

# India's Foremost Outbound Investment Magazine

## INDIA GLOBAL BUSINESS

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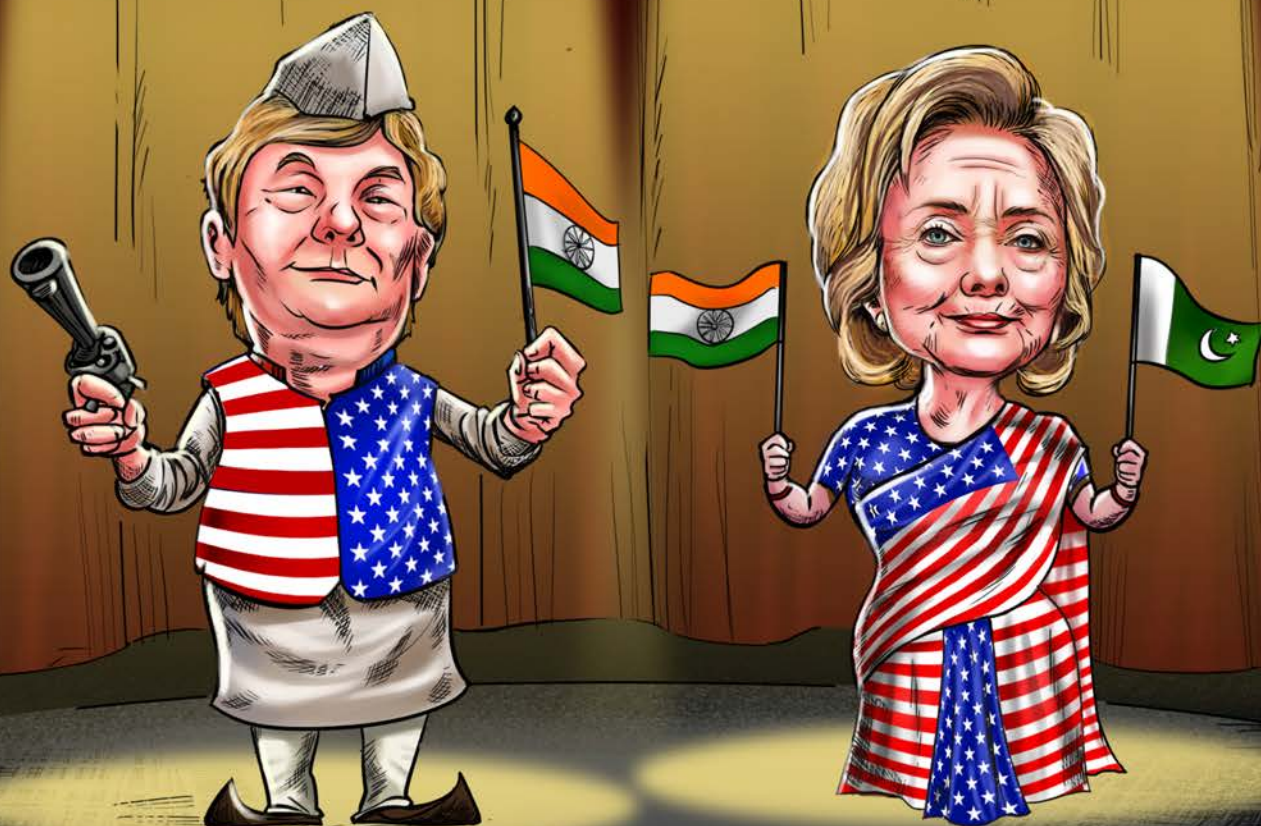
ENGAGING  
LEADERS

INCISIVE  
CONTENT

IMPACTFUL  
EVENTS

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## India's next best friend?



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## PUTTING IT IN CONTEXT



### Hillary will be (just) a safer bet for India

**S**o Donald Trump “is a big fan of India and a big fan of Hindu (sic)”; is he? At a gathering of about 5,000 American Indians at New Jersey’s Raritan Center, addressing what was probably the first country-specific ethno-religious rally by a US presidential hopeful, the Republican candidate promised a “phenomenal future” for Indo-US ties and said that under a “Trump administration”, the two countries “are going to be best friends”.

This is the first time that Trump has spoken about his vision for the country’s relationship with India and has tried to tick all the right boxes. But American Indians remain wary of him, given his earlier protectionist rants, which, if taken to their logical conclusion under a “Trump administration”, would dry up the access of Indian IT companies and professionals to the US market.

One can’t help feeling that his newfound love for India is a desperate attempt by an inveterate gambler to put some ballast back in his floundering campaign.

Does this mean I think Hillary Clinton is a better bet for India? As you will read in the Cover Story, this publication has some reservations on that count too. But for now, I think I will go along with the conventional wisdom among Indian expatriates in the US that she is likely to be a safer bet than her maverick rival – till I come across more concrete evidence of Trump’s vision.

#### Indian IT’s painful transition

Elsewhere in this magazine, we have dived deep into the Indian IT sector as it embarks upon a painful transition up the value chain that will undoubtedly see it trip and fall many times before it can ride high again. R. Chandrasekhar, the President of India’s premier IT trade association, NASSCOM, offers his exclusive insights into the industry’s current churn and what lies ahead globally.

#### Modi’s CLMV reach-out

I’m happy to report that India under Prime Minister Narendra Modi is trying to revive the strategic-economic legacy of the British Raj that earlier Indian governments had frittered away. New Delhi is reaching out to the CLMV (Cambodia, Laos, Myanmar, Vietnam) sub-group within ASEAN not only to counter the influence of China but also

to try and get a toe-hold into the Trans-Pacific Partnership, of which some of these countries are a part.

#### Theresa May cannot afford ‘pedestrian’ India visit

In Europe, the main debate remains Brexit, and the confusion that the UK’s decision to leave the European Union (EU) has created. Prime Minister Theresa May will, however, have an opportunity to set out a new vision for UK-India relations when she visits India in early November on her first visit as PM. May cannot afford a pedestrian visit, and must come back with a strong set of deliverables. Murmurs in India that the UK craves Indian business but will do everything to keep Indian talent out is an impression that May will have to dispel. India, on the other hand, will I am sure give the UK a patient hearing, but the mood in Delhi is pretty much one of “wait and watch”.

#### Flanders: First movers

The UK’s European cousins are eager not to be left behind and some are already pressing the fast-forward button to seek out opportunities. The region of Flanders in Belgium, and home of the capital Brussels, is seeking a first-mover advantage for Indian investment. In our Hot Spot segment, we showcase how Flanders seeks to pip the UK as India’s most favoured FDI destination in Europe.

#### India’s Man in Kabul

Closer to India’s borders, our team caught up with the enigmatic Manpreet Vohra, India’s man in Kabul. In the Diplomat Corner section this time, Ambassador Vohra talks us through the opportunities and achievements of the Modi administration in this unsettled but hugely important region for India’s global outreach.

I take this opportunity to wish every reader a very Happy Diwali.

#### Manoj Ladwa

Publisher & CEO, India Inc.

