huge environmental challenge.
- The tyre industry has been looking at and experimenting with innovative use and recycling of old tyres for sustainability.

Speaking about sustainability, the tyre industry is constantly looking at new ways to address climate change. At Apollo Tyres, we have developed a range of tyres that offer low rolling resistance. These help to reduce fuel

consumption, and that means smaller fuel bills and lower CO2 emissions. Moreover, low rolling resistance reduces pollution as fewer residue particles are dispersed into the air.

With car ownership increasing in countries such as India and China, it is becoming ever more urgent to find green solutions. Various tyre manufacturers in the sector are looking at developing alternative materials to traditional rubber. This is to address the issue of deforestation. One such experiment that we conducted had used dandelion latex to manufacture tyres.

However, investing in R&D alone is not enough. Disused tyres are a big environmental challenge. Many countries such as the UK send over 500,000 disused tyres to destinations in the Middle East and Asia each year. However, this is unsustainable.

WE OPERATE PROGRAMMES THAT ADDRESS HEALTHCARE NEEDS FOR TRUCK DRIVERS – WHO ARE OUR KEY STAKEHOLDERS – LIVELIHOOD SUPPORT AND EMPOWERMENT FOR UNDERPRIVILEGED WOMEN IN LOCAL COMMUNITIES.



One landfill site in Kuwait, with more than seven million tyres, is so large that it can be seen from space!

The industry has been looking at and experimenting with innovative use and recycling of old tyres for sustainability. In England, old tyres – that would otherwise end up in landfill – are being tested as a potential road surface material by Highways England on a stretch of the M1. This proves that we can find ways to reduce waste. Recycled tyre material is being put to so many good uses, including sports surfaces, running tracks and pitches, children's playground safety mats, drainage systems etc.

While we look at ways to protect the environment, we also need to chart a plan to build an equal society. Increasing inequality today has led to many protests across the world.

In Chile, small protests about transport costs grew into a broad-based movement protesting about inequality. In France, the "Yellow Vests" movement grabbed headlines a year ago over gas prices and transformed into a broader social and violent protest. Businesses are an integral part of our socio-economic

fabric and they have an important role to play here.

We cannot ignore this civil unrest; we cannot neglect our stakeholders. Business leaders need to rethink what they mean by value – especially stakeholder value. Any company that is future proof must have sustainability hardwired into its business strategy. I believe the way forward is stakeholder capitalism.

Caring for society has always been a core value at Apollo Tyres. Forward-thinking companies offer several initiatives including health services to key stakeholders and investing in local communities. We operate programmes that address healthcare needs for truck drivers – who are our key stakeholders – livelihood support and empowerment for underprivileged women in local communities.

Truckers obviously spend a lot of their time on the road. This lifestyle is not conducive for a settled, married life and they often end up contracting HIV and worse. We established 31 healthcare centres in the transportation hubs spanning 19 Indian states offering healthcare services including prevention of

HIV/AIDS, vision care, and general treatment facility. Since the launch of our healthcare initiatives, we have reached out to more than 5 million people via our health services. In addition, the company continues to provide healthcare facilities by conducting regular health camps and specialised cancer screening camps for around 500 families of rubber tappers.

Addressing inequality also concerns gender inequality. Here, I am talking about inequality of opportunity. Many doors are shut to women, especially when it comes to empowerment. Smart businesses invest in empowering women to create strong communities. Apollo Tyres offers livelihood and empowerment programmes to women from communities near its plants. We have reached out to over 11,000 women through our women empowerment programme. We are the first company in India to provide training in sheet rubber grading for women in an otherwise male-dominated sector. We also plan to replicate this successful model near our other plants.

While we are committed to stakeholder engagement and building cohesive communities, we are also investing to combat climate change in our day-to-day operations. Our flagship programme 'Afforestation Project' – the planting 3,50,000 trees in Tamil Nadu – helps control carbon emissions and generates livelihood for farmers in water-starved areas of the country.

To survive and thrive as a company in the years to come, it is essential that we put stakeholders and sustainability at the heart of our business.

Neeraj Kavar is the Managing Director of Apollo Tyres.

The year that was – Start-up Report Card 2019

by Dr Param Shah



With the rise of seven unicorns in 2019 and 54 more expected in the next five years, the Indian start-up ecosystem is reflecting a steady upward graph.

India is considered to be among the top five start-up ecosystems in the world. It is expected to have a year-on-year growth rate of almost 10-12 per cent. During the past few years, the Indian start-up ecosystem has bounced and attracted significant interest and attention. This development has taken place due to factors such as consolidation activities, massive funding, development of technology coupled up with a burgeoning domestic market. 2019 saw over 1,300 start-ups added, taking the tally to over 8,900 start-ups. The rise in the number of start-ups, ranging from almost 3,000 ventures in 2014 to the current number, will help to surpass the projection of almost 11,000 by the end of 2020.

As per the data compiled by DPIIT, India has over 300 incubators and accelerators managed by academic institutes, corporates, private players and the government. Majority of these incubators are supported by Central and State governments through capital and operational grants under several schemes. This enabling environment has resulted in the growth of start-ups not just in Tier 1 cities but also in Tier 2 cities in India.

Funding for Indian start-ups

Funds and finance are what drives

Highlights

- Indian start-ups received over \$4.4 billion in total funding from January to September 2019.
- 2019 also saw a rising trend of several big corporate houses investing their surplus funds for investment in start-ups.
- With the ease of resource availability and proximity to the market, India is expected to have almost 54 tech unicorns by the year 2024.

any business. There was a major dearth of capital to fund start-ups during the initial stages of the process of developing an entrepreneurial ecosystem. But with the passage of time and different funding options being made available, finance is not a major concern for entrepreneurs and start-ups. Almost \$4 billion had been pumped into 1,040 ventures during the year 2017-18. Around \$4.4 billion was the total funding amount received by the start-ups from January to September 2019. This shows a positive uptrend in the funding for start-ups.

On average, it was noticed that four start-up deals had been announced in a day throughout the year 2018. Such great work is only possible due to the ease of funding. Angel investments are said to be on the rise. As compared to 2018, there is an increase of 20 per cent for active investors in 2019.

Modern-day organisations are identifying the disruptive potential of the Indian start-up ecosystem and are partnering/investing in several start-ups to get manifold returns for their investments in such start-ups. According to the KPMG 2018 CEO Survey, it was reported that almost 45 per cent of the CEOs who were surveyed stated their organisations to be extremely capable of receiving financial beneficial by investing in start-ups.

