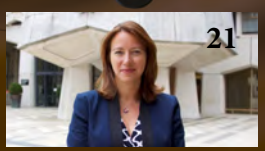
India's Foremost Trade & Investment Magazine

INDIA GLOBAL BUSINESS

Global Edition

Ready, Steady, Go!



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As politics moves to the centre-stage in India, the stakes are high at home and abroad

I meet people of all walks of life on my frequent visits to India – politicians, bureaucrats, business people, analysts and ordinary citizens. Over the years, I have come to consider the last group of people the best indicator of the political mood in the country. I guess it's a bit like the proverbial 'man on the Clapham omnibus' test that English courts use where they seek out what a reasonable assessment of any given situation could be.

On my last couple of visits, I have found that Indians are spending a disproportionate amount of time on predicting the winner of the Lok Sabha elections, which are still eight months away. This has given me the firm impression that the political scene is certainly hotting up. And politicians are clearly reacting to that mood of anticipation.

An overwhelmingly large number of the people I have met tell me they expect Prime Minister Narendra Modi to return to power in 2019. The reasons vary – some are obviously voicing their own political choice; others try to be objective and offer various reasons why they feel the electorate will retain faith in the incumbent government, and some simply because they know my preference, and would like to stimulate further discussion.

THOUGH THE GENERAL ELECTION IN INDIA ARE STILL SOME TIME AWAY, I THOUGHT A DEEPER DIVE INTO THIS ISSUE WOULD BE OF INTEREST TO FOREIGN INVESTORS AND GLOBAL POLICY EXPERTS.

Though the General Election in India are still some time away, I thought a deeper dive into this issue would be of interest to foreign investors and global policy experts. This group, incidentally, forms the core readership of 'India Global Business'.

My team have over the past month been examining every issue from the perspective of international India-watchers who may or may not agree with my politics or the editorial line of this magazine.

Our research led to the finding that most people – though not necessarily the ones who write columns in English language newspapers – give the Modi government high marks on the following issues: leadership, combating corruption, economic and administrative reforms, handling of the economy, war on poverty and foreign policy.

These issues critically affect investment decisions, especially of foreign investors, so we have analysed the performance of the Modi government on each of these parameters, juxtaposing them against the situation prevailing before he stormed to power in 2014 to arrive at our conclusions.

We realise that in a vast, complex and diverse country such as India, it is not only performance but also electoral arithmetic – the preference for one's own caste and clan – that influence peoples' choices. So, we have also highlighted the challenges that Modi and his government face from the likely coming together of caste warriors such as Mayawati of the Bahujan Samaj Party (BSP) and Akhilesh Yadav of the Samajwadi Party (SP) in the politically crucial north Indian state of Uttar Pradesh, which account for more than a quarter of the BJP's 282 members in the present Lok Sabha.

Will the electorate prove us right? We will have to wait a while to find out. But what is certain, is that the Indian General Election of 2019 will be the most widely watched globally of any democratic process in the world. The stakes domestically for Indians are of course very high, but given India's rapid march to globalisation, and the current flux in regions and markets around the world, the stakes on whether Modi wins or not are also high for the rest world.

Meanwhile, the Cover Story of the latest edition of 'India Global Business' – titled "Can Modi return to power in 2019?" – digs deeper into this building election fervour.

Manoj Ladwa
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The Global Edition of 'India Global Business' this time explores the key factors behind India's accelerated reform agenda and what it signifies as the country gets into General Election mode for 2019. The Sector Focus is on the fintech sector, with the usual range of views on a variety of factors influencing India's global strides.

REGION FOCUS

BIRD'S EYE VIEW

SOCIAL IMPACT FOCUS

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Ready, Steady, Go!

National elections are still eight months away in India but the political scene is hotting up. The Opposition, facing an existential crisis in the face of BJP's relentless political onslaught, is fighting for survival. The surest indication that politics is already the flavour of the season can be had from conversations in genteel drawing rooms and raucous street corners. Cutting across social fault lines, the discussions invariably veer towards the political numbers game.

The broad or grudging consensus – depending on which side of the political divide the speaker is on – is that BJP governments in states like Rajasthan, Madhya Pradesh and Chhattisgarh are facing significant anti-incumbency sentiment and fourth successive terms for the party in the last two states and a second one in the first will be a political challenge. Interestingly, there is also a broad consensus that Prime Minister Narendra Modi's personal popularity, standing and image remains largely untarnished and that the same voters who may vote for rival parties in state elections will continue to place their faith in him to run the affairs of the country.

This second consensus has some basis in lived experience. It is undeniable that life has improved immensely in the last four and a quarter years. Economic growth is rising, key sectors such as iron & steel, construction, automobiles, commercial vehicles, diesel consumption and power generation are all looking up after a long time – a clear indication that the economic and governance reforms, like the launch of the Goods and Services Tax (GST), the introduction of the Insolvency and Bankruptcy Code and the new law to confiscate properties of fugitive offenders, among many others, ushered in by Modi are beginning to bear fruit.

It won't, however, be a walk in the park for Modi and BJP President Amit Shah. The numbers look stacked against it in the crucial state of Uttar Pradesh in North India, which returned 71 BJP MPs, a quarter of all the party's members in the lower house.
Read on to find out why the so-called South Delhi consensus as well as the common Indian feel Modi could return to power in 2019.

Can Modi return to power in 2019?

by India Inc. Staff

Solid achievements in reviving the economy, addressing farm distress, fighting poverty, fighting corruption and helping India regain its global standing are likely to help Modi and BJP retain power in next year's Lok Sabha elections.

The Lok Sabha elections are still nine months away but India, it seems, is already in election-mode. Rarely a day passes without newspapers and TV channels reporting on moves by the Opposition to form a united bulwark against the BJP-led NDA juggernaut that now rules 21 out of 29 Indian states.

The conversations in every other drawing room and street corner in India revolved around one question: Will Modi return to power in 2019? The broad consensus is that he will. His personal popularity and standing remains undiminished and even though long-ruling BJP government in some states are beginning to face the anti-incumbency challenge, most analysts think Modi's decisive leadership style coupled with several noteworthy achievements will see him lead his party and coalition back to power.

Crystal ball gazing is a profession fraught with risk even at the best of times. The probability of getting it wrong increases manifold when one tries to predict the political mood of 1.3 billion Indians who have proved time and again that they are indeed the masters of their own destiny.

So, 'India Global Business' tried to assess the conditions on the ground on the basis of a few objective criteria to assess how the country has performed four and a quarter years into Indian Prime Minister Narendra Modi's term in office to try and gauge how Indians are likely to vote in 2019.

The big picture

Let us step back in time and rewind to 2014.

The country had been buffeted by a series of multi-billion dollar scams that had shaken the very foundations of India's economy, shattering its till recently exalted position in the world. The confidence of the Indian people was at a low ebb.

All the talk of India being part of the BRICS miracle economies had vanished into thin air and large global and Indian investors and analysts were openly talking of India joining the ranks of the much less celebrated Fragile Five economies that were expected to collapse soon.

The then Prime Minister Manmohan Singh, though still respected for his personal integrity, was seen as a weak and indecisive leader unable to control his Cabinet colleagues. Congress President and United Progressive Alliance Chairperson Sonia Gandhi was seen as the real power behind the throne and almost all senior Congress ministers were believed to be looking at her for signals before deciding on issues.

Other ministers from the smaller constituents of the UPA were also quite clearly taking their cues from the powerful satraps who presided over the regional parties they represented. The economy was in the doldrums, governance had ground to a standstill as a result of a policy paralysis and the yearning for change and decisive leadership was palpable.

Being the change he wanted to usher in

Modi stepped into this breach and stormed to power on the back of his stellar record as Chief Minister of the western state of Gujarat.

His evocative slogan of Sabka Saath Sabka Vikas (Development for all), his promise to stamp out corruption and his vision of once again raising India's standing on the world stage caught the imagination of the Indian people who backed him enthusiastically, giving the BJP a single party majority in the Lok Sabha for the first time in three decades.

Economy back on track

India's economy, which had stumbled to a sub-5 per cent GDP growth rate during UPA-II has got back its mojo in the last four and a quarter years.

Major global organisations such as the World Bank, the IMF and ratings agencies such as S&P, Moody's and Fitch are gung-ho about India's economic prospects.

On the ground, the economy is jogging along at a growth rate of about 7.5 per cent and the IMF and the World Bank expect India to retain its position as the fastest growing major economy in the world into the foreseeable future.

MAJOR GLOBAL ORGANISATIONS SUCH AS THE WORLD BANK, THE IMF AND RATINGS AGENCIES SUCH AS S&P, MOODY'S AND FITCH ARE GUNG HO ABOUT INDIA'S ECONOMIC PROSPECTS.

The IMF has gone so far as to say that it expects India to provide the ballast for global growth for decades to come.

"India's economy is picking up and growth prospects look bright – partly thanks to the implementation of recent policies such as the nationwide Goods and Services Tax. As one of the fastest growing economies – accounting for 15 per cent of global growth – India's economy has helped to lift millions out of poverty," it said in a statement.

Then, decisive action on economic reforms and a laser focus on cutting out red tape has seen India zoom 42 places in the World Bank's Ease of Doing Business rankings – into the top 100 for the first time.

The Modi government has also addressed farm distress, following two consecutive years of drought early in his tenure, by announcing a number of schemes to double farmers' incomes by 2022. The recent announcement of a record increase in the Minimum Support Price (MSP) of several cereals and foodgrains has reined in rural agitations that at one point was threatening to get out of hand.

The fight against corruption

In the run-up to the 2014 elections, Modi promised the electorate Na khaoonga, na khaane doonga (I won't accept bribes, nor will it allow anyone else to do so). He has redeemed this pledge in full measure.

There hasn't even been any whiff of any scandal in his term in office. Crony capitalism, for long the bane of the Indian economy, which had played havoc with India's growth rates and standing in the world during UPA-II, has been stamped out.

The Insolvency and Bankruptcy Code, enacted by the Modi government, has completely changed the rules of the game. Many Indian industrialists, who had almost institutionalised the process of siphoning out bank loans from their companies and then getting a pliant political leadership to write them off are now scurrying for cover.

The new Code has resulted in many leading groups such as Essar, Jaypee and Bhushan among several others losing control of their flagship companies, which are being auctioned off to the highest bidders.

Then, the Modi government has ushered in a new transparency in the allocation of natural resources such as minerals and spectrum by mandating an auction process in place of nominations by committees.

The coal scam, the spectrum scam and the Commonwealth Games scandals under the UPA regime were all the result of politicians allocating scarce national resources or awarding contracts to select business houses. That era is now over.

The smooth auction of coal mines under the leadership of Coal Minister Piyush Goyal bears testimony to the merits of the new system.

And finally, a new law to impound the assets of fugitive economic offenders even before their formal conviction is expected to provide further impetus to the fight against corruption.