[@manojladwa](#)

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This time **'India Global Business'** gets up close with one of the biggest political developments of the year - the US Elections 2016. As the Trump vs Clinton battle edges towards D-Day on November 8, we analyse who is the more likely India friend. A Sector Focus on the Indian IT sector, a Hot Spot feature on Flanders and the usual tracker on India's global presence make up this edition.

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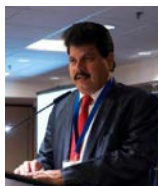
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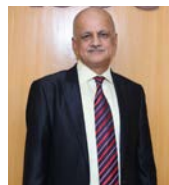
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# THE JURY IS STILL OUT

**D**onald Trump has just professed undying love for “India and Hindu”(sic). But the conventional wisdom among expatriate Indian Americans is that Hillary Clinton’s heart beats for India. So, who among the two will be a better bet for India?

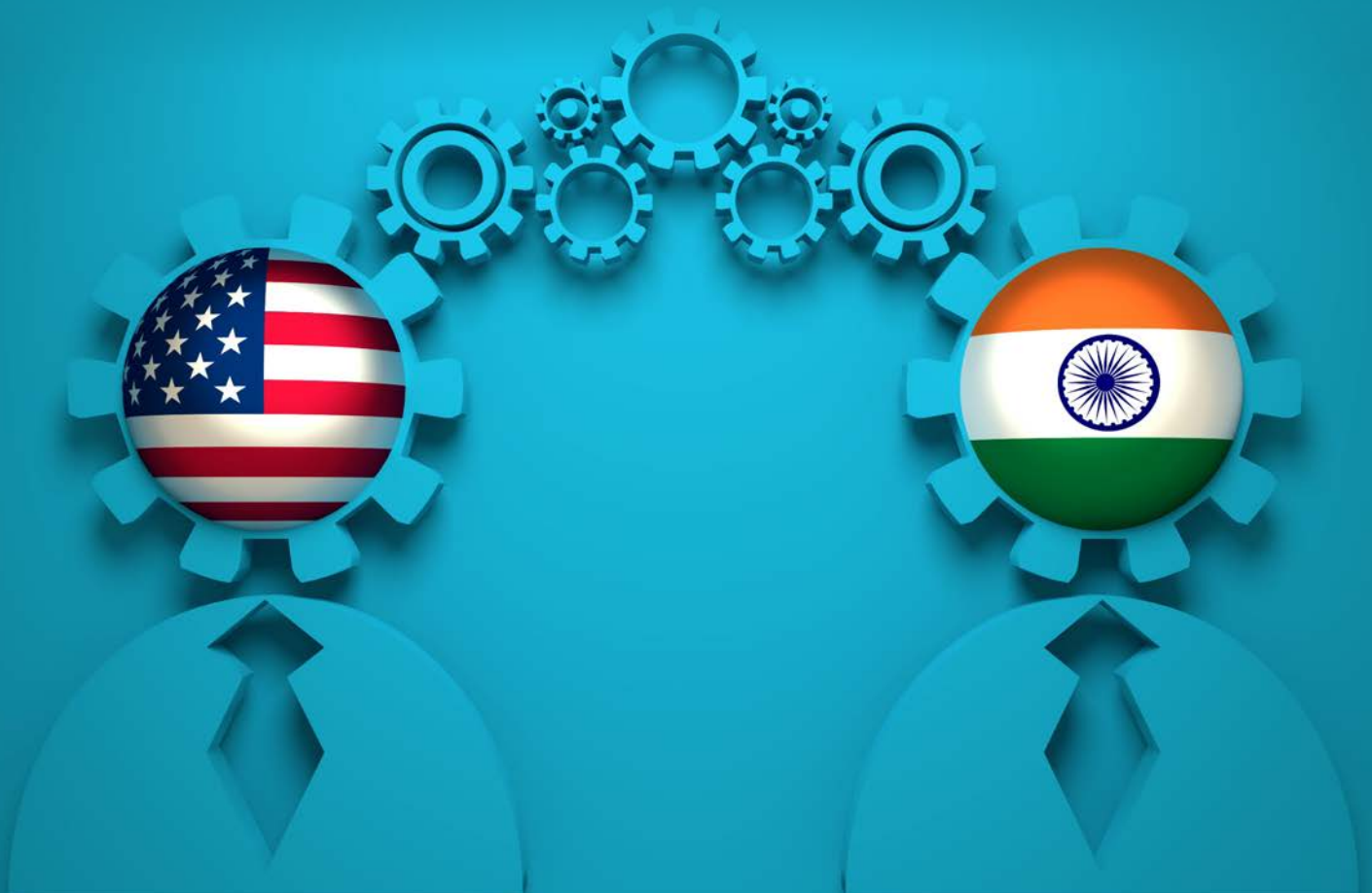
The question assumes special significance in the light of the spate of recent announcements made by the two governments and the strategic agreements signed between the two countries. There is broad bipartisan support for this newfound strategic clinch in both nations.

Clinton is an old India hand and has invested a great deal of personal capital on deepening bilateral ties. But the fear is that as a Washington insider, she could become vulnerable to the political pulls and pressures and the resultant deal making that typically informs US decision making.

Think Af-Pak, think Iran – and you will figure out the compromises a US President may have to make to get his/her way on key priorities. Though no one doubts her intentions, there is not guarantee that she will not compromise India’s interests to get her way on other key priorities.

Trump is a different kettle of fish. Like George W Bush, he seems to have blinkered vision and his most recent statements suggests that he sees India as the good guys in a rough neighbourhood. But consistency has never been his calling card. So, there is no certainty that his love for India will last if push comes to shove. So, who should India place its bets on? Sadly, there is, as yet, no clarity on the issue, though Clinton does seem the safer option.

Read on to find out more in this section of ‘India Global Business.’



# RUNNING THROUGH THE OBAMA LEGACY

**Nisha Desai Biswal as the Assistant Secretary of State, Bureau of South and Central Asian Affairs, US Department of State, is at the heart of foreign policy affairs in Washington DC. Despite a hectic schedule in the lead up to the elections, she took time out for 'India Global Business' to track the legacy President Obama is likely to leave behind and what lies in store for India-US ties under a new leader.**



## How much of the recent US-India bonhomie is because of the personal chemistry between President Obama and Prime Minister Modi?

The strategic partnership between the United States and India is anchored on the premise that our two democratic, pluralistic, and secular societies share many of the same attributes and aspirations.

Yes, the two leaders share a rapport, but it is that premise that led President Obama to characterise the relationship as a defining partnership of the 21st century. And it isn't just the relationship between our two leaders that defines the partnership – it is also the millions of human ties that link us together. There are over 3.4 million Indian-Americans living in the United States. Indians are one of the fastest growing ethnic groups in the United States and one of the most economically successful.

Thousands of Indians come to the US every year to work and study. Some stay on to become US citizens and others return to India to start businesses and raise their families. Each represents a link between our countries. The two leaders' personal chemistry has certainly boosted bilateral ties and a sense of common purpose, but our partnership with India preceded that relationship and will continue to grow based on broad, bipartisan support.