Major deals

Looking into the details of the major deals, several big corporate houses are investing their surplus funds or even keeping aside funds for investment in start-ups which they think are likely to be beneficial for them. Wipro has a \$100-million fund which it has set aside to invest in IT-based start-ups. IBM is teaming up and joining hands with 100 Indian big data and other IoT start-ups. Apple recently acquired Tuplejump, an AI-an



THE INDIVIDUALS WHO WERE EARLIER ENTREPRENEURS ARE NOW TURNING INTO INVESTORS TO BRING IN MORE MATURITY TO THE INDIAN START-UP ECOSYSTEM.

AI-based start-up that is based in Hyderabad.

The proactive actions of the academia, local communities and state governments are major drivers for the growth of such new start-up hubs. Cities such as Delhi-NCR, Bangalore and Mumbai are the launchpads for almost 55-58 per cent of the start-ups. Bangalore has the largest share of start-ups of almost 24 per cent, followed by Delhi-NCR having around 20 per cent and Mumbai having approximately 15 per cent. The remaining 40 per cent are spread in different parts of the country.

New unicorns on the block

The investments were better distributed across the year 2019 as compared to the previous year. They were scattered across different sections of the start-up ecosystem. This led to a significant increase in the total number of start-ups having more than \$50 million as funding

assistance, thus creating a strong base for the potential unicorns.

A growing pool of start-ups having sufficient resources available at their disposal to gain market share confirms that the years 2018 and 2019 were not an exception in terms of several start-ups becoming unicorns.

A booming pool of experienced personnel combined with the country's unique parallel start-up ecosystem is a primary factor to support the continuous growth of the Indian start-up ecosystem.

2019 has seen the rise of seven new unicorns till now. The Indian unicorn club has companies from supply chain and logistics, enterprise, gaming, e-mobility, e-commerce, and mobility. The latest entrants of the unicorn club are BigBasket, Dream 11, Druva, Delhivery, Rivigo and Ola Electric. With great potential in the Indian ecosystem in terms of ease of resource availability and proximity to

the market, the country is expected to have almost 54 tech unicorns by the year 2024.

Major trends

The individuals who were earlier entrepreneurs are now turning into investors to bring in more maturity to the Indian start-up ecosystem. Possessing a stint as entrepreneurs earlier, they act as more capable mentors for the new entrepreneurs in comparison to the other angels and investors. This can be one of the important factors for almost 54 new unicorns to be born in the coming five years. The future of the Indian start-up ecosystem is shining bright.

Dr Param Shah is Director – UK at the Federation of Indian Chambers of Commerce & Industry (FICCI).

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India-UK counter-terrorism cooperation: Convergences and challenges

by Rahul Roy-Chaudhury

A strategic expert emphasises that steady cooperation on counter-terrorism could be the key to a successful bilateral strategic partnership between the UK and India.



Cooperation on counter-terrorism is an important, but little-known, aspect of the India-UK security relationship. This was formally institutionalised in 2002 with the establishment of their foreign ministry-led Joint Working Group (JWG) on Terrorism. Continued and more sustained cooperation on counter-terrorism will remain key to a meaningful bilateral strategic partnership.

Both countries have a strong shared interest in preventing terror attacks on their mainland, having suffered such attacks in the recent past. The deadliest single terror act on British soil took place in London on 7 July 2005; one of the most devastating terror attacks in India took place in Mumbai on 26-28 November 2008. With the Indian government now perceiving terrorism as the single biggest threat to peace, security and development, counter-terrorism has emerged as one of Prime Minister Modi's top priorities for bilateral and multilateral cooperation.

Bilateral cooperation

In November 2015, during Modi's visit to

Highlights

- Continued cooperation on counter-terrorism remains a key area of collaboration for a stronger UK-India strategic partnership.
- Both UK and India have reiterated their call for Pakistan to bring the perpetrators of the 2008 Mumbai terror attack to justice.
- India and the UK also participate in the 'No Money for Terror' Ministerial Conference.
- A regular exchange of information, mutual capacity-building efforts, sharing of best practices and technologies, mutual legal assistance would go a long way to further bilateral defence ties.

the UK, the new Defence and International Security Partnership (DISP) for the first time explicitly named the Lashkar-e-Taiba (LeT) (responsible for the November 2008 Mumbai terror attacks) and the Haqqani network (responsible for the July 2008 suicide bombing of the Indian embassy in Kabul), along with ISIL, al-Qaeda, and Hizb-ul-Mujahideen in the context of disrupting their financial and tactical support. Both countries also reiterated their call for Pakistan to

bring the perpetrators of the 2008 Mumbai terror attack to justice. During Modi's visit to the UK for the Commonwealth Summit in 2018, Prime Ministers Modi and Theresa May "agreed to strengthen cooperation to take decisive and concerted actions against globally-proscribed terrorists and terror entities to protect our citizens, including LeT, Jaish-e-Mohammad (JeM), Hizb-ul-Mujahideen, Haqqani Network, Al-Qaeda, ISIS (Da'esh) and their affiliates, as well as tackling the online radicalisation and violent extremism which feeds this"

At the 13th meeting of the India-UK JWG on Counter-Terrorism in London on 25-26 November 2019, both sides reiterated their commitment to work together to tackle terrorism in all its forms. This included countering radicalisation and violent extremism, combating the financing of terrorism and preventing the use of the internet for terrorist purposes.

Multilateral approaches

In a significant development, the UK, along with the US and France, co-sponsored a resolution in the UN in May 2019 to successfully declare the leader of the Pakistan-based JeM terror organisation, Masood Azhar, as a "global terrorist" by the ISIL and al-Qaeda Sanctions (1267) Committee of the UN Security Council. China had blocked four previous attempts by the sanctions committee to blacklist Azhar.

WITH THE INDIAN GOVERNMENT NOW PERCEIVING TERRORISM AS THE SINGLE BIGGEST THREAT TO PEACE, SECURITY AND DEVELOPMENT, COUNTER-TERRORISM HAS EMERGED AS ONE OF INDIAN PRIME MINISTER MODI'S TOP PRIORITIES FOR BILATERAL AND MULTILATERAL COOPERATION.



Another critical aspect of India's multilateral approach towards counter-terrorism is its focus on preventing financing for terrorist organisations. Both India and the UK are members of the 39-member international terror financing watchdog, the Financial Action Task Force (FATF). In January 2018, the UK and the US, followed by Germany and France, co-sponsored a letter to the FATF nominating Pakistan to the Grey List of the FATF. In October 2019, the FATF retained Pakistan in the Grey List while expressing "serious concerns" with its lack of progress addressing terror financing risks.

India and the UK also participate in the 'No Money for Terror' Ministerial Conference, seeking to promote international and regional cooperation and improve capacity to combat the financing of terrorism. For the first time, India will be hosting its third Ministerial Conference in 2020.