War against poverty

A recent report from the highly respected Brookings Institute says India is no longer home to the world's largest number of people living in absolute poverty. As India Inc. CEO Manoj Ladwa wrote in a recent column, this is no reason to pop the champagne yet. But it does indicate that for the first time since Independence, India is winning the war against poverty.

That same article has pointed out that while every ruling party in India, at the Centre and in the states, must share credit for this achievement, it remains a fact that the Modi government's initiatives such as the Jan Dhan Yojana, the world's largest financial inclusion scheme to provide bank accounts and banking services to the unbanked has led to the opening of 310 million new bank accounts in the names of people and families who had never previously entered a bank premises.

These accounts along with the Aadhaar, a unique identification number provided to all residents in India, and the mobile phone number have provided the government with triangulation tool to effectively provide Direct Benefit Transfers of subsidies and other government benefits. This is almost completely eliminated the leakages that former Prime Minister Rajiv Gandhi said led to the diversion of 85 per cent of resources allocated for the uplift of the poor and improved the lives of millions of people.

THE MODI GOVERNMENT HAS ALSO ADDRESSED FARM DISTRESS, FOLLOWING TWO CONSECUTIVE YEARS OF DROUGHT EARLY IN HIS TENURE, BY ANNOUNCING A NUMBER OF SCHEMES TO DOUBLE FARMERS' INCOMES BY 2022.

Then, the Mudra scheme to "fund the unfunded" and provide small loans to small and micro entrepreneurs and others is estimated to have benefited over 100 million people and helped lift many out of poverty.

Other welfare schemes, such as the one to provide cooking gas to the poor under the Ujjwala Yojana has improved the lives of poor people, especially in rural people and helped protect them from illness and disease associated with inhaling smoke from wood fire that killed an estimated 10 million people a year before this scheme was launched.

Finance Minister Arun Jaitley, in his Budget for the current year, announced the launch of the world's largest healthcare programme to provide affordable medicare to an estimated 500 million scheme.

The war against poverty is, admittedly, far from over but even many of his critics admit that these and various other schemes launched by the Modi government is actually having an impact and improving the lives of millions.

Foreign policy

For decades, India's foreign policy was marked by loud posturing, anti-West and anti-imperialist rhetoric and a please all, offend none paradigm. The first break with this tradition was ushered in by P.V. Narasimha Rao, who came to power in 1991. The next big change came under the leadership of the late Atal Bihari Vajpayee, whose government openly articulated and championed India's enlightened self-interest even at the risk of offending entrenched vested interests.

Modi has taken that legacy forward and completely redefined the contours of India's engagement with the world. For the limited purpose of this article we will focus only on those initiatives that are likely to find salience with the electorate. Therefore, his outreach to Africa, which has been one of the cornerstones of his foreign policy, but which may not translate into a vote catching initiative, has not been considered in this report.

Modi has invested great political capital in reaching out to India's neighbours by rebuilding connectivity in India's immediate neighbourhood and beyond. He has also reset ties with every major global power and, as a result, India today has emerged

as a much sought after economic, strategic and military partner for countries ranging from the US, the UK, China, Japan and Asean, among others.

His tough approach against cross-border terrorism emanating from Pakistan has won him many admirers, and some vociferous critics, at home. But even his rivals grudgingly admit in private that Modi's talks in various global capitals have contributed at least in part to Pakistan's current international isolation.

In the eyes of most Indians, this is a huge achievement.

On China, Modi has stood India's ground firmly but without being overtly confrontationist. He remains steadfastly opposed to Chinese President Xi Jinping's flagship Belt and Road Initiative, which is a thinly disguised ploy to achieve China's strategic goals to the disadvantage of China's current and emerging global rivals.

He has aligned India more closely with the US and the West more closely than any of his predecessors though he has shied away from formally joining any so-called alliance of democracies. This, too, seems to have gone down well with the common Indian.

Decisive leadership

Modi is considered a hard task master. Setting stretch targets for ministers and bureaucrats has become the norm in his government. And effective and timely monitoring by the Prime Minister's Office (PMO) has ensured that gargantuan initiatives such as Swachh Bharat, which seeks to build toilets and, thus, improve sanitation and hygiene standards across India, and the Jan Dhan Yojana, have been rolled out with minimum time and cost overruns.

He has also walked the extra yard to ensure that his ministers and bureaucrats do not stray from the straight and narrow path and this has enabled him to stay clear of the corruption scandals that felled his predecessor regime.

His leadership style has helped him develop a personal connect with the electorate, which has enabled him to sell much needed but disruptive schemes such as demonetisation to the people.

Challenges remain

This is not to say that 2019 will be a cakewalk for Modi and the BJP. The coming together of Opposition parties present Modi and BJP President Amit Shah with a formidable electoral challenge.

The caste arithmetic in the key state of Uttar Pradesh, which accounted for a quarter of all seats won by the party in 2014, currently seems stacked against it.

His party's governments in Madhya Pradesh, Chhattisgarh and Rajasthan, which will face the electorate in December, is facing significant anti-incumbency sentiments.

Despite these headwinds, most analysts in India feel Modi will once again overcome the odds and win on the strength of his report card.

We are very bullish about India

How did the idea of Gibraltar-India Business Council develop?

Gibraltar is an international finance centre and the objective of this council is to promote trade between Gibraltar and India and also to promote Gibraltar as a gateway for investment into the UK.

Red Ribbon has been present in Gibraltar since April 2016. And, what took us there were all the advantages of a well-regulated international finance centre by the Financial Services Commission (FSC) and the frugality of operations – things are cheaper there compared to London and low corporation tax, which is 10 per cent compared to the UK's around 20 per cent.

Indian companies could consider having an HQ in Gibraltar, which is only a two-hour flight from London, virtually next door.

How would you describe Red Ribbon's work within the India global context?

As a financial services group headquartered in London, we have a venture division which invests in projects we incubate, where we are taking an established product or service or technology from the UK to India, where it has to meet the value framework we follow of the PPP [Planet, Profit, People] bottom line.

We are a mainstream impact investor, so any project that we do has got to deliver measurable environmental and social impact and at the same time give market rate return.

Whatever we set up, all of those operations have to be carbon neutral, which can be achieved through activities like afforestation and a simple common-sense approach. This brings employment to rural/tribal areas of India. The social impact comes from our team being given a higher than usual minimum wage, education is paid for, healthcare etc.

Above all, the companies will have an employee benefit trust, where 10 per cent of the profit share would pour in to be equally divided among the employees. We feel that's the right kind of distribution of wealth that can be done.

We are a mainstream impact company, headquartered in London, looking at capitalising the opportunities in the modern-day world that is emerging based on the context of the UK with Brexit and India as the fastest-growing economy. And, we are using Gibraltar as the little nodal junction for that flow of capital both ways.

What are the kind of companies that fall within this remit?

We have just acquired a BSE [Bombay Stock Exchange] listed company, for which we are waiting for approvals to happen. Soon, we should have the world's first listed off-site construction company in India. Then there is Eco Hotels, which is the world's first carbon-neutral brand that we are growing out of India. Substantia, which is Latin for property, is about carbon-neutral townships for around 10,000 people. And, Armaec – which is anything to do with renewable energy.

What is your view on the pace of reforms in India?

Our view is that we come in with patience capital and have been

going for 11 years. It hasn't been easy in terms of the speed and gestation period. But that hasn't come as a surprise; we have always prepared for it.

What we need to appreciate is that it is a constantly improving landscape on the ground in India and one needs to be patient with that. I think any market has its own vagaries in terms of how easy or tough it is.

We are very bullish about India and we think that the narrative on India being a difficult place to do business has to change. That is a very standard stereotypical view. We don't think so. Things are constantly improving. The task at hand is not easy and there is a huge need for bright minds, smart money, patient capital and technology to come into the country. At the end of the day, it is all about poverty alleviation.

What is holding back the India-UK relationship?

WE ARE A MAINSTREAM IMPACT INVESTOR, SO ANY PROJECT THAT WE DO HAS GOT TO DELIVER MEASURABLE ENVIRONMENTAL AND SOCIAL IMPACT AND AT THE SAME TIME GIVE MARKET RATE RETURN.

I have been investing from the UK into India and India into the UK for the last 15 odd years. I feel the biggest faux pas both India and the UK make is to mix immigration with business. They are separate topics. The UK is about to go through a bitter divorce and will have to find a new partner and there is a natural partner in India – a former colony which has now got an economy bigger than that of the UK. Moving forward, it makes complete sense for the UK to get on to the free trade agreement (FTA) as soon as possible.

But the problem is all that is not insulated from the conversation about immigration, which is an age-old issue. So, it is wrong to mix such an old issue with a brand-new issue and opportunities.

What India needs to look at, in my view, is to keep the focus on business, even if the UK is not able to separate the narrative between immigration and business.

Going forward, there are going to be less and less people coming to the UK. If anything, the narrative is going to change to the UK worrying about work permits being rejected by the Indian High Commission. There is a clear transition happening.

If we focussed on the trade agreement, I believe we would find a natural solution to the immigration debate.

Global giants eye Indian market

Foreign investors pump in funds across different sectors.

Amazon invests $385mn in India operations

Amazon, the world's largest e-commerce player, has invested $385 million in its Indian operations, which completed five years in July.

The fresh infusion of funds comes months after the US-based retail giant Walmart acquired Amazon's Indian rival, Flipkart.

Amit Agarwal, Country Head and Senior Vice President, Amazon India said recently that the parent would not hold back from further investments in the Indian operations.

The investments were made into Amazon Sellers Pvt Ltd, the marketplace set up for sellers to sell online in India and internationally. An additional $14 million was invested in Amazon Retail India.

Amazon.in, which leads the e-commerce industry in India, has recently come out with several initiatives to boost sales. It continues to invest in logistics and technology to help sellers reduce costs. It has several private labels to give customers access to a greater selection.

Warburg Pincus eyes Fusion Microfinance stake

US-based private equity major Warburg Pincus LLC is in talks to acquire a significant minority stake in Fusion Microfinance in a deal estimated at $80-100 million.

Warburg will acquire a stake in the New Delhi-based mid-sized non-banking financial company (NBFC) from existing investors along with a primary funding into the company, they said.

If the deal materialises, it would be Warburg's second investment in Indian financial services space in 2018, after its acquisition of 26 per cent stake in IndiaFirst Life Insurance in June.

Fusion is backed by global investors such as Creation Investments Capital Management, the Netherlands-based Oikocredit International, Spanish fund GAWA Capital, Belgium's Incofin Investment Management and Belgian Investment Company for Developing Countries (BIO). About 90 per cent of the firm's stake is held by investors.

Set up in 2010, Fusion Microfinance operates in a joint liability group lending model of Grameen Bank and clients comprises of 100 per cent women living in rural and semi-urban areas. Its gross loan portfolio stands at Rs 1,400 crore (approximately $203 million). The firm has a strong presence in north and central India through a network of 358 branches.