India is the world's largest democracy, world's fastest-growing major economy, and soon-to-be the most populous nation on Earth. How India expands its economy, evolves its strategic doctrine, asserts its interests and values, and projects its growing economic, military, and political power will have important consequences not just for 1.25 billion Indian citizens, but increasingly for the rest of the planet. That is why the US-India partnership is of such extraordinary importance for the United States and will, I believe, shape the future of geopolitics and global economics in the 21st century.

## What would you say would be President Obama's legacy vis-a-vis India?

President Obama was prescient when he declared at the very beginning of his term that the US-India relationship is a defining partnership for the 21st century. The events of the last eight years are a clear indication of that vision.

One of the most important outcomes, in my mind, of the years of effort, is the clear and compelling vision that was laid out by Prime Minister Modi during his visit in June of this year, before a Joint Session of the US Congress. The Modi Doctrine laid out a foreign policy vision that "overcomes the hesitations of history" and embraces the convergence between our two countries and our

**PRESIDENT OBAMA WAS PRESCIENT WHEN HE DECLARED AT THE VERY BEGINNING OF HIS TERM THAT THE US-INDIA RELATIONSHIP IS A DEFINING PARTNERSHIP FOR THE 21ST CENTURY. THE EVENTS OF THE LAST EIGHT YEARS ARE A CLEAR INDICATION OF THAT VISION.**

shared interests. The Prime Minister harkened back to the framing of his mentor, Prime Minister Vajpayee, to invoke the natural alliance between our two countries, calling the United States India's indispensable partner. He reiterated his bold joint strategic vision with President Obama for a US-India partnership that can anchor peace, prosperity and stability from Asia to Africa and from the Indian Ocean to the Pacific, and can help ensure security of the sea lanes of commerce and freedom of maritime navigation.

In addition to the strong bilateral relationship, I imagine the President is pleased with India's commitment

to combating global climate change through the ratification of the Paris climate change agreement. India is one of the most important countries in the world in terms of global energy and, by joining the Paris agreement, Prime Minister Modi has shown global leadership in climate change mitigation.

## What are the foundations laid and what new beginnings have been made?

There was no hyperbole in Secretary Kerry's statement last year that "we may do more with India, on a government-to-government basis, than with any other nation". The bilateral architecture of the US-India partnership reflects the investment both countries have made in building ties between our people, our industries, our governments, and our security establishments. It has created a platform for an unprecedented level of cooperation meant to expand our respective economies and make our citizens more secure.

As we reflect on the ambitious trajectory of this relationship, we have to give credit to the previous administrations in the United States and India for setting us on this path. The US-India Civil Nuclear Agreement of 2008, signed by President Bush and Prime Minister Singh is historic. It not only made possible civil nuclear cooperation between the United States and India that will provide power for 60 million Indians and create thousands of new jobs in both countries, but also laid a foundation on which we have built a strategic partnership that has made both countries safer and more prosperous.

The US-India Strategic Dialogue, launched by Secretary Clinton in 2009, has expanded dramatically in the past seven years and now includes high-level bilateral dialogues and working groups spanning policy planning, global leadership, finance and economics, commerce, transportation, aviation, space, climate change, maritime security,

## TODAY, THE UNITED STATES IS ONE OF INDIA'S LARGEST TRADE AND INVESTMENT PARTNERS. OUR BILATERAL TRADE IN GOODS AND SERVICES HAS GROWN TO OVER \$100 BILLION, FIVE TIMES WHAT IT WAS 10 YEARS AGO

energy security, infrastructure, cyber policy, defense policy, political-military relations, homeland security, the oceans, East Asia, Africa, the Middle East, and the United Nations.

India also represents a key part of this Administration's Asia policy.

India's Act East strategy and the US Rebalance to Asia are complementary and mutually reinforcing, promising to bring greater security and prosperity to the Indo-Pacific region. At a time of new challenges from both state- and non-state actors to the international rules-based order, India has increasingly taken a strong stand in defending a system that has sustained global security and prosperity for over seven decades. Nowhere is this expressed more clearly than in our Joint Strategic Vision for the Asia Pacific and Indian Ocean Region, issued by President Obama and Prime Minister Modi last year. This Vision enshrined our mutual commitment to safeguarding maritime security and ensuring freedom of navigation and overflight throughout the region, including in the South China Sea, and across the globe. We're now implementing a roadmap that sets out a path of cooperation to realise this commitment and enable India to become a net provider of security in the Indian Ocean region and beyond.

We have also expanded our cooperation with India to combat terrorism and violent extremism, through a joint working group and a bilateral agreement to exchange intelligence and terrorist watch-list information. This cooperation, which includes regular trainings through the State Department's Anti-Terrorism Assistance programme, as well as joint sponsorship of terrorist designations at the United Nations, has made both our nations more secure.

### How feasible is the recently set target of \$500 billion for bilateral trade given the overall global slowdown?

The United States is committed to working with India to fully unlock the true potential of our economic ties.

Today, the United States is one of India's largest trade and investment partners. Our bilateral trade in goods and services has grown to over \$100 billion, five times what it was 10 years ago. Import tariffs on average are more than 30 times lower than they were in 1991, when then-Finance Minister Manmohan Singh began sweeping reforms. And since 2005 we have seen an increase in goods trade by 250 per cent, in services trade by 350 per cent. Bilateral trade of \$100 billion is a good start but we have room for significant growth, especially if we can move forward on a high-standard Bilateral Investment Treaty (BIT), the completion of which would help India attract more US capital and technology. As part of Prime Minister Modi's Invest India campaign, India is working to bring international investment into the country and create opportunities for the one million Indians entering the workforce every month. A BIT will go a long way toward bringing our economies closer and reducing the friction that's only natural with two complex free-market systems such as ours. It will help us move past the choppiness that comes from not having an over-arching investment framework. And it will open up even more opportunities for American and Indian firms.

India is making strides to improve the ease of doing business, and I congratulate the country for moving up 16 spots in the World Economic Forum's ease of doing business rankings. Further changes in India's

investment and tax policies could attract increased capital flows from across the world. The passage of the national Goods and Services Tax is a huge step forward, but regulatory requirements need to be transparent and consistently enforced. As in any country, contracts must be upheld and honoured across jurisdictions, and intellectual property rights – based on international norms – must be recognized. Such efforts support the growth of American companies in India while supporting Indian households.

### Which sectors will drive this growth?

There is tremendous economic potential in clean energy. The United States and India have mobilised nearly \$3 billion in the last six years for projects in India. Together we are doing cutting-edge research on solar, biofuels, and energy efficient buildings. New energy storage technologies being developed in the United States could revolutionise how renewables are deployed and grids are built in India. Our civil nuclear cooperation continues to advance, and will be a vital part of India's energy future.

Infrastructure needs in India are estimated to be in the \$1.5 – \$2 trillion range. The Indian government has a strategic focus on infrastructure development and has initiated an ambitious nationwide program to build 100 Smart Cities. This will mean a wide variety of major infrastructure projects across the country in sectors ranging from water and power to transport and healthcare that will offer opportunities for collaboration between our companies both large and small.