Differing perspectives

India is concerned over the rise of Sikh radicalisation and pro-Khalistani extremism among a small minority of the British Sikh community in the UK. In March 2016, the ban on the International Sikh Youth Federation (ISYF), proscribed as a terrorist

organisation in 2001, was lifted. During Modi's April 2018 visit to the UK, anti-India Sikh and Kashmiri separatist protestors tore the Indian flag in London's Parliament Square; and in August 2018, the US and Canada-based Sikhs for Justice (SFJ) – seeking a referendum next year for the establishment of Khalistan, an independent Sikh state – held a large demonstration. The violent anti-India demonstrators outside the Indian High Commission in London on 15 August and 3 September 2019 comprised several pro-Khalistan groups, protesting India's 5 August 2019 decision on Kashmir. The Indian government continues to seek the extradition of select British Sikh activists charged with terror attacks in India. The danger is that these developments could lead or be supportive of a terror attack in India as well as the emergence of sectarian strife within the British Indian community.

India and the UK also differ over official Pakistani complicity in terrorism. India blames the Pakistan army's powerful Inter-Services Intelligence (ISI) Directorate for planning and coordinating the 2008 Mumbai terror attacks, alongside the actions of their 'proxies', the JeM and

the LeT, in terror attacks in India. The UK acknowledges that ISI has had a role in supporting and funding the LeT and the JeM but is not able to find evidence to directly blame the ISI.

Opportunities for convergences

Nonetheless, there remain significant opportunities to develop and deepen India-UK bilateral and multilateral counter-terrorism cooperation and collaboration for mutual benefit. It is a pity that the much-publicised and policy-relevant June 2019 report by the Foreign Affairs Committee of the UK parliament titled 'Building Bridges: Reawakening UK-India Ties' did not explore avenues for such potential collaboration.

These could include a regular exchange of information, mutual capacity-building efforts, sharing of best practices and technologies, mutual legal assistance and working through the UN. There should also be 'actionable' exchanges of intelligence related to terror acts, money laundering and related crimes and terrorism financing. Terrorist groups such as the Dawood company, led by Dawood Ibrahim, the mastermind of the 1993 Mumbai bombings, should be formally named in future joint statements. There could be discussion on India's focus on 'de-radicalisation' (in contrast to the UK's 'counter-radicalisation') in relation to religious extremism, as well as an emphasis on countering the financing of radicalisation and on-line radicalisation. Finally, a curb on pro-Khalistani activities in the UK will continue to be a key factor in strengthening bilateral counter-terrorism partnership.

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INDIA GLOBAL BUSINESS

'India Global Business' is the flagship publication of London-based media and publishing house India Inc. The publication offers in-depth analysis, news and expert opinion on business, trade, policy initiatives and foreign direct investment in and out of India. The magazine has a readership of over 100,000 business and policy leaders worldwide.



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Sunrise in the East

by Arnab Mitra



Highlights

- Indian giants like Tata Steel, JSPL, Reliance Industries, the Adani Group, National Thermal Power Corporation, Tata Consultancy Services and Vedanta have invested in Orissa.
- Its high economic growth, wide-ranging fiscal and policy incentives, skilled labour pool and geographic location make it a favourable destination for investors.
- Odisha has also legislated a single-window clearance mechanism for providing time-bound industrial clearances and approvals.

Odisha, which produces about a third of India's mineral output, has leveraged its immense natural wealth to lay out the red carpet for industry, and has leapfrogged ahead of many others.

Tata Steel is arguably India's most famous steel company. And it is most notably associated with Jamshedpur, where its more than a century old plant is located. So, when it decided to set up a second plant in Odisha, off the east coast of India, people sat up and took notice. Now, with the 3 million tonnes per annum first phase completed and in production, the company has embarked on an expansion programme to expand its capacity to 8 million tonnes per annum at a cost of more than \$3.3 billion.

That isn't all. Tata Steel BSL, which the Tata Group recently acquired from India's bankruptcy court, is constructing a mill in Dhenkanal in Odisha. Furthermore, the Jindals have two steel plants in the state and Essar Steel, which was recently acquired by Arcelor Mittal, also has a pellet plant in the state.

And it's not only steel companies that

have invested in the state. The list of major investors in Odisha includes Reliance Industries, the Adani Group, National Thermal Power Corporation (NTPC), Tata Consultancy Services (TCS), Vedanta, JSPL among others.

Rich in minerals

Odisha (earlier Orissa), located on the east coast of India, is very rich in minerals and natural wealth. Several important and valuable minerals such as iron ore, coal, bauxite, dolomite, nickel, tin ore, chromite, manganese, decorative stones, limestone, graphite, beach sand, China clay, etc., are found in the state. In fact, Odisha accounts for about a third of total mineral production in India in value terms.

The state has more than 55 per cent of the country's bauxite reserves, making it a suitable location for aluminium companies and aluminium-based industries. It ranks first both in terms of production capacity as well

REGION FOCUS

as the actual production of the metal. It is also among the country's leading producers of iron and has emerged, over the last couple of decades, as a favoured destination for iron and steel companies.

Main advantages

There are other reasons for the state's rising attractiveness to domestic and global investors. Under Naveen Patnaik, who is India's longest-serving current Chief Minister, Odisha had been the first state to legislate a single-window clearance mechanism for industrial clearances. The state established this window in pursuance of the Odisha Industries (Facilitation) Act 2004 for providing time-bound clearances and approvals. It also created an online Combined Application Form (CAF) which all departments/authorities are mandated to accept for various clearances and approvals.

The state has also put in place an effective mechanism for industrial promotion and investment facilitation. A three-tier single window clearance mechanism to facilitate speedy implementation of industrial projects is in place. The Chief Minister, the highest political authority in the state, and the Chief Secretary, the state's top-ranked bureaucrat, personally chair the committees mandated to supervise the process to ensure that any slack is immediately cut.

The state has other advantages as well. They include:

High economic growth

- The state's GSDP grew at a compounded annual growth rate (CAGR) of 10.30 per cent between 2011-12 and 2017-18.
- The tertiary sector was the major contributor to the state's GSDP with a contribution of 45.25 per cent during 2017-18.

Rich labour pool

- The state has a literacy rate of 72.87 per cent, in line with the national average.
- The state also has a large pool of semi-skilled and unskilled labour.

Policy, fiscal incentives and initiatives

- The state offers a wide range of fiscal and policy incentives for businesses under the Industrial Policy Resolution, 2015.
- Additionally, the state has sector-specific policies for IT and micro, small and medium enterprises.