Ethiopia beckons Tirupur garment exporters

After Asian countries, Ethiopia is beckoning garment exporters from Tirupur, the knitwear hub of the country, as they struggle to cope with goods and services tax (GST) implementation issues and withdrawal of export incentives in India.

Already, a few units from Tirupur have set up base in Ethiopia, which is tipped to become the next Bangladesh, one of India's main rivals in garment exports. A combination of factors not available in India seems to be attracting exporters to Ethiopia.

Indian garment exporters have suffered heavily due to competition from Bangladesh and Sri Lanka which enjoy duty-free access to Europe. Many exporters had started units there to take advantage of this facility. But Bangladesh is fast losing charm for exporters with declining productivity.

Tirupur, which accounts for 46 per cent of the total knitwear garment exports from the country, saw its export decline by 8 per cent to 24,000 crores in 2017-18 for the first time in five years.

The garment exporters have been requesting the government for at least partial restoration of export incentives and free trade access to Europe to boost shipments.

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India-Nepal relations: A fresh start

by India Inc. Staff

China's presence in the region is redefining the contours of India's ties with Himalayan neighbour Nepal.

When Indian Prime Minister Narendra Modi made his two-day visit to the neighbouring Himalayan nation of Nepal in May this year, it was in the backdrop of relations between the two nations at their lowest ebb. Only a month before, Nepal's new premier K.P. Oli had visited India. Oli, widely regarded as pro-China has repeatedly voiced his opinions about updating Nepal's relations with India.

During Oli's visit, from April 6 to 8, Nepal and India signed three new agreements — a partnership in agriculture, as well as plans for connectivity through inland waterways and expanding linkages to connect Indian railway lines to Kathmandu. During the return trip by Modi, no new agreements were signed, but it was more of a symbolic visit aimed at a charm offensive by the Prime Minister to smoothen frayed edges between the two countries.

Traditionally the two nations have been extremely close. Both nations have a Hindu majority, share an open border, customs and cultures. In recent times, however, relations have deteriorated partly due to India's foreign policy ambivalence on Nepal, a gradual distrust that has built up over time and the emergence of China which is intent on playing a role in the tiny nation.

Political distrust

There are many facets to the thaw in the relations between the two countries but the most pressing of them is political in nature. Given Nepal's relatively insignificant standing on the world stage, India has engaged with it in extremes – oscillating between a total neglect to heightened interference. The Madhesi crisis of 2015 in Nepal proved to be the flashpoint, which has in hindsight changed the dynamic forever.

Madhesis is a term referred to those in Nepal that stay in the plains covering 22 of the country's 75

districts, 17 per cent of the country's area and as per the census in 2011 account for almost 50 per cent of the country's population. This section is ideologically closer to India but there has been a disconnect with the rest of the country in the hills that controls the politics of the country. Since 2007, Madhesis have been agitating in favour of larger participation in local politics that snowballed into a five-month blockade of goods from India to the higher reaches of Nepal. This crippled the economy of Nepal by restricting the supply of fuel and medicines just as it was recovering from the aftermath of a devastating earthquake in mid-2015. The grievances of the people in the hills combined with a perception that Madhesis were supported by India, led to a strong anti-India flavour within Nepalese politics. K.P. Oli successfully channelled this anger to emerge victorious in the elections earlier this year with an undisputed majority.

India has begun to grasp the changes in the Nepalese politics and started to adjust accordingly. Though Modi began his Nepal tour with a visit to Janakpur, a Madhesi dominated region, discussions between the two leaders did not touch upon contentious political issues. A start at rebuilding the relations has been made.

Water woes

Beyond the Madhesi issue, the other major point of contention between the two nations and something that is bound to rear its head often henceforth, is water. As a country rich with river water resources, Nepal needs large dams and water projects but does not have the technology, capital or wherewithal for that. India has routinely pitched in for this and it has for long been mutually beneficial for both. While the dams built by India in Nepal, helped in controlling floods in the Himalayan kingdom, it also served as a source for the high water and hydropower requirements of India.

The thaw in the relations between the two nations, however, has extended itself to water diplomacy as well. A section of the Nepalese polity today believes past water agreements between the two countries are slanted in favour of India and Nepal does not get enough returns for its own resources. This is also one of the first areas where India and China are shadow boxing with each other in Nepal. One of China's prime diplomatic offensive against India has been to lend a helping hand to its economically weaker neighbours and alongside Sri Lanka where it is building a port, it also wants a piece of action in Nepal.

INDIA HAS BEGUN TO GRASP THE CHANGES IN THE NEPALESE POLITICS AND STARTED TO ADJUST ACCORDINGLY.

For obvious reasons, India wants to keep the dragon as far away as possible from its borders and in November 2017, just before the elections in Nepal, the previous government under Nepalese Congress leader Sher Bahadur Deuba cancelled the $2.5 billion deal with China's Gezhouba Group to build Budhi Gandaki Hydro Electric Project. This was done purportedly under pressure from India and turned out to be a big election issue. Oli now wants to give it back to China but India has made its stand clear that it will not buy power if that is to be the case. This issue promises to be another stumbling block in Indo-Nepal bilateral relations in the future.

China's outreach

Part of the disgruntlement of the Nepalese political class with India stems from the country's overt reliance on India for any sort of business and trade. Nepal shares a border of over 1,850 km in the east, south and west with five Indian states — Uttarakhand, Uttar Pradesh, Bihar, West Bengal and Sikkim. This has meant that India accounts for over two-thirds of Nepal's merchandise trade, about one-third of trade in services, 46 per cent of foreign direct investments, almost 100 per cent of petroleum supplies and a significant share of inward remittance on account of pensioners and workers. In 2016-17, Nepal imported $6.1 billion worth of goods and services from India exported only a little more than $400 million worth, making for a trade deficit of over $5.7 billion.

In the light of the deteriorated political situation between the two nations, the heavy reliance on India has been a point of concern. In the past, Nepal did not have much choice but the entry of China in the picture has begun to alter the situation. The economic blockade of 2015, gave China the opening and Oli the electoral plank in Nepal.

"We have great connectivity with India and an open border. All that's fine and we'll increase connectivity even further, but we can't forget that we have two neighbours. We don't want to depend on one country or have one option," Oli said in an interview earlier this year.

"We've always had excellent relations with India. There were some elements in the Indian establishment that caused some misunderstanding, but Indian leaders have assured us that there will be no interference in the future and we will respect each other's sovereign rights."

China's indulgence in Nepal has gone up significantly in the last couple of years. It aims to extend the Qinghai-Tibet railway to the Nepal border by 2020 and has expressed interest in extending it to Kathmandu. Kyirong in Tibet is about 25km from Nepal's Rasuwagadhi border transit point, which is 50km from Kathmandu. That would bring China's mainland even closer to India and has the potential to alter the geo-political situation in the region forever.

On its part, India has decided to raise its annual grant to Nepal by 73 per cent in fiscal 2019 from Rs 375 crore to Rs 650 crore. Another way to re-instil confidence would be for the Indian industry to start investing and creating jobs in Nepal, something

himself. Already, Indian firms are the leading investors in Nepal, accounting for about 40 per cent of the total approved foreign direct investments. As on 31 May 2017, Indian ventures lead foreign investment with FDI commitments of Rs 5,159.86 crores whereas the total proposed FDI commitments to Nepal from all countries amounts to Rs 13,178.15 crores.

"Nepal will need massive investment, many of its sectors are virgin territory for investment. I invite Indian companies to come and invest in Nepal," Oli said during his visit in April. "Indian investors have invested across the globe, so why not Nepal... because in terms of geographical access and cultural similarity (with India) it is all there in Nepal."

The back to back visit by the two prime ministers highlights the fact none of the countries can do without each other. As its oldest and most powerful ally, India has contributed vastly to the growth of Nepal while the latter provides a significant buffer between mainland India and China, an important factor for India. The way forward though, would traverse over different paths than what has been taken so far.

Is the UK or India the leader in fintech?

by Sherry Madera

The City of London Corporation's Asia Adviser analyses how India and the UK compare on financial technology leadership scales.

It is widely reported that London is a leader in the global fintech industry. Undoubtedly this is true when reviewing the innovation at work across the capital and the ability to leverage the world's number one global financial centre. However, India's booming fintech marketplace is also a leader, particularly when we consider the opportunity for digital financial inclusion and the future of finance.

So which centre is the leader?

India has been home to some remarkable innovations in a short space of time. Indian Prime Minister Narendra Modi's unprecedented demonetisation strategy in November 2016 encouraged a dramatic increase in the number of bank accounts and population on the digital grid. Sitting alongside the advent of the Aadhaar system of identity management and the innovative India Stack to promote applications to link into this new data set, this makes India's market for adopting fintech unique according to National Association of Software and Services Companies (NASSCOM).

The Indian fintech software market is forecast to reach $2.4 billion by 2020 from the current $1.2 billion. This provides a great opportunity to the UK fintech firms to collaborate in India's quest to transform the lives of 1.2 billion people.

India's opportunity not only lies in digitisation of processes and products that exist, but it offers the opportunity to leapfrog legacy systems. For example, India's bond market is still immature and variety in the corporate bond market tenor, yield, ratings and demand is thin. Asset management in India lacks the same opportunities for diversification as more mature markets internationally. The sheer size and geographic spread of India's population requires digital options to service in a cost-effective manner. All of these challenges and development journeys are opportunities to apply fintech solutions.

Digital solutions and process efficiencies are areas where India already has great strength. Decades of international finance firms outsourcing to India their processes has increased understanding of how to drive efficiency. R&D centres across India and particularly in Bangalore have routinely produced software solutions to the world's challenges. These two strengths combined are the petrol to fuel India's fintech engine.

On the other hand, the UK is home to London – the world's number one global financial centre. Many insurance companies are hundreds of years old, banking began on London's cobbled streets before it was called

banking, and London's capital market has absorbed companies from across the globe to be the world's most international exchange. Being home to more than 250 foreign banks makes London an excellent place to understand how to effectively deploy fintech in a mature and borderless market.

Significantly, the UK accounts for 11 per cent of the global fintech industry, with a market size of £6.6 billion. London is ranked number one for fintech by Deloitte, is home to 61,000 fintech workers and is occupied by nine of the top 50 firms globally.

The UK's financial regulator, the Financial Conduct Authority, is world renowned as an innovator in their own right in terms of fintech. The world looks to London for best practice in financial regulation and the FCA has ably commuted this into managing the growth of the fintech sector. The UK has inspired continued confidence through its robust regulatory regime that also encourages innovation notably via the world-first regulatory sandbox established by the FCA. On the basis of all this comparison, the question of leadership is a close-run thing.

Perhaps the question itself is flawed. In fact, the power of fintech is in bringing efficiency, security and innovation to the global financial space. This doesn't incorporate borders and rankings. It, in fact, begs for collaboration and sharing of innovation, thinking, challenges, and solutions, not competition and barriers.