Beyond energy and infrastructure, services from both countries will continue to be a major source of trade growth. As the country



continues to grow economically, India's ability to both supply and demand new services will improve dramatically. Defence and aerospace will also be drivers for growth. India has made impressive progress in recent economic reforms such as the new bankruptcy legislation and the Goods and Services Tax. These are important developments and will benefit the Indian economy tremendously.

However, barriers to trade and

We are committed to providing the highest level of service possible in adjudicating visas for Indian citizens. Mission India's non-immigrant visa workload is one of the largest in the world. This reflects the expansion in people-to-people ties and our bilateral relationship.

Accommodating visa demand on this scale requires adequate staffing. We are encouraged by recent developments in our discussions with the Government of India to add new

largest number of H-1B and L-1 cases. In FY 2015, Indian citizens received 69 per cent of all H-1B visas and 30 per cent of all L-1 visas issued worldwide, more than nationals of any other country.

**The US stand on Indian domestic sourcing norms for solar panels is seen in India as harsh and unfriendly; your comments?**

The United States remains committed to working with India



investment, such as a lack of sufficient intellectual property protection and enforcement, continue to limit trade opportunities.

**What are your views on the concern in India about the US making it difficult for Indian professionals, especially in the IT sector, to go and work in that country?**

Promoting economic and social ties between the United States and India is one of the highest priorities of the US Mission/Department of State.

consular positions to meet the needs of our growing, vibrant relationship.

Increasing US-India business-to-business ties remains one of our highest priorities and we greatly value Indian companies' continued investment in the US economy, which supports thousands of US jobs. As was the case with the previously enacted fees, the new H-1B and L-1 provisions are not limited to nationals of India or any other country. Mission India continues to process the world's

to realise our shared vision of strengthening the clean energy sector and deploying solar energy in India. We enjoy ongoing and productive collaboration on energy, which we view as a strategic pillar of the relationship and essential to meeting our continued work on clean energy and realising our mutual commitments to mitigate climate change.

However, local content requirements, a requirement that a certain percentage of material in the production process come from local

sources, can undermine efforts to promote clean energy by requiring the use of more expensive and less efficient equipment, and we have encouraged our partners to avoid such policies. We look forward to continued cooperation with India on energy access and security goals.

and security in the Asia Pacific and Indian Ocean region. The United States supports India's rise as an increasingly capable actor in the region, and we are deepening our strategic partnership. Signing of the Logistics Exchange Memorandum of Agreement (LEMOA) in August was

the Defence Technology and Trade Initiative, we're working to co-develop and co-produce new defence technologies, including jet engine technology, to support India's indigenous defense sector.

Our aircraft carrier working group under this initiative marks the first time the United States has lent support to another country's indigenous carrier development programme, and we hope to see a day in the not-too-distant future when the US and Indian navies – including aircraft carriers – operate side-by-side to promote maritime security and protect freedom of navigation for all nations.

## **The United States is now one of India's leading defence suppliers and has proven itself a reliable defence partner, with a record for transparency, timely delivery and superior technology.**

**There is a feeling in India that the US remains reluctant to part with really cutting edge defence technology to India. Why?**

Of all the areas that define the future of a strong US-India partnership, none has seen more growth than our defence and security ties. Without ensuring the safety and security of our democracies, the other areas of cooperation would simply not be possible. Our defence partnership with India is among our most important in the world and during Prime Minister Modi's June visit to the United States, India was designated a major defence partner. As President Obama has stated, India can be an anchor of stability

a big step in this direction and we continue to conduct robust service-level exercises, including our annual MALABAR naval exercise with India and Japan.

India now conducts more military exercises with the United States than with any of the other 23 countries that it holds bilateral exercises with. These military exercises have grown not just in number, but also in complexity.

The United States is now one of India's leading defence suppliers and has proven itself a reliable defence partner, with a record for transparency, timely delivery, and superior technology. Under

**The Narendra Modi government is trying to isolate Pakistan internationally. How does the US government view this initiative?**

Since his inauguration, I believe that PM Modi, working with his Pakistani counterpart, Prime Minister Sharif, has made significant and important efforts at fostering a much needed dialogue between the two nations. We give credit to both governments for a number of important efforts, including PM Modi's visit to Lahore in December 2015.

However, it is clear that militants in the region clearly do not want this dialogue to proceed, and we recognise that in the aftermath of terrorist attacks, like the one that killed so many Indian soldiers on September 18 in Uri, dialogue is difficult. However, I firmly believe that a better future for the region – for the prosperity and security of both countries, as well as for our own interests in the region – comes via dialogue and communication, even on the most difficult issues. Indeed, perhaps it is most important on the most difficult issues.

So we will continue to support both countries' efforts to get back to talks, and to a regional environment that is conducive and supportive of such talks.





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## TRUMP VS CLINTON: Who is likely to be India's next best friend?

by India Inc. staff

With just weeks to go, the search for the 45th President of the United States is getting increasingly tighter and fractious. 'India Global Business' evaluates the strengths and weaknesses of the two main candidates – Donald Trump and Hillary Clinton – to see what India has in store under a new US President.

**T**raditionally, the 50 states vote either for the Republican or Democrat candidate largely on a set pattern based on the two parties' take on a host of issues that confront the world's most powerful country. This time around, the challenge posed by multi-billionaire businessman Donald Trump – the outsider – who first confounded everyone when he became the Republican candidate and has continued to befuddle his critics and political experts alike with his strong campaign, has added much spice to the election. Trump does not have a political legacy and lacks experience in fighting electoral battles. Yet, he has used his position as a rank outsider to question the prevailing political discourse and funnel the

disenchantment among the people against the political "elites" as a whole.

Pitted against a seasoned Hillary Clinton – a former First Lady and Secretary of State – the cacophony surrounding the campaign trail has often bordered on the bizarre. Even though it belongs to the other end of the planet, India has a lot at stake in the November 8 elections.

The country enjoys an upper hand in bilateral trade and the growing proximity between the two nations since 2000 has helped India tackle some of its problems, including managing its troublesome neighbours China and Pakistan. The US can do much more but India must first find

out where the two stand on issues that impact its interests.

### **Indo-US trade: Who can take it to next level?**

In terms of economy and trade, US plays a critical role for India. Any major step that alters the scenario in the States will have a significant impact in India. The US is the second-largest trade partner to India, next only to China, and bilateral trade between the two countries was \$96.7 billion in 2013, up over 400 per cent from \$23.9 billion in 2003. Of this, US exports to India were \$35.7 billion and imports were \$61 billion, producing a bilateral trade deficit of \$25.4 billion in 2013 that itself grew from a deficit of \$6.3 billion in 2003.



The US stock of foreign direct investment (FDI) in India has also increased — over 600 per cent since 2003 — from \$4.8 billion in 2003 to \$28.4 billion in 2012. And while Indian investment in the US has experienced 1,400 per cent growth, this was on a low base of \$350 million in 2002 and was only \$5.2 billion in 2012.