ODISHA ACCOUNTS FOR ABOUT A THIRD OF TOTAL MINERAL PRODUCTION IN INDIA IN VALUE TERMS.

- The state government has constituted 'Team Odisha' to help with investment promotion.
- Odisha is amongst the top 10 states accounting for the highest number of MSMEs.
- It has vast potential for development of tourism – one of the critical sectors of the state's economy in terms of foreign exchange earnings as well as employment generation opportunities. In 2017, 1.4 million domestic tourists and more than 100,000 foreign tourists visited Odisha.

Facilitating infrastructure

- Odisha has up-to-date social, physical and industrial infrastructure.

The state government has been undertaking various infrastructural projects to boost the infrastructure of the state.

- According to the state budget for 2018-19, \$811.24 million had been allocated for railway infrastructure development.

Gateway to ASEAN

Its location on the east coast of India and the presence of Paradip port, Gopalpur port and Dhamra port in the state make it an ideal springboard for trade with the ASEAN.

Attracting investments

The state has received or has ongoing projects with investments of about \$60 billion. Besides the Tata projects, these include large investments by the Aditya Birla Group, Haldia Petrochemicals, SAIL and several mining projects by public and private sector companies.

Easing the process

The state government has embarked on a mission to simplify processes and expedite project approvals. In line with the thinking of the Central government, the state is leveraging technology to complement the governance framework. The approvals and clearances for the establishment and operations of the industries are being moved to an online portal with minimum human interface.

As a result of these initiatives, Odisha has consistently ranked high in India's internal Ease of Doing Business Index. The state government has come out with a document called Vision 2022 to articulate its vision for the state on various parameters. On industrial development, the Vision 2022 document says the government will "develop industrial parks with quality infrastructure, to encourage micro-enterprises as ancillaries and to pave the way for cost and technology orientation by encouraging competition". And on infrastructure, its aim is to "improve connectivity by increasing road and rail density and to improve passenger services and it will endeavour to provide universal access to power, irrigation and to improve urban infrastructure as well".

Tackling the safe drinking water crisis

by Poonam Sewak



Safe Water Network's initiatives are giving a fighting chance to communities dealing with a scarcity of clean drinking water while generating livelihoods.

Dependable supply of safe drinking water is imperative for the growth of Indian economy. India faces its severest water crisis due to climate change, surface water contamination and excessive exploitation of groundwater. It is predicted that at least 21 cities in India will run out of groundwater by 2020, affecting around 100 million people and 40 per cent of India's population will have no access to drinking water by 2030, according to a report by NITI Aayog. Scarcity of water will disrupt the region's stability, hamper economic prosperity and destroy ecosystems and local ecology. To continue on the economic growth trajectory, India needs to urgently strive for water availability, accessibility and quality. Water management needs to be judicious and improved so that we have enough water for our farms, firms and families.

According to the World Health Organization, each individual requires about 25 litres of water daily for

Highlights

- 21 cities in India are predicted to run out of groundwater by 2020, affecting around 100 million people, according to a report by NITI Aayog.
- Safe Water Network aims to promote a safe drinking water model and provide technical assistance to other NGOs and the government to scale it.
- Safe Water Network has been working with communities in Ghana and India to promote Water ATMs - water dispensing kiosks operated and maintained by social entrepreneurs which give communities access to 24x7 affordable, safe drinking water.

meeting their basic hygiene and food needs. The rest is used for non-potable domestic and other purposes. This indicates that for most of the non-potable uses, a quality lower than drinking water is required. Thus, water must be treated and supplied according to usage for economic efficiency and environmental sustainability.

Annually, about 37.7 million Indians are affected by waterborne diseases, 1.5 million children die of diarrhoea and 73 million working days are lost leading to an economic burden of \$600 million a year. An additional problem arising out of this shortage is that women of the community are being burdened with the responsibility of water collection, for which they need to walk for miles every day or wait for water tankers leading to loss of economic opportunity. India ranks a dismal 108th out of 149 countries in gender employment. It is estimated that women contribute only 17 per cent to the countries' GDP as

IT IS LOGICAL TO MAKE SAFE DRINKING WATER AVAILABLE THROUGH 'WATER ATMS' OR ANY TIME WATER DISPENSING KIOSKS OPERATED AND MAINTAINED BY SOCIAL ENTREPRENEURS THROUGH WHICH COMMUNITY MEMBERS HAVE ACCESS TO 24X7 AFFORDABLE, SAFE DRINKING WATER.

compared to a global average of 37 per cent. It is interesting to note that 80 per cent of water is collected by the women in households that do not have access to drinking water in their premises, and globally, women spend over 200 million hours collecting water every day.

Although the government has allocated a budget of \$70.4 billion (Rs 500,000 crore) to provide piped water to every home by 2030, we need immediate, cost-effective solutions so that we do not lose a generation waiting for water from for large infrastructure projects. Thousands of social entrepreneurs have thus surfaced to develop solutions to solve the water crisis.

It is logical to make safe drinking water available through 'Water ATMs' or Any Time Water dispensing kiosks operated and maintained by social entrepreneurs through which community members have access to 24x7 affordable, safe drinking water. These automated Water ATMs dispense water through a coin or a pre-paid smart card, for Rs 5/20L in containers that consumers bring, thus preventing plastic scourge. This alternate solution can provide safe drinking at a fraction of the cost.

Safe Water Network has been working with communities in Ghana and India since a decade to promote this social enterprise, safe drinking water model and provide technical assistance to other NGOs and government to scale it. These decentralised kiosks sustainably provide access to affordable, reliable drinking water to communities to improve public health and generate livelihoods. They have also helped reduce women's drudgery and provide for water security. Each water kiosk equipped with a water treatment plant provides safe drinking water complying to national water quality standards and services about 3,000-5,000 residents living within



its vicinity. It has brought safe water access to over a million people and has generated about 800 livelihoods of which 23 per cent are women entrepreneurs or operators.

In the last decade, Safe Water Network has developed Standard Operating Procedures (SOPs) for setting up these kiosks, training and capacity building program for water entrepreneurship development, deploying internet of things and digital platform for training and monitoring. In a sector that suffers from 66 per cent failure rate of defunct or sub-optimally performing safe water kiosks, Safe Water Network is able to provide sustainable 24x7 water for five years with less than 2 per cent downtime to communities.

This program is a successful example of a Public-Private partnership as it is the collective responsibility of all stakeholders to ensure drinking water to all. The government provides

the infrastructure – land, raw water source and electricity – the private sector provides philanthropic grants for one-time capital expenditure for setting up the water purification kiosk, the NGO trains social entrepreneurs and monitors the program and consumers that buy water. The revenues from the water sale pay for the operating cost of electricity, consumables, operator salary and entrepreneur return. Thus, the community gets safe drinking water for five years. Through this social innovative model, we can deliver safe affordable drinking water to a million more communities to improve public health, bring gender parity and combat climate change.