On a commercial level, there are some excellent examples of UK businesses already playing a role in India's market. The City of London Corporation and PwC have recently launched a report showcasing how both UK and Indian fintech champions can work together to accelerate the market globally. In the first in a series of reports, the focus on the payments space showcased innovation in both countries. Future publications later this year on insurtech and regtech will surely give both markets food for collaborative thought. Trade in fintech is not a future potential – it is the here and now.

THE INDIAN FINTECH SOFTWARE MARKET IS FORECAST TO REACH $2.4 BILLION BY 2020 FROM THE CURRENT $1.2 BILLION. THIS PROVIDES A GREAT OPPORTUNITY TO UK FINTECH FIRMS TO COLLABORATE IN INDIA'S QUEST TO TRANSFORM THE LIVES OF 1.2 BILLION PEOPLE.

That is also why we are delighted that our Lord Mayor of the City of London will lead a fintech focussed delegation to Mumbai, Bangalore and New Delhi in October of this year. A high impact, high innovation, high energy programme of UK and Indian fintech leaders will create new opportunities and a stronger bridge for trade, policy shaping, regulatory understanding and new business.

During Prime Minister Modi's visit to the UK in April this year, a collaboration called the "fintech rocketship" programme was launched to provide further support for collaboration backed by both countries. The City of London in its small way is also supporting collaboration through our partnership with the Indian High Commission in the UK to support fintech companies looking at trade with India.

London is the world's leading financial centre and it is well placed to support the growing fintech ecosystem of India – and exchanging ideas, talent and investments between the two countries will benefit both. India will be offering fintech and local offerings to a market of 1.2 billion people who will be growing their wealth in the decades to come. Using its unique opportunity to leverage the India Stack and the Aadhaar system, India has much to offer.

Therefore, it is clear that fintech is an industry where both the UK and India have valid claims on leadership. This bodes well for global innovation, trade, partnership and collaboration and solutions for all.

Sherry Madera is Special Adviser for Asia at the City of London Corporation.

A few ground rules for UK fintech's India entry

by Af Malhotra

A financial technology sector expert delves into some key factors when companies eye the Indian market.

The Fintech Revolution is transforming the financial sector at its core. Today, there are over 21,650 Fintech start-ups in the world, each at varying stages of growth. Approximately 25 per cent are at an 'emerging' stage (beta product and seeking seed investment), 40 per cent are 'scaling' (market ready product and revenue positive) and 35 per cent have reached a 'mature' stage of growth, (established product, growing revenues, well funded, expanding).*

The UK is recognised as a leader in fintech innovations – a world leading financial centre. The UK financial services sector is one of the largest globally, representing approximately 9.4 per cent of GDP. London has the highest concentration of global financial institutions across banking, capital markets, insurance and asset management in the world. London is also the home to some of the most innovative Fintech start-ups, who are the third most funded cluster, after the US and China. Nevertheless, the UK fintech economy still requires much needed capital and constant growth – which can come from fast-growing markets like India.

India is recognised as a technology powerhouse. A fast-growing digital economy, that has a huge consumer market, and an attractive tech talent pool; India will be a key market for the UK Fintechs to target, now and in the future. India is seeing a surge in fintech innovation too. According to GrowthEnabler Intelligence and start-up categorisation, India has over 1,130 fintech start-ups, at varying stages of growth. 38 per cent are at emerging stage, 34 per cent scaling and 28 per cent at mature stage. This is a positive indication. However, there are critical success factors that must be addressed along this journey.

Prime Minister Modi's visit to the UK earlier this year, in April 2018, was a much trigger event, as it led to the creation of a UK-India Technology Partnership. Since this partnership, a number of initiatives and capital funds are being developed to promote technology transfer and trade between the two nations. And Fintech innovation has a significant role to play.

UK fintech start-ups must explore the growth, investment and partnership opportunities the Indian market has to offer. There are few ground rules:

**Source: GrowthEnabler Intelligence, Aug, 2018.*

Regulations can be good, bad and ugly

The financial sector in the UK is going through significant change as new regulations, new technologies and economic pressures make way for new fintech entrants. India is no different - although has its own economic and cultural nuances. UK fintechs at a mature stage of growth, who need to require varying levels of approvals from multiple parties, at every step of the journey.

There is a constant need to educate decision makers on how best to embrace and engage with fintechs. The right frameworks, models and leadership attitude is key to enabling fast-innovation. It starts from the top.

multiple languages) and are building trust at each stage of the customer journey. Case in Point: Online payment solution provider, PayTM, are currently leading the digital wave, particularly with its adoption in India's Tier 2 and Tier 3 cities, providing evidence of the potential success awaiting fintech players, if they get it right.

who have market-ready solutions and high investment capacity should be first to explore India. Fintechs must ensure they invest in building privacy and data protection and cyber-security capabilities as these are critical areas that will help to build consumer confidence and drive adoption.

For fintech start-ups to succeed, they have to be supported by an ecosystem.

Patience and tenacity will be key

Fintechs have to have a ton of patience when engaging with traditional financial services organisations, policy agencies and regulators. Entering new markets, like India, will require even greater tenacity for UK fintechs. Fintechs in the UK take anywhere between six to 18 months to sign a contract with a large financial services company. The deal process is painfully slow. Expect to engage with multiple stakeholders,

INDIA IS RECOGNISED AS A TECHNOLOGY POWERHOUSE. A FAST-GROWING DIGITAL ECONOMY, THAT HAS A HUGE CONSUMER MARKET, AND AN ATTRACTIVE TECH TALENT POOL

Don't ignore culture. It will define your success.

Fintechs entering India must understand the social and cultural dynamics that drive buying decisions - both at a business and consumer level. The need for local presence is key. To build trust digital fintechs need to engage both in an online and offline manner. Fintechs must ensure products are designed to meet the needs of consumers (eg

It all comes down to visibility

Regardless of a fintech's growth stage, from India to the UK and beyond, and despite major initiatives (i.e. UK-India Technology Partnership) it all comes down to visibility. If your prospective clients don't know about you, your prospective employees haven't heard of you, or if your prospective investors don't know you exist, then growth – let alone rapid growth – will make an already-difficult task even harder. Whatever your success, be sure to shout about it, tell the world and maximize your visibility through objective intelligence coverage provided by platforms such as GrowthEnabler.

Af Malhotra is Co-Founder of GrowthEnabler, which provides intelligence on tech innovation and disruptive business models.

India's fintech sector gaining momentum

The country's financial technology sector has seen a lot of momentum in recent months.

DBS Bank to partner Indian fintech companies

DBS Bank, which may become the first foreign bank to set up an Indian subsidiary, plans to attract customers through fintech firms rather than spending much on physical infrastructure.

CEO Piyush Gupta said the bank is not looking at buying a strategic stake in such firms or payment apps in India at this point of time like it did in Singapore.

It has inked tie-ups with cabs aggregator Ola and financial products marketplace Paisabazaar in India and looks to take a few more on board for customer acquisition, deputy group head for consumer banking Pearlyn Phau said.

In India, it is busy in converting itself as a banking subsidiary and is expecting the final licence from the Reserve Bank of India in a month or two to set up the wholly-owned unit.

The bank plans to offer financial products mostly through smartphones as part of the digital journey.

Gupta said: "We started thinking of ourselves not as a bank, but as a fintech company.

"In India, 100 per cent of our offerings will be through digital platforms."

He said the bank would use data for lending and cross-selling products and build front-to-back digital servicing model using artificial intelligence-enabled chatbot to minimise manual processing.

JPMorgan funds fintech effort for India's poorest

American financial services company JPMorgan Chase is sponsoring a new effort to develop fintech that will help India's underserved communities.

The bank is helping launch a $9.5 million lab which will focus on early-stage fintech start-ups working on addressing the needs of low- and middle-income consumers in India that earn $2 to $10 a day.

The lab is being launched with the help of the Indian Institute of Management Ahmedabad's Centre for Innovation, Incubation and Entrepreneurship. The lab is part of IIMA-CIIE's Bharat Inclusion Initiative, which launched in May and aims to incubate and support start-ups developing technologies that affect livelihood, financial inclusion, health and education.

JPMorgan will put $7 million over the next four years towards the initiative — the largest philanthropic commitment made by the bank outside of the US. The bank is joined by the Michael & Susan Dell Foundation as well as the Bill & Melinda Gates Foundation, which are also supporting the lab as a part of an overall commitment to the Bharat Inclusion Initiative.

The lab will draw insights from the JPMorgan-funded Financial Solutions Lab, a five-year program launched in the US in 2014 and managed by the Centre for Financial Services Innovation.

SoftBank taps Paytm for mobile payments in Japan

PayPay Corp, a joint venture between SoftBank Corp. and Yahoo Japan Corp, has partnered with India's largest payment services provider Paytm to launch barcode-based smartphone payment services in Japan by November, the company said.

The platform, to be called Paypay, will help SoftBank build its mobile payment system and expand mobile payment in Japan.

Japan is heavily dependent on cash for payments, with cashless accounting for only 20 per cent of overall transactions in the country.

With the launch of PayPay, Yahoo Japan will terminate Yahoo! Wallet—its current smartphone settlement function.

"The PayPay platform will be seamlessly integrated with Yahoo! JAPAN ID, giving existing Yahoo! Wallet customers the option to use PayPay functions within Yahoo! JAPAN's smartphone application," the companies said in a joint statement.

"PayPay Corporation, SoftBank, Yahoo Japan and Paytm will expand the number of users by including the customer base of SoftBank, and Yahoo! Wallet which comprises approximately 40 million accounts. They will also deploy the platform using SoftBank's sales know-how, and develop a tailored service offering leveraging Paytm's technology," the company said in the statement.

"Our aim is for PayPay to become the top provider of smartphone payment services in terms of the number of users as well as affiliated stores."

How GIFT City plans to boost foreign investments in India

by India Inc. Staff

The Gujarat International Finance Tec-City envisages a global financial hub on the lines of Singapore, London and Dubai that will offer stiff competition to these cities.

Gujarat International Finance Tec-City, which goes by the acronym, is planned, as the name suggests, as an international financial services centre on the lines of Singapore and Dubai against which it is being benchmarked.

A brainchild of Indian Prime Minister Narendra Modi, it is India's first operational smart city and international financial services centre (IFSC). It has made a good start and shows early promise but significant challenges that will only become evident over the coming years have to be overcome before it can be declared an unqualified success.

A magnet for large investors

About 150 large Indian and global companies such as Oracle, Infibeam, Bank of Baroda, HDFC Bank, NSE and Reliance Capital have already started operations in the city coming up in the outskirts of Gandhinagar and many more are in queue to follow suit.

These companies have invested about $1.5 billion and provide employment to more than 10,000 people. The goal: generate employment for one million people when it is complete.