An important aspect of this two-way trade is in services, which grew 600 per cent since 2003, from \$5.8 billion to \$32.5 billion in 2013. This includes an increase in India's services exports to the US of over 900 per cent since 2003 — from \$2 billion to over \$19 billion in 2013 — and growth in US service exports to India of over 350 per cent from \$3.7 billion in 2003 to almost \$13.5 billion in 2013. Even though the US enjoys a services trade surplus with the rest of the world, with India its services trade deficit has been growing since 2006.

It is this imbalance in trade both in goods and services that has featured on numerous occasions during the campaign trail of the two candidates. There is a not-so-insignificant chunk of America's population that feels aggrieved by job losses through

outsourcing. India and China are the main culprits in popular perception. Trump's campaign has often focused on the bilateral trade mismatch and his attacks on many previous administration's free trade agreements (FTAs) have found support with the traditional American voter.

"People are tired. They want to have strength. They don't want to have trade deals where China has got a trade deficit of \$505 billion a year; where we have trade deficits, massive trade deficits with Mexico, with Japan, with Vietnam, with India, with everybody, folks, with everybody," Trump had said at a crowded election rally in Atlanta, Georgia in June. "I mean, practically every country in the world when they do business with the US, it's called let's rip them off. It's like we're all the big, bad dummies. Those days are over if I win. Those days are over. They're over."

It is still unclear how much or what exactly he will do should he become the next US President but based on the evidence of his campaign, his victory will not enthuse the average

Indian investor or businessman. Despite the progress made in the last 10 years, there are significant opportunities for India and the US to deepen their bilateral trade and investment relationship. The growth in the last decade has been on a low base and seen in context with other countries, Indo-US ties do not look that impressive. America's goods trade with China, a country with a comparable population, was over \$560 billion in 2013 — almost nine times its trade with India while with South Korea, a country whose GDP is 60 per cent that of India's, it had a similar level of goods trade in 2013.

It is no wonder that Clinton is a more favoured candidate for those who mean business in India. On September 27, the day of the first Presidential debate, the Bombay Stock Exchange (BSE) registered an initial spurt enthused by Clinton drawing first blood against Trump. The Democrat candidate is a known entity in India, has visited the country many times and is generally pro-liberalisation. She also has the unequivocal backing of the small but, in some cases, powerful Indian American lobby that is also expected

## How they performed in the primaries



**Donald Trump** won the support of **1,543 delegates** of the total 2,472 Republican delegates leading to his nomination as the Republican Presidential Candidate on July 18, 2016. The minimum number of delegates required to win the nomination is 1,237.



**Hillary Clinton** won the support of 2,814 of the 4,762 Democratic delegates leading to her nomination. The minimum number of delegates required for a Democrat nomination is 2,383.



to have a significant presence in any future Democrat administration. There is little ambiguity in the minds of investors she would be better for Indo-US trade ties.

“She helped lay the foundation to deepen the relationship between President Obama and Prime Minister Modi, to get an outcome at the Paris negotiations, and the ambitious clean energy agenda India has set,” says John Podesta, chairman of Clinton’s campaign committee. “She will take relations with India to a new level and better economic and strategic ties will anchor the US in the region.”

### Next President & impact on H1-B visas

The most contentious of all issues and one which has particular relevance to India in this Presidential elections is that of reforms in issuing non-immigrant H1-B visas for professionals in the US. Every year, the country issues 65,000 such visas and India’s \$146-billion IT industry is a major beneficiary of it. There has been a raging debate for reforms on issuing these visas that has divided the country down the middle.

While one section which includes Hillary Clinton wants to raise the number of visas every year by three times, citing the benefits of professionals coming in from around the world and contributing to the US economy, the other section that has Trump as the ring-master severely opposes it. The Republican candidate has repeatedly accused countries like India, China, Mexico, Philippines and Vietnam for stealing jobs from the US, playing to the underlying discomfort with outsourcing of a section of the US population.

“The influx of foreign workers holds down salaries, keeps unemployment high, and makes it difficult for poor and working class Americans — including immigrants themselves and their children — to earn a middle class wage,” says Trump’s official campaign website on his immigration plan in August 2015. “We need companies to hire from the domestic pool of unemployed. Petitions for



## Money Matters



	HILLARY CLINTON	DONALD TRUMP
Money raised so far	\$516.79 million	\$205.86 million
Money spent so far	\$407.26 million	\$143.37 million
Money in hand	\$109.53 million	\$62.49 million

Source: [www.opensecrets.org](http://www.opensecrets.org)

workers should be mailed to the unemployment office not USCIS [US Citizenship and Immigration Services].”

**PITTED AGAINST A SEASONED HILLARY CLINTON — A FORMER FIRST LADY AND SECRETARY OF STATE — THE CACOPHONY SURROUNDING THE CAMPAIGN TRAIL HAS OFTEN BORDERED ON THE BIZARRE. EVEN THOUGH IT BELONGS TO THE OTHER END OF THE PLANET, INDIA HAS A LOT AT STAKE IN THE NOVEMBER 8 ELECTIONS.**

Some of the assertions cannot be simply brushed under the carpet as protectionism. Skilled professionals in the US have often alleged that companies have used H1-B visas to bring skilled but cheap labour from abroad even when such professionals were available. Trump has harped on this issue promising to raise the prevailing wage for H1-B visa

professionals and forcing companies to look for talent outside only if they do not get it in US. As the campaign has unfolded and the emotive issue has taken centre stage, even Hillary Clinton has felt the pressure and had to sound conciliatory on a few occasions.

In July, Clinton lashed out at replacement of US IT workers with H1-B visa workers, referring to workers at Disney where US citizens had to ironically train their foreign replacements as part of their severance package.

“The many stories of people training their replacements from some foreign country are heartbreaking, and it is obviously a cost-cutting measure to be able to pay people less than what you would pay an American worker,” she said. “It’s really hard when you are the one who has lost the job, when you are at Disney in Orlando and you are told to train your successors.”

The merits of a more liberalised visa regime are also similarly loaded. Jayshree Sengupta, senior fellow at Observer Research Foundation, says the truth is the average American has greatly benefited from trade with China and outsourcing services from

India have helped save Americans millions of dollars.

"Americans would have to pay much more for services currently

fresh non-farm jobs were created against an expected 180,000. In May, the number of jobs created had plummeted to an abysmal 24,000. The unemployment rate in US is

temporary visas will directly affect the mood in the corporate offices of Infosys, Wipro, TCS and countless other IT firms in Bengaluru and Hyderabad. The US accounts for 60 per cent of India's software exports. With Clinton favouring an increase in the number of visas and Trump almost certain to at least attempt at bringing that number down, it is clear which side India is batting for on this count.



**People are tired. They want to have strength. They don't want to have trade deals where China has got a trade deficit of \$505 billion a year; where we have trade deficits, massive trade deficits with Mexico, with Japan, with Vietnam, with India, with everybody, folks, with everybody.**

Donald Trump, Candidate for President of the United States

outsourced to India compared to what they would pay if they were to be rendered at home by Americans, simply because wages are much lower in India," she says. "Similarly, China's supply of cheap goods to US has kept its economy afloat and Americans have been able to enjoy a high standard of living and low inflation."