Poonam Sewak is Vice President, Knowledge and Partnerships at Safe Water Network India.



The approach to foreign trade policy needs to change

by India Inc. Staff

The High Level Advisory Group recommends several different avenues ranging from engaging the WTO to more sector-specific approaches to boost India's share and importance in the global merchandise and services trade.

This report on India's trade prospects and policies is a constructive plea to policymakers of what needs to be done, what is necessary (and possibly sufficient) to accelerate India's export growth, and thereby accelerate GDP growth towards a potential of 8+ per annum over the next 11 years.

Macro determinants of export performance

What are the prime causes for India's poor performance in trade when compared to other countries? In HLAG's deliberations with government officials, industry, and academics, the following causes

were mentioned, and in order of importance:

- An old, unsuited and un-reformed mind-set
- Extreme regulatory controls
- Labour laws in need of urgent reform
- High effective corporate tax rates
- High cost of capital

None of the above five determinants have really changed in the last twenty years, yet India's performance has appreciably worsened. This is likely because the world has become a lot more competitive and inherited comparative advantage is no longer in the nature of low-hanging fruit. Countries around the world have

recognised this reality and have engaged in lowering taxes and regulatory controls. India has been slow to adapt. This needs to be recognised; and recognition of the underlying causes will help us to improve.

India and WTO

India should use WTO as part of its overall strategic vision on growth and interaction with the international economy. The following recommendations were made for the same:

- There should be a balance between issue specific approach and coalition building.



- We need to domestically prepare for the ongoing changes in the international trade regimes occurring through FTAs, irrespective of whether we are directly participating in the negotiations.
- India should consider pluri-lateral initiatives on a case by case basis, taking account of the relevant objectives, and the conditions and flexibilities that will allow the process to move forward.
- As for e-commerce, India should participate, but more for information gathering and raising concerns. The second option is to not participate but prepare for changes that are going to arise in the regulatory operational context due to FTAs and pluri-laterals, and to stay connected with these markets and developments.
- Investment Facilitation – India should examine the possibility of participation if this can lead to an agreement which affirms what is domestically being done and such participation also helps India seek additional objectives in other areas of interest in WTO.
- Trilateral Initiative to Address

China's Economic Policies – India should actively participate and engage in the discussion/ negotiation on subsidies, and on state-owned enterprises. Regarding Intellectual Property Rights, India should keep a watchful eye on developments.

INDIA SHOULD USE WTO AS PART OF ITS OVERALL STRATEGIC VISION ON GROWTH AND INTERACTION WITH THE INTERNATIONAL ECONOMY.

India and FTAs

A perception has grown in India that Regional Trade Agreements (or FTAs) have not benefitted India and trade partners have grown at our cost. This needs to be tackled urgently. Several actions are required to pursue gains from FTAs:

- In order to expand markets, selection of appropriate trade partners is of critical value. Long term economic interest should drive the selection of a trade partner.

- Market access negotiations need to go deeper than simple tariff negotiations. Aspiration to board regional value chains should determine the development of rest of the ecosystems between the trade partners.
- A comprehensive yet selective and inclusive approach aiming India's interest in the long-term is required.
- While negotiating market access for goods in FTAs, India should focus on both tariffs and nontariff barriers in the partner countries.
- There is a need to establish an institutional mechanism for seeking inputs from stakeholders prior to finalising an FTA, as well as informing the industry well in time about any steps that they would like to take during the period of transition with the aim of minimising their adjustment costs. Further, the Government needs to undertake comprehensive outreach programs for explaining the opportunities for exports, particularly to MSMEs, in the markets of FTA countries.
- The medium and small sector should be the focus of such advocacy program.

The US-China trade war: Impact on India and its policy choices

Doubling of exports in six to seven years is a challenging target. This raises the question of whether there are unexplored strategic opportunities in the current global trade situation, including in the looming US-China trade war, which can help India either achieve these targets or at least ensure that there are no significant reversals on the path to achieving them.

India needs to give high priority to undertaking quantitative, rigorous, computational, model-based research on strategic trade policy, including studying the impact of participation in plurilateral trade agreements.

A knee-jerk approach on tariffs may not be the soundest one to pursue without greater examination if India faces greater tariffs. It would not be sensible for India to raise tariffs in a

INDIA NEEDS TO GIVE HIGH PRIORITY TO UNDERTAKING QUANTITATIVE, RIGOROUS, COMPUTATIONAL, MODEL-BASED RESEARCH ON STRATEGIC TRADE POLICY, INCLUDING STUDYING THE IMPACT OF PARTICIPATION IN PLURILATERAL TRADE AGREEMENTS.



US-China trade war. In fact, reducing own tariffs would be a wiser step.

Exports – sectoral reality and suggested policy for services exports

- Education Services: Education services hold immense potential, provided the Government is able to address the critical issue of quality and improving regulatory transparency. While amongst the developing countries India is a major hub of foreign students, further policy support could make India the global hub of education service providers.
- Health Services: The healthcare sector is expanding rapidly in India. This sector is predominantly privatised with almost 75 to 80 per cent of hospitals being managed by the private sector. This sector is expected to grow at a CAGR of 15 per cent and will reach around \$280 billion by 2020. India must consider significantly simplifying the process of applying for a medical visa, if it is to realise its potential as a Medical Value Travel (MVT) hub. Creating a Medical Tourism Campaign, within the Make in India Campaign, will help actively promote India's image as an MVT hub.
- Tourism Services: India seriously lags behind other developing countries of similar or lower tourism potential in foreign tourist arrivals. Reforms to enhance the personal security of tourists, upgradation of tourism infrastructure, lowering of tax rates to encourage investment, enhancing business operational and hospitality skills in rural areas, and improving the research base in analysing tourism data are needed.
- Policy Recommendations for Financial Services: Today, technology, KYC and international co-ordination can help alleviate concerns on various issues related to tax evasion, black money and round-tripping and make it possible to implement simple and open policies for financial services. Such financial services policies are imperative to make India one of the most transparent and open financial markets in the world, improve the Ease of Doing Business, and provide an impetus to financial services exports. Some options going forward include getting an opinion of a retired Supreme Court judge or design of the Elephant Bonds Scheme outside the publicly available contents of the affidavit.