Why GIFT is attractive

GIFT City offers investors several operational advantages. The Securities and Exchange Board of India (SEBI) has permitted FPIs registered in India to trade on exchanges operating in the city. And a first in India, they have also been allowed to trade in commodities derivatives on IFSC exchanges. Then, companies operating in the city pay zero securities transaction tax and zero commodity transaction tax.

To facilitate seamless global operations, all exchanges in the city operate for 22 hours a day and in a big boost to ease of doing business in GIFT, SEBI has permitted FPIs already registered with it to operate without any additional documentation.

This reduces transaction costs significantly and increases the attractiveness of the centre.

There are other attractions as well. All greenfield smart cities are designed to offer ease of doing business and low operating expenses. To facilitate this, GIFT City has its own urban development authority for single window clearances.

Operating expenses are also expected to be about 20 per cent

ONCE COMPLETE, THE CITY WILL OCCUPY 886 ACRES OF LAND AND HOUSE 110 BUILDINGS WITH A CUMULATIVE BUILT-UP AREA OF 62 MILLION SQUARE FEET. OF THIS, ABOUT 40 MILLION SQUARE FEET HAS BEEN EARMARKED FOR COMMERCIAL ACTIVITIES, ABOUT 13 MILLION FOR RESIDENTIAL QUARTERS AND THE REST FOR SOCIAL INFRASTRUCTURE.

lower compared to metropolitan cities such as Mumbai and Delhi.

Keeping in mind the need to offer infrastructure and services at par with those available in international cities, tap water will be of potable quality and district cooling system will supply chilled water across the city.

Regulatory changes

Speaking to the media, Dipesh Shah, Head, IFSC and Strategy, of Gift City, said a few regulatory changes are needed to bring the project at par with the cities it is benchmarked against.

They include waiving short term capital gains tax on derivatives trades and allowing retail investors to trade. At present foreign portfolio investors (FPIs) pay 30 per cent as short-term capital gains tax compared to zero tax in Dubai and Singapore.

Thus, to compete against them and to make GIFT City attractive to FPIs, industry bodies operating in the city have requested the finance ministry to consider these proposals to ease the cost of doing business in this first of its kind centre in India.

"You also need to build liquidity in the market and that requires the participation of all segments of investors. Today, the only segment that participates in the zone is institutional investors. If retail investors are allowed, the markets can move much faster," said Shah.

The master plan

Once complete, the city will occupy 886 acres of land and house 110 buildings with a cumulative built-up area of 62 million square feet. Of this, about 40 million square feet has been earmarked for commercial activities, about 13 million for residential quarters and the rest for social infrastructure.

"Currently, about two million square feet of commercial space is operational, and another three million square feet is under development. As of now an investment of Rs 10,500 crore ($1.5 billion) has already been committed to GIFT City, which has an integrated development model over three phases. Each phase is designed as integrated sustainable development. For example, the first phase itself includes development of office space, residential quarters, schools, hotels, clubs, etc.," Ajay Pandey, MD & Group CEO, GIFT, said in a media interview.

The project has attracted leading real estate developers such as the World Trade Center, Hiranandanis, Prestige, ATS and others who have developing parcels of land offered to them. Besides, large Indian public and private corporate groups such as Life Insurance Corporation of India (LIC), State Bank of India (SBI) and Reliance are also developing commercial and residential buildings in GIFT City for their own use.

Budget boost

In his Budget for 2018-19, Finance Minister Arun Jaitley announced that the government would establish a unified authority for regulating all IFSCs in India.

This and the exemption of short-term capital gains tax for IFSCs will help GIFT and, indeed, all such future projects in India to achieve their full potential and is expected to help GIFT achieve its goal of emerging as a global financial hub.

Inclusive mantra

In keeping with Modi's mantra of social inclusiveness, the authorities have taken pains to incorporate this aspect of development into the master plan.

Pandey has been quoted in the media as saying: "GIFT is India's first operational smart city and International Financial Services Centre. Developed as a greenfield project, the City's objective is to generate employment. The aim is to

create half a million direct jobs and half a million indirect jobs here. This is a first-of-its-kind project in India and there are boundless opportunities for all – from support staff to the top management. Apart from hi-tech office buildings, residential complexes, entertainment arenas, the City also has one-of-its-kind aspirational and affordable housing project that will be operational soon for the support staff working in the group.

"The development plan for GIFT City envisages 40 per cent open and green spaces and has a green focus. All the buildings will be Leed-certified and have infrastructure like automated waste collection systems (AWCS), district cooling systems (DCS) and other technology-enabled processes that are environment friendly," he added.

Significant challenges ahead

The Maharashtra government has recently announced plans of setting up an IFSC in Mumbai, which will offer stiff competition to the one in Gujarat. Since Mumbai is the country's financial capital and is already host to all the large domestic and international companies that are on the radar of the GIFT authorities, it will provide stiff competition to Gujarat's IFSC but Pandey is unfazed.

Then, social infrastructure and the availability of entertainment facilities play a major role in the decision making process at multinationals. It will be a long time before cities in India can match facilities available in London, New York, Singapore, Dubai and Hong Kong.

TO FACILITATE SEAMLESS GLOBAL OPERATIONS, ALL EXCHANGES IN THE CITY OPERATE FOR 22 HOURS A DAY AND IN A BIG BOOST TO EASE OF DOING BUSINESS IN GIFT, SEBI HAS PERMITTED FPIS ALREADY REGISTERED WITH IT TO OPERATE WITHOUT ANY ADDITIONAL DOCUMENTATION.

While this will not play a big role in the decision making process in Indian companies, their foreign counterparts, who have all the above cities to choose from, may not be able to attract sufficient numbers of globally competitive talent. This little considered issue may become a major factor in GIFT City's quest for success and international recognition.

And finally, can the government of India really allow the near laissez-faire regulations in many international financial centres, especially with regard to hot money? The jury is out on this question.

Growth on track

Pandey recently said at a press meet that the city was witnessing a "hockey stick" growth curve.

"In the first phase of the project, which was to the tune of Rs 2000 crore ($300 million), we have debt of Rs 1200 crore ($190 million) from a consortium of bankers. So the revenue is the remaining sum of Rs 800 crore ($110 million," Pandey said.

"The land was allocated to us in 2011 and the IFSC started off in 2015. So, the point I wanted to make was the growth curve is exactly how it was planned," he added.

Bright prospects

The impact of GIFT City is likely to be felt only in the years ahead. With India expected to retain its position as the fastest growing major economy in the world well into the future, the prospects look bright.

As the country integrates further into the global value chain, and the Modi government unveils further reforms to boost the ease of doing business in India, many more companies are expected to set up and expand their operations in the country and this will increase the attractiveness of projects such as GIFT.

India and the Gulf Region: Building strategic partnerships

by Rahul Roy-Chaudhury

Our strategic expert delved deeper into the Gulf Cooperation Council (GCC) as India's largest regional-bloc trading partner.

It is not often realised that when Indian Prime Minister Narendra Modi firmly placed the Indo-Pacific region at the heart of India's engagement with the world at the IISS Shangri-La dialogue in Singapore in May 2018, he was also referring to the Gulf region. Prime Minister Modi defined this essentially maritime region as stretching "from the shores of Africa to that of the Americas", thereby incorporating the Gulf region.

India's historical connection with the Gulf dates back more than five thousand years, to trading between the ancient civilisations of the Indus Valley and the Dilmun (linked with present-day Bahrain). British India's imperial interests in the Gulf were determined, pursued and administered from Bombay Presidency. The Indian rupee was legal tender in Kuwait, Bahrain, Qatar, Oman and the Trucial states – now the United Arab Emirates (UAE) – until the early 1960s.

Today, the Gulf is an integral part of India's 'extended neighbourhood', both by way of geographical proximity and as an area of expanded interests and growing Indian influence. Historic maritime and cultural links have developed into strong relationships of 'energy, expatriates and economy'.

Energy, expatriates and economy

India is dependent on the six Gulf Cooperation Council (GCC) states for 42 per cent of its overall oil imports; three of the top five oil suppliers to India are Gulf states, with Saudi Arabia, the largest, providing 20 per cent of India's total oil imports. Qatar is also India's dominant supplier of Liquefied Natural Gas (LNG). Any disruption in energy imports from the Gulf will have serious implications for India's economic growth.

Indian nationals make up the Gulf states' largest expatriate community, with an estimated 7.6 million Indian nationals living and working in the region; especially in Saudi Arabia (2.8 million) and the UAE (2.6 million). Indians number more than the local population in the UAE and Qatar. The safety and security of these Indian nationals are a key priority for the Modi government. In the past, thousands of Indian expatriates have had to be evacuated from conflict-prone Iraq, Kuwait and Yemen.

The GCC is India's largest regional-bloc trading partner, which accounted for $104 billion of trade in 2017–18, nearly a 7 per cent increase from $97 billion the previous year. This is higher than both India–ASEAN trade ($81 billion) and India–EU trade ($102 billion) in 2017-18. Two of India's top five trading partners, the UAE and Saudi Arabia, are from the Gulf. The GCC also provided over $37 billion in foreign-exchange remittances from Indian expatriates in 2017, accounting for over 54 per cent of India's total. But, there is still no India–GCC Free Trade Agreement, although a framework agreement on economic cooperation was signed in August 2004. Notably, India and the UAE have recently embarked on an ambitious drive to upgrade their bilateral relations. The UAE was the first Gulf country Prime Minister Narendra Modi visited in August 2015, marking the first visit by an Indian prime minister to the UAE for 34 years. They aim to increase bilateral trade by 60 per cent over the next five years and have set a target of $75 billion for UAE investments into India's infrastructure development, spanning ports, airports, highways and construction, as well as petrochemical projects.

Diversification into Security and Defence Cooperation

These traditional relations are currently diversifying into security and defence cooperation, and India today

has a strong and growing stake in Gulf stability. This includes 'strategic partnerships' with Gulf countries on issues such as counter-terrorism, money laundering, cyber security, organised crime, human trafficking and anti-piracy.

The 'Delhi Declaration' signed during Saudi King Abdullah's visit to India in 2006 established a joint Saudi–Indian focus on counter-terrorism, and was followed by the 'Riyadh Declaration' signed in February 2010, which confirmed the upgrade in relations to a 'strategic partnership', and strengthened defence cooperation. Despite official Indian concerns over Saudi funding to fundamentalist Muslim institutions in India, the two countries are developing a coordinated approach towards counter-extremism. Notably, a Saudi–Indian extradition treaty and an agreement for the transfer of sentenced persons have also been signed. After considerable effort by India's intelligence agencies, Indian national Zabiuddin Ansari, also known as Abu Jundal, the alleged 'handler' of the ten terrorists involved in the 2008 Mumbai terror attacks, was deported from Saudi Arabia and arrested on arrival at Delhi airport on 21 June, 2012.