As is his nature, Trump has also flip-flopped on the topic more than once. During the Republican debate in March, Trump admitted he was changing his stance on the visa issue and presented a starkly different view to what was posted on his campaign website in August 2015.

He said: "We need highly skilled people in this country, and if we can't do it, we'll get them in. But, and we do need in Silicon Valley, we absolutely have to have. So, we do need highly skilled, and one of the biggest problems we have is people go to the best colleges.

"They'll go to Harvard, they'll go to Stanford, they'll go to Wharton, as soon as they're finished they'll get shoved out. They want to stay in this country. They want to stay here desperately, they're not able to stay here. For that purpose, we absolutely have to be able to keep the brain power in this country."

Yet not enough new jobs are being created in the US and the problem is very real. In August, only 155,000

currently stable at 4.9 per cent but if discouraged workers and those who only have part time jobs are included then it swells to 9.7 per cent. The issue's electoral potential is obvious. "Hillary Clinton is a known entity. She has had a long association with India both as First Lady and then as Secretary of State. She has great empathy for India's interests," says Shashi Tharoor, two-time member of Parliament and a former international civil servant.

"On the other, Donald Trump is an unknown entity whose random statements may not turn out to be an accurate guide to the policies he will actually pursue."

Any move, however diluted, that puts curbs on the existing visa regime will be detrimental to the interests of India. In 2013, US government data showed Indian citizens accounted for nearly two-thirds of all H1-B visas issued during the year. The large number of people employed overseas also makes India one of the top remittance receiving country in the world. In 2012, remittances to India stood at \$70.39 billion and represented 4 per cent of the country's GDP while non-resident Indians (NRIs) in the United States sent nearly \$11 billion in remittances in 2012 that was second only to remittances from the United Arab Emirates (UAE).

The US administration's decision to expand or reduce the number of

### Terrorism and regional security

India's vulnerability with its neighbours in Asia and its status as a preferred target for global terrorism means the merits or demerits of Clinton and Trump cannot only be decided by economic or trade related parameters. The US holds a critical place and has invested much in the South Asian region, both by waging a war against terrorism where it utilised Pakistan's territory against Islamic radicals in Afghanistan, and its increasing proximity to India with which it has robust economic ties. At the same time, it is aware of China's growing superpower ambitions and nervous about the dragon's aggressiveness in South China Sea. The two candidates present a study in contrast on these issues. Clinton is often seen as a hawk who is very suspicious about China's ulterior motives and wants to counter it in no uncertain manner. As a product of the established political system, she is in support of America's various alliances many of whom are in direct conflict with China on the contentious South China Sea.

In the case of Pakistan and India, the Democratic position is more diplomatic. Only recently, Clinton has voiced her concerns on Islamic radicals getting access to Pakistan's nuclear weapons and using them for terrorism worldwide. At the same time, US military and civilian aid to Pakistan in 2016 would be less than \$1 billion, the lowest since at least 2007 and a far cry from the \$ 3.5 billion in 2011.

Yet, it does not really mean Clinton will put sanctions on Pakistan

terror state. Just three days after the terrorist attack in Uri that led to the death of 18 Indian soldiers, US Secretary of State John Kerry met a delegation in Pakistan and issued a joint statement that “recognised the centrality of the US-Pakistan bilateral security partnership to their overall bilateral relationship”. The timing could not have been more off target.

Trump on the other hand is more critical of radical Islam, which he considers is the root cause of global terrorism and he may be more inclined towards taking drastic steps on Pakistan. He has reiterated his commitment to isolationism – making allies pay, stepping away from policing the world, and moving the US military out of regions he doesn’t think are important. Should he implement that, the fallout in Asia, where America has much less at stake and allies have less money to pay, could be immediate. At the same time he is also aware of the threat of Pakistan’s nuclear weapons getting into the hands of terrorists but unlike Clinton he may actually do something about it.

“The single biggest problem we have is countries with nuclear weapons. And it’s not only a country, you have nine countries right now with nuclear weapons. But Pakistan is semi-unstable. We don’t want to see total instability. We have a little bit of a good relationship. I think I’d try and keep it,” said Trump on campaign trail in April this year. “We give them money and we help them out, but if we don’t, I think that would go on the

other side of the ledger and that could really be a disaster. At the same time, if you look at India and some of the others, maybe they’ll be helping us out, because we’re going to look at it. We have many, many countries that we give a lot of money to and we get absolutely nothing in return and that’s going to stop fast.”

Trump is more ambivalent on China, berating them for job losses in the economy but appears less determined to help allies like Japan in its fight in the South China Sea. While he has admitted there are serious differences between the US and China, he has maintained the two countries are not destined to be adversaries and a common ground could be sought on shared interests. Clinton is somebody China clearly fears more.

“Beijing dreads the thought of her in the White House,” says Sean King, senior vice-president with consulting firm Park Strategies.

On more tangible aspects, there may not be much impact of the elections on Indo-US defence ties. Since 2010, India has been one of the largest importers of arms and ammunition globally and the US is its second-largest supplier. Between fiscal 2013 and 2015, US supplied weapons worth \$4.4 billion to India.

As the conflicts in the South Asian region escalate, India’s demand for weapons would only increase and the US will be more than happy to supply them. More business means better

relationships, at least in the short term.

With the world staring at multiple conflicts in all directions, it is the strategic vision of Trump and Clinton that will decide their usefulness for India. Clinton’s background makes her more palatable to politicians around the world and promises stability in policy essential for long-term relationships. Trump’s maverick and at times inconsistent views bring an element of uncertainty and surprise to the table. It may not always be a bad thing.

Their contrasting views on many issues and ambivalence or clarity on some others means India stands to both gain and lose in either of their tenures.