EXIM credit and insurance reforms

Most countries have established Exim Banks (or Export Credit Agencies (ECAs) that play a catalytic role in promoting the country's international trade, addressing transactions at the margin that standard commercial banks cannot or will not support due to long tenor/risk perception.

In order to strengthen the Exim Bank of India to cope with the increasing needs of Indian exporters and support India's stagnant exports, and noting the best practices of similar institutions in other countries, the following recommendations are made:

1. The capital base of the Exim Bank needs to be enhanced.
2. The Bank's borrowing limit is pegged to 10 times its Net Owned Funds. The limit may be enhanced to 20x with suitable Board level safeguards, if necessary.



3. The prudential limits for Single Borrower and Borrower Group are prescribed by the RBI exactly as for banks, even though the Exim Bank as a niche institution must necessarily have a higher degree of concentration of exposures. The setting of such limits may be left to the Board of Exim Bank, which includes GOI and RBI Directors.

4. It is recommended that GOI should establish support to Exim Bank for facilitating acquisition/creation of assets of strategic importance to the country, particularly for addressing the energy security.

Merchandise exports in need of comprehensive reform

It is strongly believed that in view of the emerging global and domestic challenges, the approach to foreign trade policy needs to change significantly. India's gains from international trade can come in two ways. Firstly, from its strength in the traditional labour-intensive sectors, where the focus should be on employment creation and raising productivity and product and market diversification; and secondly, from its strength in Information and Communication Technology (ICT) services, focus on Research and Development, Science and Technology and human resource endowment, where the focus should be continuous skill transformation, increased investments in R&D, adoption and promotion of high technology and innovation. Therefore,

any impetus to international trade should be framed around these approaches. Further, our policy focus must shift to creating a conducive ecosystem around selected value chains.

Expanding supply of skilled manpower and R&D expansion

Skilled Manpower: In some technology-intensive sectors, including biotechnology, pharmaceuticals and medical devices, the country needs to expand its talent pool. There is also a need to create stronger industry-academia linkages.

R&D: It is extremely crucial to stimulate research and development efforts for climbing up the value chain in exports. With this objective, the Government should retain the current 150 per cent tax credit on R&D and increase it to 200 per cent for long-term projects. In addition, selected outsourced R&D should be eligible for the credit as well. Further, R&D tax benefits should be extended to Limited Liability Partnerships. Product development should also be considered as a form of R&D.

Sectoral analysis and recommendations

The HLAG analysed just a few sectors in detail for identifying the sector-specific constraints impeding our exports and making recommendations for overcoming them.

i. Pharmaceuticals

In order to boost India's flourishing pharmaceutical industry, the following recommendations are made:

1. Restructure the regulatory mechanism for the pharmaceutical industry by creating a central FDA-like institution
2. The Department of Pharmaceuticals (DoP) must be repurposed to support growth of the industry and may be appropriately placed under another Ministry.
3. India should become a member of Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S).
4. Increase the number of drug inspectors by allowing third party certification through NABCB accredited agencies, and bolster support to inspectors.

ii. Biotechnology

To further boost the industry, the following recommendations are made:

1. Restructure the current regulatory mechanism by creating a central FDA-like institution, empowered to oversee the biotechnology industry.
2. Appoint an empowered independent commission on biotech that reports directly to a high-level functionary within the Government.
3. Streamline RCGM and Genetic Engineering Appraisal Committee (GEAC) to expedite drug approvals.

iii. Textiles and clothing

These recommendations are made to achieve India's export targets and boost the textile and clothing sector:

1. To enhance scale across the textiles and clothing value chain and promote consolidation of firms, the Government should introduce a limited-period investment allowance across the value chain.
2. Focus efforts to attract top 10 global textiles and clothing companies (including those from China) to set up large-scale plants in India.
3. In order that high costs do not hinder access to high quality machinery for Indian textiles and apparel companies, implement the Amended Technology Upgradation Fund Scheme (ATUFS). Further, the



Export Promotion Capital Goods (EPCG) scheme should be converted into a general scheme for textiles and clothing as a whole, providing duty free access to the machinery.

4. With increasing labour costs in China and newly-imposed tariffs on Chinese imports to the US, India can seek to gain a growing share of the garments manufacturing pie by encouraging Chinese and other companies (linked to large global brands) to manufacture in India.

5. In order to regain our market share lost to Bangladesh and Vietnam in textiles and garments, concluding the Bilateral Trade and Investment Agreement (BTIA) with the EU is very important.

iv. Electronics

The electronics industry in India is confined to low-end value chain and value addition, which currently is as low as 5-10 per cent. In order to make India a global hub for high-end manufacturing in the sector, the following recommendations are made:

1. Shift from a tariff-based policy to an incentive-based policy for manufacturing of electronics.
2. De-link the export contingency from the incentives/subsidies being provided to the market players.

3. Shift of focus from volume-based manufacturing to value-based manufacturing is extremely important.

4. Tax Holiday for a considerable period (under Indian tax laws) to incentivize investment by domestic as well as foreign enterprises in high-end electronics.

v. Medical devices

As per industry estimates, the Indian medical devices market is presently valued at over \$11 billion and is expected to grow to \$50 billion by 2025. The high-tech end of the medical device value chain is currently led by multinationals with extensive service networks; whereas low end equipment and disposables are led by domestic manufacturers because of their cost-effective innovations. In order to significantly enhance high-end manufacturing in the sector, the following recommendations are made:

1. Create a single ministry for the regulation of medical devices, right from import and manufacture, up until pricing and sale of the products for easing the compliance burden for both domestic as well as foreign manufacturers.
2. Regulate medical devices by a standalone legislation that is drafted

specifically addressing the nuances of the medical device industry.

3. Peg Indian standards to global standards.

vi. Data-driven approach to exports

International trade is an important source of livelihood for nations. Hence it is important to anticipate and develop early signals and insight on various changes in the International trade which potentially can affect India's trade. Quantified decision making is a key factor in this understanding. Data to solve problems in trade is the need of the hour and would help to work out a structure or a plan defining the road ahead.

Constituting an apex committee for quick investment decisions

Due to various macroeconomic factors such as rising costs of production in China and US-China trade war, many MNCs are looking for new investment destinations and there is strong competition for footloose FDI. To take advantage of this window of opportunity, India needs to have quick decision-making capacity for identifying the big investors it should attract and the wherewithal to provide tailored incentives to start business locally. The HLAG recommends creation of a specialised vehicle empowered to take quick decisions to identify and attract investors based on pre-defined criteria. Further, the vacant land in Special Economic Zones can be used to attract foreign investments.

The High-Level Advisory Group (HLAG) was constituted by the Minister of Commerce and Industry, Department of Commerce, Government of India, to assess the global environment and make recommendations for boosting India's share and importance in global merchandise and services trade; managing pressing bilateral trade relations; and mainstreaming new age policy making.