India's relations with the Gulf have begun, with a fair degree of success, to encompass defence and naval cooperation, including joint exercises, regular Indian ship visits and broad-based MoUs. Gulf armed-forces personnel are also trained in Indian defence and military academies. All the Gulf states are members of the Indian Navy-conceived Indian Ocean Naval Symposium (IONS), which was established in 2008 as a biennial forum for navy chiefs of the Indian Ocean littoral. India's most notable (but equally low-key) defence cooperation has been with Oman. India has also played an active role in enhancing the stability and security of the Gulf's sea lanes through its participation in anti-piracy patrols off the coast of Somalia.

INDIA'S RELATIONS WITH THE GULF HAVE BEGUN, WITH A FAIR DEGREE OF SUCCESS, TO ENCOMPASS DEFENCE AND NAVAL COOPERATION, INCLUDING JOINT EXERCISES, REGULAR INDIAN SHIP VISITS AND BROAD-BASED MOUS.

Key Challenges

Although India has publicly stated its interest in the Gulf region's sea lines of communication remaining open and flowing, it has no ambition to become a US-style protector of Gulf security. This would run counter to its longstanding policy of avoiding alliances or military groups, and refraining from foreign military deployments not mandated by the United Nations. More broadly, India is loath to risk damaging its core interests in the region by seeking a conspicuously active or ambitious role.

At the IISS Manama Dialogue in Bahrain in December 2017, India's Minister of State for External Affairs M.J. Akbar noted the four key parameters of India's relations with the Gulf as being non-descriptive, non-intrusive, non-judgemental and not taking sides in intra-regional disputes. This enables India to simultaneously have close relations with both Iran and Saudi Arabia, Israel and Palestine, and Qatar and Saudi Arabia/UAE/Bahrain.

However, a key challenge for India in relation to the Gulf will be to maintain its relationship with Iran amidst prospective US Trump administration sanctions. India has traditionally aimed to maintain good relations with Iran in light of India's substantial Shia Muslim minority. In the recent past, at Washington's behest, New Delhi reduced oil imports from Iran (previously its second largest supplier after Saudi Arabia) and voted against Iran at the International Atomic Energy Agency.

However, India's relations with Iran have become more important following Modi's visit to Tehran in May 2016, when a tripartite agreement was reached among India, Iran and Afghanistan to develop the Iranian port of Chabahar, with India providing $500 million towards the development of the port. Once completed, this would have enabled India to offset Pakistan's denial of overland access to Afghanistan and to compete with Gwadar port in Pakistan, which is being developed with Chinese support as part of the China-Pakistan Economic Corridor. But, this project will need to be finely balanced by the possibility of US President Donald Trump's first visit to India as the Chief Guest at India's Republic Day parade on 26 January, 2019.

Rahul Roy-Chaudhury is Senior Fellow for South Asia at the International Institute for Strategic Studies (IISS) in London.

FrankfurtRheinMain: Where Indian businesses flourish

Eric Menges is President & CEO of FrankfurtRheinMain GmbH, the inward investment agency of FrankfurtRheinMain region of Germany. In this interview with 'India Global Business', he outlines the scope for investments in the region in the wake of the Brexit vote and why the German hub is a prime location for Indian companies looking to expand in European markets.

How is the Brexit vote changing the landscape for Indian investments?

Germany's most dynamic business location, FrankfurtRheinMain, is named after the city of Frankfurt and the rivers Rhein and Main surrounding it. It has been a leading contender for Indian businesses post Brexit.

My team has been actively talking to and engaging with Indian companies in the UK to know more about their post-Brexit plans.

The outcome of the Brexit negotiations is very uncertain. But one thing that is certain is that the greater Frankfurt region has been the launch pad for numerous Indian companies in continental Europe and presents an excellent alternative business location.

Why should Indian businesses be looking at Frankfurt for investments?

The FrankfurtRheinMain region, named after its core city Frankfurt and the two rivers Rhein and Main, is the third-largest metropolitan region in Germany stretching over three German states (Hesse, Bavaria and Rhineland-Palatinate). Centrally located and well-connected by air, rail, water and road, FrankfurtRheinMain is one of the most important business hubs not only in Germany but also in Europe.

With approximately 35 million people in a 200-km radius, companies enjoy proximity to a wide customer base. Companies entering the region not only benefit from a strong customer base but also gain access to cutting-edge products, innovative technologies and solutions. Furthermore, companies can also benefit by collaborating with German companies & research institutes

in the latest advances in IoT, Industry 4.0, AI, Green Tech and E-Mobility. In the long term, once the Brexit negotiations close in 2019, FrankfurtRheinMain, because of its position as a leading financial hub and its central location, will play an even greater role as the gateway to Continental Europe. Businesses operating out of FrankfurtRheinMain will enjoy uninterrupted access to customers and the ease of doing business across continental Europe.

All this said, the Frankfurt region is easily Germany's most international location. It is very cosmopolitan and culturally-diverse, thereby offering a smooth landing pad for Indian companies right in the middle of Europe's strongest economy.

What are some of the key sectors with great potential for closer Indo-Frankfurt ties?

Germany being the most stable economy in Europe, the opportunities for Indian companies are huge. Over the past couple of years, Indian companies have established a strong foothold in the greater Frankfurt region. With Brexit looming, Banking & Finance is an obvious choice. However, the Frankfurt region offers great opportunities in the ICT/ Software, Automotive Engineering, Lifesciences, and of course, Logistics sectors. Companies from all these sectors will certainly find favourable conditions for business growth and development.

What opportunities does the Frankfurt Metropolitan region provide to Indian businesses in the context of Brexit?

Since Brexit presents operational challenges for organisations from the finance/banking, logistics, automotive and pharmaceutical/ Life sciences sector, there is a dire need for companies to have a base in continental Europe to continue to service their European clients without interruptions. This is obviously true for organisations providing banking services of which some even require the so-called "European banking passport". Also for Indian IT companies providing, for example, cloud services to the finance sector, the location of data and data protection will be critical. Germany, and especially the FrankfurtRheinMain region, has attracted many organisations due to its immediate connectivity to all major European hubs and the ease of doing business in continental Europe.

SINCE BREXIT PRESENTS OPERATIONAL CHALLENGES FOR ORGANISATIONS FROM THE FINANCE/BANKING, LOGISTICS, AUTOMOTIVE AND PHARMACEUTICAL/ LIFE SCIENCES SECTOR, THERE IS A DIRE NEED FOR COMPANIES TO HAVE A BASE IN CONTINENTAL EUROPE TO CONTINUE TO SERVICE THEIR EUROPEAN CLIENTS WITHOUT INTERRUPTIONS.

Numerous surveys conducted post the Brexit Referendum have ranked the Frankfurt region as one of the leading and best positioned alternatives for international businesses in continental Europe.

What are some of the major investments that have come in from India in recent times?

The Indian community in FrankfurtRheinMain, with 8,000 Indians and 135 Indian companies, is amongst the strongest in the whole of Germany. Besides some of the Indian banks such as ICICI and State Bank of India, the FrankfurtRheinMain area has attracted investment from leading Indian corporates such as Infosys, TCS, Wipro, Godrej Security Solutions, Persistent Systems, Tata Autocomp, etc. Apart from the large-sized companies, medium-sized family-run businesses as well as small-scale entrepreneurs have also kickstarted their operations in our region. I should add that these operations have been very successful.

Forums such as India Meets FRM' and India Business Forum (IBF)' are well-established platforms for Indo-German business networking. All this has led to a very vibrant and active Indian community in the greater Frankfurt region.

Are German businesses equally interested in investing in India?

India being one of the fastest growing economies in the world offers various opportunities for German companies. Bilateral trade between Germany and India in 2016 stood at more than €17.4 billion. Since January 2000, Germany is the seventh largest foreign direct investor in India. Today, more than 1,700 German companies are active in India, providing around 400,000 direct and indirect jobs. Germany is India's largest trading partner in Europe and among India's top ten global trade partners. Whenever I visit India, I am always impressed by the high level of German investment and engagement that can be witnessed in all major Indian business cities, especially in Pune where six years ago our organisation, FrankfurtRheinMain GmbH decided to locate the FrankfurtRheinMain India representation office.

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Combatting fake news, Logically

Lyric Jain, a Cambridge University engineering student originally from Mysore, set up Logically last year and has since developed the UK-based start-up into a machine-learning platform to sift fact from fiction. In this interview, the 21-year-old techie reveals plans for a project specifically targeted at India and a first-of-its-kind "intelligent news feed" that he believes may prove to be the future of journalism

How does Logically work to combat fake news?

The Logically platform gathers the biggest news stories from over 70,000 domains and determines the credibility of the claims across each article. It does this by using a machine learning algorithm that is designed to detect logical fallacy, political bias, and incorrect statistics. By illuminating the quality of information across these articles, Logically provides users with a transparent and insightful view that allows them to determine how trustworthy the news they read really is.

It combines artificial intelligence (AI) and human intelligence as well as complex analytics to create a first-of-its-kind intelligent news feed that could prove to be the future of journalism.

In India, there have been cases of killings directly related to fake news. How would your project tackle that?

WhatsApp has over 200 million users in India. Because the WhatsApp messaging system is encrypted, it makes it extremely difficult for law enforcement to intervene and stop fake stories spreading.

WE PLAN TO IMPROVE THE ENTIRE INFORMATION ECOSYSTEM BY PARTNERING WITH JOURNALISTS, PUBLISHERS, AND ADVERTISING TECHNOLOGY COMPANIES.

Because of the highly emotive nature of these stories, people are quick to react. This means the time it takes to disprove compelling fake news stories is often too long to prevent action being taken. Logically will use AI to enable people to accurately assess the validity of information faster than any human can. By using our platform, people will be able to qualify information in the same moment they interact with it, meaning they are less likely to be compelled to act on misinformation or fake news. We are still exploring options such as an instant verification chatbot on WhatsApp and will announce our plans by the end of the year.

What are your future expansion plans for the company?

We plan to improve the entire information ecosystem by partnering with journalists, publishers, and advertising technology companies. The more of a genuine insight these entities have into the credibility of the information they publish, or the credibility of sites they partner with, the better.

What more can the state be doing in this field?

Education. The technology we are developing will equip people with the tools they need in order to

LOGICALLY WILL USE AI TO ENABLE PEOPLE TO ACCURATELY ASSESS THE VALIDITY OF INFORMATION FASTER THAN ANY HUMAN CAN.

navigate a complex and confusing information landscape better than before, but governments still need to do a better job educating people on the real dangers of interacting with misinformation.

Some background on the company's genesis.

Logically has a board of advisers made up of alumni from both Massachusetts Institute of Technology (MIT) in the US and Cambridge University in the UK and has raised £1 million in funding. It employs 38 people across the UK, India and US and is planning to almost double that figure.

The platform, which is currently going through technology trials with partners and advisors, will have its full public launch in September for the UK and US, and hit India by October.