## How the US Electoral College works

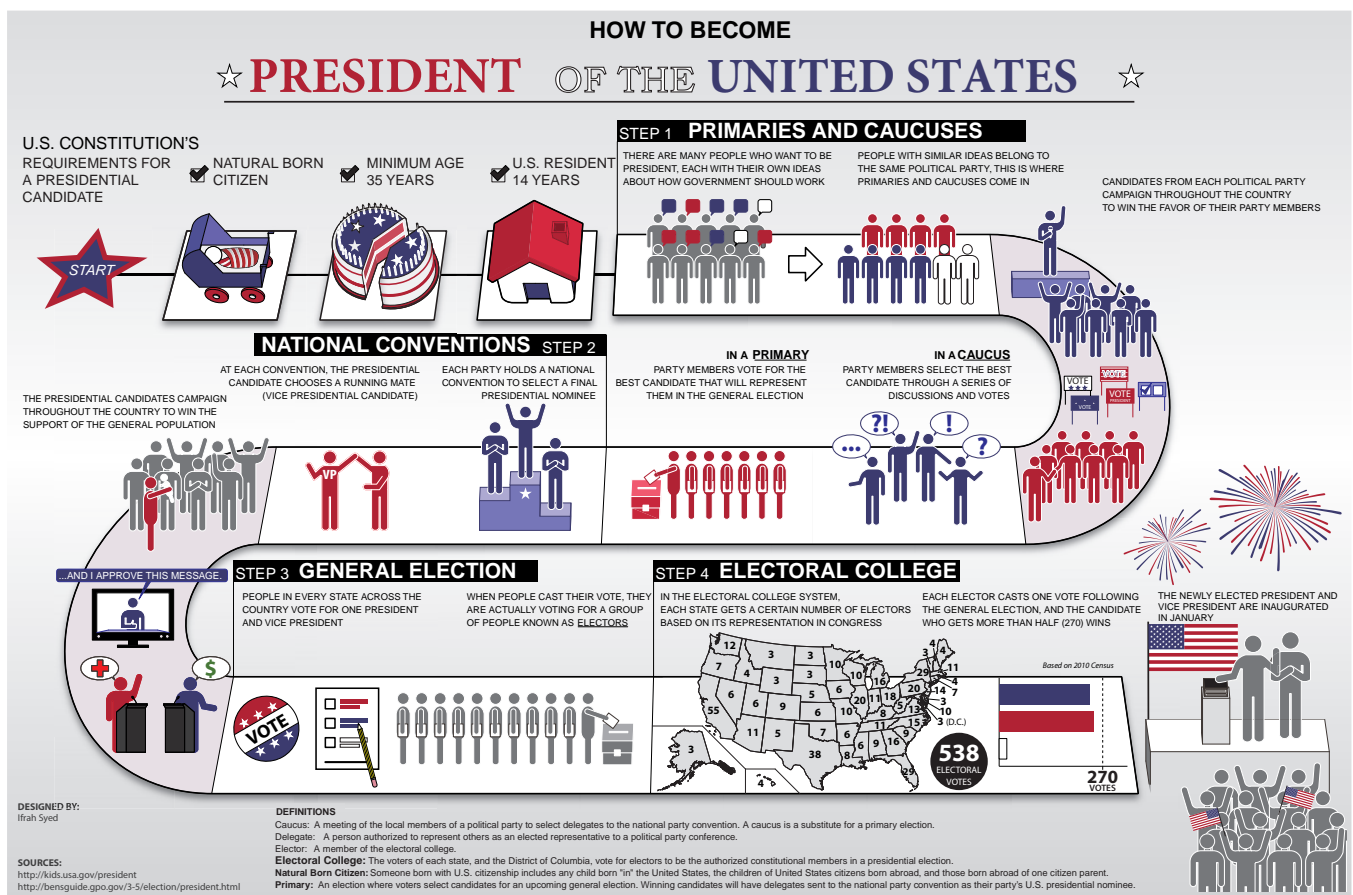
The US Electoral College consists of **538 electors**—a sum total of **435 Representatives, 100 Senators and 3 electors**.

The winning candidate needs the support of a majority or more than 270 electors to win the presidential election.

Every four years on a Tuesday following the first Monday of November—8th November this year, voters poll between themselves in

all the 50 states in US to vote for the electors in the states. In 48 of the states, any candidate who wins majority of the votes in a state gets all the state's electoral votes. In a state like New York for example that has 29 electors, a candidate who wins a majority of say 15 also gets the remaining 14 that he/she has actually not one. This ambiguity has in the past led to four instances when a candidate who wins the popular vote does not actually end up being the President. The most recent such example was in 2000 when

Republican George W Bush edged out Democrat candidate Al Gore despite losing the popular vote. These electors who are part of the electoral college in turn vote for the President and Vice President on Monday following the second Wednesday of December—19th December this year. The sealed votes will be opened and read by the President of the Senate on January 6 and the winner will be sworn into office on January 20.



Source: [www.usa.gov](http://www.usa.gov)

## What Trump and Hillary need to do to get into the White House

As mentioned above, they need the backing of at least 270 or more electors to win the election. In every election a majority of the states are firmly in the corner of one or the other candidate (blue for Democrat, red for Republican) much before the actual voting happens. The remaining referred to as the purple or swing

states that have historically displayed the propensity to swing this way or the other.

Psephologists say this year there are at least 10 such states that would be key to winning or losing the elections. These states include Florida, Pennsylvania, Arizona and Colorado

and account for 136 of the total 538 electors in the electoral college. If the other states vote as expected, Clinton leads Trump 226 to 154 electoral votes. Trump needs the purple states to overwhelmingly turn red on November 8 while Clinton has to ensure that does not happen.

# HOW INDIA IS IMPACTED



## HILLARY CLINTON



India should not just look east, but engage east and act east — to emerge and consolidate its position as an Asian power.

### IMMIGRATION

Any reform on H1-B visa is not part of Clinton's campaign and as the secretary of state she has had working ties with India's largest software firm Tata Consultancy Services. Her election would mean Indian IT industry can continue to work in the US as they have all along.

Her long familiarity to India and a general pro globalisation stance means bilateral trade between the two countries may grow. Her flip flop on the Trans Pacific Partnership that includes 13 Asia Pacific countries but excludes India, also works in favour of India.

### DEFENCE TIES

Will not deviate from the current state of defence ties between the two countries.

Will continue with current policy direction with no incremental impact except in case of a conflict.

### SOUTH CHINA SEA

Will be even tougher on China and the dispute on South China Sea could be the first flash point. The Obama administration resumed sale of lethal weapons to Vietnam earlier this year after a 30 year hiatus and has been supplying arms to Philippines since 2014. Clinton may take it a few steps further.

Will continue with Obama administration's support on both.

## Trump and Clinton, who is better for India?

Donald Trump, the Republican candidate, is a rank outsider in the US political circles and his brazen straight talk on issues that have sometimes bordered on the ridiculous, is one of the reasons for his popularity. Democrat Hillary Clinton is a more amenable known entity for India and represents status quo on policies and strategies. While the former may bring in unforeseen variables to the table, Clinton is expected to stick to stated positions on Indo-US ties.

Has repeatedly promised to stem immigration, initiating H1B visa reforms and stop "India, Philippines and China" from stealing jobs from US. Not good news for Indian IT sector.

### TRADE

Has been categorical about his hatred for free trade agreements that he claims has robbed blue collar jobs off America and moved factories elsewhere. Has at least on one occasion pointed at trade imbalance with India as an example of how countries are "ripping" off America. His protectionist stance may pose road blocks in Indo-US bilateral trade relations.

His nervousness with Pakistan may result in closer ties with India and more joint military drills could be in the offing. He may also lobby hard to sell American arms and ammunition to India.

### INDIAN OCEAN

Has talked of disentangling from areas where US has no interest and the Indian Ocean could be one of the regions. A complete withdrawal is far fetched but will make India vulnerable should China also decide to intervene.

His distrust of China may over ride his broader view to withdraw from areas where US doesn't have a direct bearing.

### NSG AND UNSC SEAT

Unclear as he is yet to voice his opinion in this matter but may not divert from US government's current favourable stance on the issue.



**DONALD J  
TRUMP**

“

I am a big fan of Hindu, and I am a big fan of India. Big, big fan. I have great respect for Hindus. I have so many friends that are Hindu. They are great people, amazing entrepreneurs.