This article is an extract from the Report of The High-Level Advisory Group.

Indian firms expand operations across borders

Wipro launches cyber defence centre in Melbourne



IT major Wipro Ltd announced the launch of its cyber defence centre in Melbourne, Australia this month. The company also has plans to come up with more such centres in other cities in Australia, which will offer resilience and digital protection to large government organisations.

With the launch of NextGen Cyber Defense Center, Wipro aims to make substantial investments to upskill its employees, hire more local resources and generate more than 100 jobs in Melbourne for cyber security specialists.

The cyber defence centre is the first local shared security operations centre for Wipro in Australia and will provide customers with the ability to rapidly expand capacity and run their security operations in compliance with the local data requirements.

Wipro said the centre will assist customers to actively manage their cyber risks by leveraging managed services around threat intelligence, security monitoring and analytics, vulnerability management, incident response and regulatory compliance.

VA Tech Wabag announces South Africa foray

Chennai-headquartered water treatment solution provider VA Tech Wabag Ltd. revealed plans to foray into the South African market as part of its expansion programme.

Rajneesh Chopra, Global Head, Business Development, VA Tech Wabag, said: "We have operations in 30 countries. Going forward, we are looking at entering South Africa as there are immense opportunities."



The company recycles 423 million litres of water per day (mld) in India and 1,250 mld globally. It plans to close the current fiscal with a revenue of \$422.5 million (Rs 3,000 crore) compared with \$391.6 million (Rs 2,781 crore) last year. In the first half of this fiscal, the company achieved consolidated revenue of \$153.5 million (Rs 1,090 crore), of which revenue from Indian operations accounted for \$63.3 million (Rs 450 crore).

Asserting that Tamil Nadu was a pioneering state in wastewater recycling and reuse activity, he said two wastewater treatment plants of 45 MLD each were recently commissioned by the state government to cater to the needs of industrial units. The state also planned to set up its fourth desalination plant along the coast.

The past weeks saw several acquisitions and initiatives by Indian companies aiming to grow their presence in foreign markets.

India's Elgi Equipments acquires Michigan Air Solutions

Air compressor manufacturer Elgi Equipments Ltd. has bought Michigan Air Solutions for \$6 million to expand its presence in the US and strengthen its position in the global compressed air industry.



Jairam Varadaraj, MD, Elgi Equipments, said: "Michigan Air Solutions complements ELGi's global growth strategy and brings significant market reach and scale that will add further value to our product offerings and go-to-market plans across the region."

Established in 2009, Michigan Air Solutions has served the markets in Michigan's Lower Peninsula with compressed air expertise, a wide range of products and responsive after-sales support with product portfolio encompassing compressors, dryers, filtration, piping, vacuum pumps and blowers among others.

The acquisition was initiated by Elgi Equipment's subsidiary, Elgi Compressors USA Inc as part of its strategy to invest in inorganic opportunities to gain presence in the North American market.

Global firms strengthen India commitment

Walmart, Flipkart invest in Ninjacart



US retail giant Walmart and Flipkart said they will jointly invest in Bengaluru-based business-to-business supply chain company Ninjacart.

The three partners aim to help ensure better access to high-quality fresh produce for retailers and consumers across India while also creating economic opportunities for farmers.

A statement said: "Partnering with Ninjacart will help Walmart and Flipkart strengthen direct sourcing of fresh produce for Walmart India's Best Price B2B cash-and-carry stores and Flipkart's online grocery business Supermart."

The investment will also help Ninjacart expand its customer base, reach new cities and gain exposure to global best practice to enhance the efficiency of the local fresh produce ecosystem.

Thirukumaran Nagarajan, CEO and Co-Founder, Ninjacart, said with the support of Flipkart and Walmart, the company sees new possibilities to improve the lives of its farmers, retailers and restaurant partners.

Foundation Holdings partners Ryan International

UAE-based investment firm Foundation Holdings has tied up with Ryan International Group and will infuse \$100 million into an education joint venture over the next five years.

An official statement said the two entities will focus on the K-12 education segment to launch a managed school platform 'Ryan EduNation'.

Aakash Sachdev, MD, Foundation Holdings, said: "With \$100 million investment committed to Ryan EduNation over the next five years, our ambition is to adopt a scalable partnership model by empowering educational institutions and passionate land owners across India to create a platform of change and impact."

Ryan, which has 137 schools in 40 cities with around 270,000 students, will focus on the education, while Foundation Holdings will be the investment partner.

The joint venture, under the brand name Ryan EduNation, has already made an acquisition of the managed school platform India Education Services that has 18,000 students across the country, the statement said.

Ryan Pinto, CEO, Ryan International Group of Institution, said: "Through Ryan EduNation, our vision is to provide quality education to 200,000 students annually by 2030."

From education to retail, the Indian market is a strong focus for investors from all sectors and regions.

CPPIB commits \$225mn to Bain-Piramal fund

Canada Pension Plan Investment Board has committed \$225 million (about Rs 1,600 crore) to a distressed assets buyout platform set up by Piramal Enterprises Ltd and Bain Capital Credit.



CPPIB joins International Finance Corporation as an investor in the India Resurgence Fund (IndiaRF). The World Bank arm had committed \$100 million to the fund last year while Bain and Piramal have each put in an equal amount. IndiaRF said it has also raised capital from other international investors and family offices in this round of funding.

John Graham, Senior Managing Director and Global Head of Credit Investments at CPPIB, said in a statement that the Canadian fund's investment in IndiaRF represents an increase in its credit commitments in India, "targeting attractive risk-adjusted returns in the sizeable Indian distressed credit space."



A good year for Indian wine

by India Inc. Staff

A new joint venture between India's Soul Tree wines and the UK's Kingsland Drinks marked a new milestone in the flow of Indian wines going global, as the first bulk order made its way to Manchester in 2019.

A shipment of bulk wine from India made its way to UK shores towards the end of 2019, marking a good year in the efforts of Indian wine producers working towards creating quality produce that can hold its own among the superior products rolled out of European vineyards.

A joint venture between Manchester's Kingsland Drinks and Indian wine producer Soul Tree will result in a duo of wines being made available for the cheaper house wine market on Indian restaurant wine lists across Britain. This marks inroads into a niche segment that may well lead to bigger wine exports from India around the world over time, to complement the popularity of Indian cuisine globally.