The aim is for the service to work as a news aggregator as well as an indicator of factual accuracy.
We have been described as a "fake news search engine" and "the credibility layer to the internet". In a nutshell, at Logically we use Natural Language Processing, machine learning and human oversight to identify bias and misinformation on any given topic. News is assigned a credibility score and ranked on the site accordingly with credible information appearing up top.
The Logically platform will make sure that you can quickly consume information that is credible, balanced with factual counterpoints and is logically coherent.

What has been the recent impact of fake news?

The spread of fake news accelerated dramatically during the 2016 US Presidential Election campaign. Groups of teens in Macedonia were found to have been intentionally creating pro-Trump fiction, profiting from their "shareability".

A Russian propaganda group was found to have been creating pro-Trump fake news in order to give the impression that there was a strong grassroots movement legitimately supporting his campaign. The influence of these activities is hard to quantify, but the emergence of fake news creation as a way to shape the political landscape is an undeniably dangerous issue.

Fake news that is deliberately designed to look authentic worsens the problem dramatically. Extremist groups have successfully recruited over the past several years by use of their digital channels and the spread of misinformation.

Making Indian music go global

by India Inc. Staff

Gracenote, a Nielsen company that specialises in music metadata and automatic content recognition technologies, recently tuned into India.

With its new database expansion into India, US-headquartered Gracenote said it would enable streaming services, voice-powered virtual assistants and online media companies to deliver next-generation music search and discovery of Indian music.

The company's India entry is marked by the launch of its Global Music Data, the catalogue of reference for the music industry, in the country. The solution localises Gracenote's comprehensive collection of descriptive music information for the Indian market, enabling regional music and global streaming services to now deliver advanced search, discovery and navigation of India-based music to fans all over the world.

WITH THE STRONG TIES TO BOLLYWOOD, THERE ARE MULTIPLE SINGERS, ACTORS AND DIRECTORS ON A SINGLE TAG OR FIELD THAT CREATES METADATA CHALLENGES.

A vibrant and complex music market, India is experiencing massive growth among local listeners as well as fans around the globe. The market is driven by a close relationship to the Bollywood film industry with popular musical scores and soundtracks dominating the landscape. While typical Western music catalogues are organised by artist, recording and album, the popular music scene in India features a range of talent, from playback singers and actors to music directors, lyricists and songwriters among many others featured in films. With more than 1,000 movies released annually, the data challenges that underpin next generation search, discovery and navigation are compounded. Further complicating matters are India's 22 official languages and variances in music popularity by region.

The Gracenote Global Music Data solution aims to help solve India's music data challenge by normalising Artists, Albums and Recordings with a proprietary ID system that associates the right content with the right recording artists, actors and music directors. Leveraging industry-

THE SOLUTION LOCALISES GRACENOTE'S COMPREHENSIVE COLLECTION OF DESCRIPTIVE MUSIC INFORMATION FOR THE INDIAN MARKET, ENABLING REGIONAL MUSIC AND GLOBAL STREAMING SERVICES TO NOW DELIVER ADVANCED SEARCH, DISCOVERY AND NAVIGATION OF INDIA-BASED MUSIC TO FANS ALL OVER THE WORLD.

standard media linking and IDs, Gracenote Global Music Data enables smarter search and discovery of playback singers across digital media catalogues, including linear TV, movies and video-on-demand (VOD). In addition, the latest database supports key local languages and alternate names to power playlisting and search using voice assistants and smart speakers.

Brian Hamilton, General Manager of Music and Auto at Gracenote, said: "India is one of the fastest growing music markets in the world and also one of the most complex.

"With the strong ties to Bollywood, there are multiple singers, actors and directors on a single tag or field that creates metadata challenges. Gracenote is now applying its world-class ID structures, metadata standards and AI/machine learning skills to make Indian music more searchable and discoverable to help services drive engagement and interactivity with fans in India and around the globe."

Gracenote says its unmatched database of deep, descriptive music information covering genre, era, origin, tempo and mood already serves as the backbone of the music industry. Gracenote Global Music Data leverages the best music experts in the world and applies state-of-the-art machine learning techniques to scale recording-level descriptors to tens of millions of songs. As a part of the solution, global and regional streaming music services will have direct access to Gracenote's latest music descriptor which classifies the "style" of individual musical recordings for more powerful search and discovery experiences and more personalised playlists.

With the addition of India, Gracenote Global Music Data is now available in eight markets – United States, Korea, Japan, Europe, Latin America, Australia and New Zealand.

Gracenote, a New York Stock Exchange listed Nielsen company, claims to provide music, video and sports content and technologies to the world's hottest entertainment products and brands. It defined itself as the standard for music and video recognition and is supported by the largest source of entertainment data, featuring descriptions of more than 200 million tracks, TV listings for 85+ countries and statistics from 4,500 sport leagues and competitions.

Gracenote is headquartered in Emeryville, California, and supports customers around the globe. campaigns of disinformation are among some of the recommendations under consideration.

Indian companies drive into global arena

From Ola's foray into the UK to telecommunication strides, India's outbound segment remains vibrant.

Ola drives into UK

After Australia, India's biggest ride-hailing start-up Ola is headed to the UK.

In its second big overseas push, Ola received licences to operate in South Wales and Greater Manchester. While the operations in South Wales will be launched within the next month, it plans nationwide expansion by the end of 2018.

Bengaluru based ride-hailing firm said it will offer the passenger the option of private hire cars and black cabs on one platform. It aims to add other transportation option on the platform.

Bhavish Aggarwal, Co-founder and CEO, Ola, said: "We look forward to our continued engagement with policymakers and regulators as we expand across the country and build a company embedded in the UK."

Ola said it's inviting private hire vehicle and metered taxi drivers in Cardiff, Newport, and Vale of Glamorgan and is also offering a low introductory commission rate of 10 per cent.

Founded in 2011, Ola is present across more than 110 Indian cities and said it connects over 1 million drivers across cabs, auto-rickshaws, and taxis.

He added: "We look forward to providing a responsible, compelling, new service that can help the country (UK) meet its ever-demanding mobility needs."

Airtel ties up with Telecom Egypt

Telecom major Bharti Airtel has announced a strategic partnership with Egyptian operator Telecom Egypt (TE), which would allow Airtel to use the Middle East North Africa (MENA) Submarine Cable and TE North cable systems.

The partnership would help Airtel to serve the growing demand for data services, particularly in markets across South Asia, Africa and the Middle East, the company said in a statement.

It said, "The partnership grants Airtel the right to use fibre pairs of MENA Cable from Egypt to India with access to Saudi Arabia and Oman, and other fibre pairs from Egypt towards Italy."

Airtel would also take "large capacities on a long-term basis on two new cable systems (SMW5 and AAE1)" and get the right to use a fibre pair from Egypt to France on TE North cable systems along with capacities on SMW-5 and AAE-1 cable systems.

Ajay Chitkara, Director and CEO, Airtel Business said, "The partnership including MENA Cable and TE's network will be a good addition to our global network portfolio and provide us with a high quality and diversified new route to Western Europe and the rest of the world."

"In particular, it will provide impetus to India's emergence as a major regional Internet hub serving customers across SAARC region, with seamless global connectivity."

Future Group forms dairy JV with Fonterra

Indian retail entrepreneur Kishore Biyani-led Future Consumer Ltd will form an equal joint venture with New Zealand's Fonterra Co-operative Group Ltd in a deal that will help the world's largest dairy exporter set up a presence in the world's largest dairy market.

The joint venture, called Fonterra Future Dairy Partners, will sell a range of milk products in India, Future Consumer said in a stock exchange filing.

Lukas Paravicini, Fonterra's COO for global consumer and food service, said: "It will allow us to prepare the groundwork and make the most of our expertise as we enter the world's largest and fastest-growing dairy industry."

He said consumer demand for dairy in India over the next seven years is set to increase by 82 billion litres, seven times the forecasted growth for China.

The new venture will initially focus on product development and marketing. The first consumer products will be launched by the middle of 2019, using both locally sourced milk and dairy products from New Zealand.

Changing lives in India through innovative finance

by Richard Hawkes

The CEO of British Asian Trust explores how the worlds of business, government and social good are working in tandem to deliver new social impact models in India.

Never before have the worlds of business, government and social good been so closely integrated. The days of societies being defined by the balance between the three distinct sectors of "private", "state" and "charity" are long gone as increasingly we see the emergence of social businesses, public-private partnerships, social enterprises and the need for private companies to understand their social impact.

It is exactly the same with the funding of "good causes", especially in the international space. In the past, development initiatives were either funded by governments or by a traditional approach of philanthropy and grant-giving. Increasingly in the future, programmes will be funded by a mixture of financial instruments – including impact investment, debt, equity and other approaches.

The British Asian Trust is right at the heart of these changes. Founded 10 years ago by His Royal Highness, The Prince of Wales, and some of the most successful British Asian business leaders and entrepreneurs, it has always been in our DNA to challenge the accepted way of doing things. At our core is the determination to think boldly and ensure we always apply business principles to the ways in which we tackle poverty and disadvantage.

We have seen significant growth in recent years and have quadrupled the income of the organisation. This is enabling us to rapidly scale and extend our programmes across South Asia. As a fundamental part of our programme strategy, we are convinced that only by applying business approaches to philanthropy can we ever meet the needs of the greatest number of people.

This is why we are so excited about the world of innovative finance and the $10-million Development Impact Bond (DIB) we have been working on for education in India.

Over the last 18 months, we have been working alongside UBS Optimus Foundation and the Michael and Susan Dell Foundation on a truly innovative and ground-breaking initiative that will improve education and learning for more than 300,000 children in Rajasthan, Gujarat and Delhi. This DIB could have a real impact on the future of philanthropy. It is a creative and innovative finance instrument that brings together the worlds of finance, investment, development and education to achieve results at scale.

The model is simple. Risk investors provide the capital that enables the local NGO service providers to deliver the programme. An independent evaluator then assesses the results and, when the outcomes have been achieved, the people and organisations who are paying for the results (outcomes funders) hand their money over. The risk investors get a small return on their investment, the service providers get paid for the successful work they have delivered and the donors only pay once positive outcomes have been achieved. Payments are only made once these results have been independently verified.

The British Asian Trust has been responsible for raising the required $10 million of outcomes funding, and we are delighted that we have secured the support of an exciting and diverse group of organisations – including Tata Trusts, Comic Relief, British Telecom, the Mittal Foundation and DFID (supporting technical aspects).

We are confident that the success of this DIB will demonstrate a better way of raising and spending development funds and achieving UN Social Development Goals than traditional grant-making. Public money can deliver a far greater impact by focusing on outcomes, working cross-sector with private and charitable organisations. The DIB is a vehicle to actively nudge the culture of philanthropy and development towards this outcome-based funding model, potentially unlocking vast new sums from governments as well as private investors and foundations. Ultimately, this pot could total as much as $2 trillion.