Ed Baker, Managing Director at

Highlights

- Manchester's Kingsland Drinks and Indian wine producer Soul Tree have joined hands to introduce two wines in the cheaper house wine market.
- The new Soul Tree wines are targeted at the house wine tier on restaurant wine lists in the UK.
- This JV opens up an opportunity for bigger wine exports from India around the world in the future.

Kingsland Drinks, says: "We work with partners to provide solutions reacting to demand and trends; jointly with Soul Tree, we believe there is a clear market opportunity for Indian wine, especially in the Indian restaurant sector."

Comprising of Soul Tree Red and Soul Tree White, the pair of wines are designed to drink alongside Indian food and join the brand's existing varieties such as Sauvignon Blanc, Rosé and Cabernet Sauvignon. The new wines will be bottled, packed and distributed from Kingsland Drinks full-service site at Irlam in Greater Manchester.

The entire Soul Tree wine range will carry a brand-new look, designed by Kingsland's in-house design team in conjunction with Soul Tree, which it



says builds on the brand's existing identity.

Adam Marshall, buying controller at Kingsland Drinks, notes: "The Soul Tree range represents the very first Indian wine in our portfolio and a fresh segment for the category; India is now officially on the map as a bulk wine producer, and we're excited to lead the way by bringing Soul Tree wines in bulk directly to the UK on-trade."

Soul Tree launched in the UK in early 2011 and is now available with Indian food in restaurants as well as pubs, bars, and hotels across southern England and the Midlands.

Alok Mathur, Co-Founder and Director of Soul Tree wines, said: "We are really proud to put Indian wines on the bulk wine map, and the joint venture with Kingsland Drinks presents the opportunity to be part of one of the widest portfolios available to the UK market.

"The collaboration builds on our existing varietal range and offers the opportunity to grow our footprint even more so in the UK."

The new Soul Tree wines are targeted at the house wine tier on restaurant

wine lists in Britain and will be available through various wholesalers. But this initial bulk order is expected to open up a wider field for wine from India, traditionally not known as a wine producing region.

"INDIA IS NOW OFFICIALLY ON THE MAP AS A BULK WINE PRODUCER."

"We are determined to take Soul Tree to the top of the game. Soul Tree is already a favourite of tens of thousands of curry- and wine-lovers around the UK, and every wine drinker in the country will soon have the opportunity to savour it," adds the team behind Soul Tree, which has vineyards in India's largest wine-grape growing district of Nashik in Maharashtra. The vineyards of the region have grown in popularity because of the tropical climate, warm days and long cool winter nights. This is seen as ideal microclimatic conditions for wine growing, which is boosted by mineral-rich soils with good drainage brought about by millions of years of soils deposited by the region's major river, Godavari. Earlier this year marked another

milestone in Indian wine's global journey as the Food Safety and Standards Authority of India (FSSAI) imposed best practice standards prescribed by the Paris-based Organisation of Vine and Wine (OIV) – which consists of 46 wine-producer countries, including India. The new labels stipulated by the watchdog must indicate the origin of the wine, declare the range of sugar, variety of grape used, residues/preservatives used, vintage and also carry a statutory warning of alcoholic content, in accordance with global norms.

According to a US Department of Agriculture report, although wine production in the country is booming, Indian output represents less than a per cent of global wine production. This reflects a massive scope for growth, led by changing tastes among a burgeoning Indian middle class. The report also notes that production is expected to continue to grow in the coming years, with the state governments of Maharashtra and Karnataka taking steps to support the wine industry through various support mechanisms. These include the reduction or elimination of excise taxes on wines produced in state, easing distribution restrictions, and providing fiscal incentives to establish wineries and vineyards.

Unfair to criticise Modi govt for raising import tariffs

by India Inc. Staff

Many free-market mavens are upset with India's Narendra Modi government for apparently turning its back on free trade.

The provocation: a series of measures since the 2018 Budget to raise import duties on auto parts, toys, candles, furniture and electronic items such as mobile phone components, television sets and microwave ovens, among several other things. India, they allege, is raising protectionist barriers once again, turning the clock back on the reforms initiated by every Indian government since 1991.

The Modi government's decision to pull out of the Regional Comprehensive Economic Partnership (RCEP) was criticised by these same people for the same reason.

How justified are these comments?

Research carried out by India Global Business shows that free trade helps mainly those countries that have achieved a minimum competitive threshold. More importantly, it clearly indicates that every free trade champion across the world first created national champions behind high tariff walls before unleashing them on other nations in the guise of "free trade".

High British tariffs killed Bengal's muslin industry

The first manufactured product that was subject to tariff wars was the Bengal muslin that British mills couldn't compete against. Having opened up the Indian market through military conquest, the British then levied very high tariffs on both the domestic sales and exports of this fine muslin, which was in heavy demand all over the world, while simultaneously permitting duty-free

sales of British mill-made cloth in India. The muslin weavers soon went out of business leaving a vast market wide open for "free trade" by British industry.



FREE TRADE MUST REMAIN THE DESIRED GOAL RATHER THAN THE STARTING POINT.

This equation of free trade plus liberal democracy equals prosperity is a recent development in economic theory. It must be noted that countries such as the United States, which regularly lectured the world on the virtues of free trade and open markets was itself a votary of protectionism for much of its existence.

US prospered behind high tariff walls

The 25th President of the US, who ruled from 1897-2001, famously said: "We lead all nations in agriculture; we lead all nations in mining; we lead all nations in manufacturing. These are the trophies which we bring after twenty-nine years of protective tariffs."

These policies continued until the Second World War. In fact, tariffs peaked in the US with the Smoot-Hawley Tariff Act of 1930, which increased import duties in the US by

an average of 20 per cent. The insular and inward-looking US view on free trade and open markets changed after the Second World War only because its industries, untouched by the bombings that destroyed Europe and Japan, could then dominate the world.

Asian miracle followed the same template

Even the Asian miracle, first by Japan in the immediate aftermath of American occupation following the Second World War, then by the South East Asian countries and finally by China, followed much the same template – protection to domestic industries behind high tariff walls, generous subsidies and concessional loans and unwavering state support to prop up exports.

These are inconvenient facts that fly in the face of current economic orthodoxy. Of course, free trade must remain the desired goal rather than the starting point. That's where the Indian Nehruvian model went horribly wrong. High tariffs and import substitution were an ideological imperative shorn of sound economic logic. It was bound to fail, and it did.

Getting the basics right, at last

The Modi government, on the other hand, is not travelling down the import substitution path. Instead, it is creating the ecosystem for Make in India to flourish as a precursor to Indian companies joining the global supply chain.

As more Made in India iPhones, Samsung phones and toys slowly enter foreign markets, the success or failure of this policy will become evident.

Till then, it may be prudent to hold any hasty ideologically inspired judgment.

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