India is arguably the best country in the world for demonstrating the potential of outcome-based funding models to transform the development approach. Indian society and economics have undergone enormous change since the 1990s. The country's increasingly dynamic and innovative climate is spreading to the development sector and there is growing opportunity for a more pioneering and effective approach to improving lives. This entrepreneurialism, coupled with the growing willingness of state and national governments to work with business and other third parties, makes India ripe for new ways of funding to increase the impact of development initiatives.

AS A FUNDAMENTAL PART OF OUR PROGRAMME STRATEGY, WE ARE CONVINCED THAT ONLY BY APPLYING BUSINESS APPROACHES TO PHILANTHROPY CAN WE EVER MEET THE NEEDS OF THE GREATEST NUMBER OF PEOPLE.

There has been a longstanding commitment from both the international community and Indian governments to improve education in the country. The Millennium Development Goals set ambitious targets for increasing the number of children attending school on a daily basis. These goals were met and in the past five years, India has achieved a 99 per cent rate of school access. Attention has now turned to improving the quality of education. Government primary schools in India face significant challenges in improving literacy and numeracy levels for most children. A typical Indian student is at least two grades behind the level that is expected for their age in these key subjects. By Grade 5 (age 10), fewer than 50 per cent of children can read to a Grade 2 level (age 6). The United Nations' Sustainable Development Goals have set ambitious targets to meet this challenge. Outcome-based funding models, including DIBs, are ideally suited to driving up quality, and this requires a more targeted and complex assessment than previous strategies which focused solely on increasing access.

Historically, development has been funded by grants from governments, trusts and foundations, plus corporates and individuals. NGOs traditionally spend the money on delivering services and interventions. The primary focus of funding decisions and NGO interventions is often in addressing a particular cause, issue or an identified or perceived need. But frequently, funders have no idea what results are ultimately being delivered by their investment. The theory of outcome-based funding models is that they transform this approach, so that funding decisions and NGO interventions are made on the basis of what outcomes will actually be achieved. This ensures maximum impact for the amount of money spent.

Sharing the learnings and outcomes of our approach is critical as it has huge potential to nudge other funders to adopt the same approach. Accordingly, we could see a dramatic shift in funding culture which is based on delivering results that are identified from the outset. This could lead to systematic changes with governments and policy-makers setting desired outcomes and then commissioning more innovative and flexible actors in the private and charitable sectors to deliver the outcomes.

The British Asian Trust is convinced that the emergence of innovative finance and approaches such as Development Impact Bonds can enable major positive change at scale by transforming the way that international development works. Traditional approaches have led to many successes, but there are still hundreds of millions of people living in extreme poverty, not receiving quality education and at risk of preventable diseases. In 2018, this should not be the case. A different way of working is required, and we are delighted to be at the forefront of driving such change.

Richard Hawkes is the Chief Executive of the British Asian Trust, one of the fastest growing charities in the UK, blending philanthropy and social impact investing to deliver impact at scale across South Asia.

Pizza cravings unite India with the world

The craving to order a pizza or any other kind of popular takeaway meal is at its peak at 7pm and 2am around the world, according to new research based on a global study of internet traffic.

Academics from the University of Aberdeen in Scotland examined patterns of food searches online across India, UK, US, Canada and Australia and discovered "double-peaks, occurring every day at 19.00 and 02.00".

The research, published in the Royal Society journal 'Open Science', looks at how ancient human patterns of hunger and foraging have moved into the internet era, using Google searches for takeaway curries, Chinese meals and pizzas. The study, by Nicolas Scrutton Alvarado and Tyler Stevenson, indicates a new so-called hunting and Googling trend among humans.

"Overall, we present novel human appetitive behaviour for information seeking of food resources and propose that internet-based search patterns reflect a biological rhythm of motivation for energy balance," the researchers said.

BESIDES SOME LIMITED PHASE PEAKS AROUND FESTIVALS LIKE DIWALI OR CHRISTMAS, THERE WAS A GENERAL CONSISTENT RHYTHM OF PEOPLE WANTING TO FIND FOOD ONLINE AT ABOUT 7PM.

"We propose that the major factor that contributes to the bimodal evening peak is age-dependent (e.g. adolescent, early adulthood versus midlife and mature adulthood) and a minor role for human chronotypes (e.g. late versus early)," they note.

Data set

The biologists downloaded five years' worth of data on general takeaway-related searches, such as pizza delivery or Chinese delivery, as well as more specific fast food delivery companies, such as Swiggy and Zomato in India, Just Eat in the UK, and Panda Express in the US and Canada. Besides some limited phase peaks around festivals like Diwali or Christmas, there was a general consistent rhythm of people wanting to find food online at about 7pm. The findings show a new way of studying "foraging behaviour" in humans and understanding human motivations about seeking food.

"All organisms have strategies to locate and consume nutrients and food necessary for survival," said Dr Stevenson.

The results indicate that the two evening peaks could be the result of biology.

The 2am takeaway craving may either reflect a host of hungry students, or more probably people who tend to be night owls and stay up late.

Scientific basis

The appearance of daily rhythms across diverse cultures and countries supports the probability for an underlying biological driver for information seeking behaviour (ISB) rhythmicity. This is emphasised by the consistent ISB daily rhythms that exhibit a double evening spike in India. There are slight differences between India and the other countries, such as a higher level of midday ISB and lower evening' ISB. Therefore, daily rhythms in food-related ISB cannot solely be accounted for by Western cultures. ISB patterns that would support a culturally driven behaviour would include phase peaks during major annual festivals such as Thanksgiving, Christmas and Diwali. The absence of ISB during cultural events distinct from other times of the year, or between countries supports the notion for a biological basis of this appetitive behaviour.

A large number of diverse cultures would aid the conjecture that appetitive ISB is a common feature of human behaviour. Based on the massive dataset contained within Google Trends, the researchers speculate that the expansion of internet access into other countries and cultures will continue to reflect the varying ISB rhythms.

Summary

In summary, the results show that appetitive ISB for food-related terms exhibit robust daily oscillations. The daily waveform was consistent across days of the week, cultures and did not vary with seasons. The researchers proposed that an underlying biological mechanism drives ISB patterns in human appetitive behaviours as analysed from a massive big-data source, Google Trends.

Appetitive ISB for food-related search terms is probably an output of multiple interconnected neural structures that includes circadian properties and is entrained by hormone signalling. The methods described provide a novel means to examine biological rhythms in human appetitive behaviours and the opportunity to expand the capability to examine a wide range of human motivations.

Background

There has been an exponential growth of information seeking behaviour (ISB) via internet-based programs over the past decade. The availability of software that record ISB temporal patterns has provided a valuable opportunity to examine biological rhythms in human behaviour. Internet search repositories, such as Google Trends, permit the analyses of large datasets that can be used to track ISB on a domestic and international scale. The researchers chose to examine daily and seasonal Google Trends search patterns for keywords related to food intake, using the most relevant search terms for the US, UK, Canada, India and Australia.

Overall, the findings unveil novel human appetitive behaviour across the globe and propose that internet-based search patterns reflect a biological rhythm of motivation for energy balance that unites the globe.

Vajpayee did not get credit for cementing India's global position

India's coveted standing on the world stage has its roots in the era of former Prime Minister Atal Bihari Vajpayee.

Former Indian Prime Minister Atal Bihari Vajpayee, who passed away last Thursday, was a poet, politician and a genuine leader of the masses. But 'India Global Business' strongly feels he did not get the full credit for his achievements.

Today, India is the toast of the world – both as a golden investment destination and as a much sought after strategic partner. Ironically, this coveted global position has its roots in Vajpayee's decision to gatecrash into the closed and very exclusive club of declared N-powers, in 1998.

The US, the UK and several European countries imposed stiff sanctions. India was isolated globally but the world had not reckoned with Vajpayee's acumen at playing a high stakes game of global poker.

He could have gone down the populist path and indulged in anti-US, anti-West rhetoric as many of Vajpayee's predecessors had done. Instead, his Foreign Minister, Jaswant Singh, held a series of meetings with then US Deputy Secretary of State Strobe Talbot that led to the signing of a document titled 'A Vision for the 21st Century' by then President Bill Clinton, who visited India barely two years after he had imposed sanctions.

Former Prime Minister Manmohan Singh is widely credited with signing the 2008 nuclear deal with the US, which formally ended the nuclear apartheid regime that India had been subjected to since 1974. But not enough attention has been focused on the fact that it was Vajpayee who paved the way for this deal.

In his book called 'Choices', former UPA-era National Security Advisor Shiv Shankar Menon admits that "Vajpayee single-handedly used his powers of persuasion to make the idea of the United States as an ally acceptable in India."

It was said before Vajpayee became Prime Minister that Indian leaders were reluctant reformers. Vajpayee was different in that he pursued reforms because he genuinely believed they were good for the country.

In 1999, soon after being sworn in as Prime Minister for the third time, Vajpayee unveiled his plan to build the Golden Quadrilateral, a network of highways connecting the North, East, South and West India, in place of the narrow potholed roads that masqueraded as highways till then.

VAJPAYEE SINGLE-HANDEDLY USED HIS POWERS OF PERSUASION TO MAKE THE IDEA OF THE UNITED STATES AS AN ALLY ACCEPTABLE IN INDIA.

Alongside this, he also launched the Pradhan Mantri Gram Sadak Yojana (PMGSY) to ensure all-weather connectivity across rural India, which had, till then, been completely neglected by the authorities and planners in Delhi.
Describing his brain child, Vajpayee, the poet-Prime Minister, said: "The highways we are building are the bhagyarekha (lines of destiny) on the palm of the nation. With these highways, we are writing a new destiny for India."

India had allowed the private sector into mobile and fixed line telephony some years before Vajpayee came to power, but sky high tariffs precluded mass adoption. Telecom companies were on the brink, bogged down by potentially bad loans. Vajpayee, overruling objections of his finance ministry, allowed telecom service providers to migrate from a high license fee regime to a revenue sharing model.

The Opposition, expectedly, raised a stink calling it a scam, but Vajpayee stuck to his guns. The Supreme Court, which scrapped telecom licenses issued by the successor Congress-led UPA-I regime for causing massive losses to the exchequer, upheld the Vajpayee government's decision. The rest is history. India today has almost a billion subscribers and every mobile phone company in the world, including Apple and Samsung are fighting tooth and nail with a host of Chinese and local companies for a share of this pie.

The way he handled the easing of norms in the telecom sector, the award of contracts for building roads and the manner in which he successfully pushed disinvestment without any hint of a scam, is a pointer to the high governance standards that marked Vajpayee's premiership.

Unfortunately, Vajpayee did not get his due from the electorate. The seeds sown by him between 1998 and 2004 blossomed into life during the tenure of the successor Manmohan Singh regime, enabling the Congress-led dispensation to claim credit and win a second term in 2009.

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