# What India wants from the next US President

by Ashok Malik



In a world where Americans seem split on the advantages of globalisation and liberal trade, we look beyond the wish-list politics of the past to see what a new American regime could mean for India.

**W**hat would India want from the next president of the United States? In years and elections gone by, that question would have been answered with a wish list of bilateral agreements and country-specific demands. In 2016, in these troubled and confused times for the global polity and economy, the answer is wider: the new president should renew and show commitment to the international system and to America's leadership of it.

That international system, whether the liberal trading order or the battle against terrorism in the Middle East or the maritime security architecture of the Indo-Pacific oceanic space, is under strain. It faces challenges for a variety of reasons, including but not limited to a diminishing of American interest and shoulder responsibilities that have been superpower's burden for preceding decades.

As a beneficiary of the multilateral order underpinned by this American leadership – especially after it began to open its economy in 1991, became a founder-member of the World Trade Organisation in 1994, and started to modernise its foreign policy after the Pokhran nuclear tests of 1998 – India

has come to depend on the certitudes of an American presence.

Today, these certitudes look less and less apparent. The public mood in the US and the themes leading up to voting day indicate an America that is wary of international engagement, at least more than it has been at any point in living memory. Poll-based studies by the Pew Research Center, the Washington DC based tracker of public opinion, suggest a bitterly divided America that will inevitably temper the internationalist and interventionist impulses of any president, provided the new president has these impulses in the first place. For example, Americans are split on the advantages of globalisation and liberal trade. As Pew Center reports say, while 49 per cent of Americans consider globalisation negatively, as taking away jobs, 44 per cent see it positively, as creating opportunities.

Sixty-one per cent of Republican voters think free trade agreements are bad. In contrast, 58 per cent of Democrat voters think such agreements are good.

The souring of trade has also meant the de-prioritising of Asia.

In 2011, 47 per cent of Americans felt Asia was more important and 37 per cent felt Europe was more important. Today, 52 per cent plump for Europe and only 32 per cent for Asia. For today's America, Asia is suddenly one ocean too far. Coming as this does in the aftermath of American disengagement with the Middle East, it adds to the divergent priorities of India and America even while, paradoxically, the bilateral relationship is growing only stronger.

The lack of enthusiasm for trade pacts and the weakening of political support for the Trans-Pacific Partnership (TPP) indicate a key element of President Barack Obama's Pivot to Asia is under attack at home. Even though India is not a participant in TPP – not yet at any rate – it is a stakeholder in the Pivot to Asia initiative, where it sees the US as a maritime partner and hopes to complement the US role as the leading net security provider.

In the Asia to India's west – the troubled expanse the US knows as the Middle East – American withdrawal from Iraq and increasingly Afghanistan is being looked upon with some concern in New Delhi.

**THE SOURING OF TRADE HAS ALSO MEANT THE DE-PRIORITISING OF ASIA. IN 2011, 47 PER CENT OF AMERICANS FELT ASIA WAS MORE IMPORTANT AND 37 PER CENT FELT EUROPE WAS MORE IMPORTANT. TODAY, 52 PER CENT PLUMP FOR EUROPE AND ONLY 32 PER CENT FOR ASIA. FOR TODAY'S AMERICA, ASIA IS SUDDENLY ONE OCEAN TOO FAR.**

Terrorism from Pakistan and the radicalised arc that begins to India's immediate west and continues to the gates of Europe threatens India.

Oil from the Gulf region may no longer matter to the US, following the shale gas revolution, but India is the major economy most dependent on Gulf crude. As such, an American president who can overcome the rhetoric of the campaign and the wariness of America's people and balance domestic compulsions with international responsibilities would be India's primary hope.

When it comes to bilateral issues, India finds itself in a sweet spot in Washington DC in that there is bipartisan (Democrat-Republican) consensus for a deeper relationship

and it is not seen as a problem country or a trouble maker. Indeed, under Prime Minister Narendra Modi India has re-emerged as a growing economy and a tempting location for American investment, a dependable security partner, a trustworthy buyer of US military technology and hardware, and a country willing to take responsibility when it comes to global governance, such as at the Paris Climate Change Conference in 2015.

About the only differences are on trade policy, and, relatedly, India's entry to forums such as APEC (Asia-Pacific Economic Cooperation), though its salience may have declined following the setback to TPP.

President Obama and Secretary

of Defence Ash Carter have taken the India-US defence and military relationship to an unprecedented high, with the Modi government signing a key logistics agreement with the US. Will the successor administration be as open-minded about the defence bond with India? There is no reason to be unenthusiastic but so much depends on individual officials and their personal legacies and histories. As such, more than the identity of the president, the identity of who he or she chooses to manage the South Asia account will concern India.

Ashok Malik is a Senior Columnist



# Easier visa regime a win-win for both US and India

by India Inc. staff



Indian IT companies help US companies retain their global competitive edge. This is just one reason why it must roll back visa curbs on Indian IT professionals, argues 'India Global Business'.

**T**he trickle of bad news buffeting the Indian IT sector is slowly gaining critical mass. Infosys, Wipro and Cognizant, three leading software exporters, have cut their annual revenue guidance to 8.4 per cent from 12 per cent, citing macro-economic factors such as falling ticket sizes of deals, Brexit and a frustrating inability to scale up the skill sets of their workforce.

Then N. Chandrasekaran, CEO of TCS – India's largest software company and exporter, has warned that the company's second quarter numbers could be hit.

Now, Nasscom, the apex body of the Indian IT sector, has revised its annual revenue growth target to 9 per cent from 10-12 per cent it had forecast at the beginning of the year. The reasons are the same across the board. In addition to the ones mentioned above, the factors at play include the failure of these companies

to move up the software services value chain with a differentiated business model despite a concerted effort in this direction.

The worrying fact is that a substantial portion of their revenues still comes from relatively lower end work, which give steady margins but can no longer generate high levels of growth for the \$146-billion Indian IT sector.

## Why US visas matter

The politically incorrect secret is that Indian IT companies still focus primarily on "exporting" IT professionals to remote locations to address their clients' needs.

The US accounts for 60 per cent of the sector's revenues. That is why an easy US visa regime is vitally important for its health – at least for a few more years, till it can move up the value chain to a point where a bulk of its revenues come from such work. Indian IT companies and IT professionals are biggest

beneficiaries of the H1B visas, which allow professionals to work in the US.

## The problem

The traditional Indian business model of sending IT professionals to the US, which received its first big jolt in the aftermath of the global economic crisis triggered by the collapse of iconic Wall Street firm Lehman Brothers, has still not recovered fully.

With high unemployment remaining a hot potato political issue, it was but natural that the issue of Indian professionals "stealing" jobs of US citizens would be seized upon by politicians hungry for votes.

With the likes of Republican presidential candidate Donald Trump stoking the fears of average Americans about getting "Bangalored" (a slang for US citizens who have lost their jobs to Indians working for IT companies based in Bangalore) and other US politicians milking the issue



for votes in state and local elections, the issue of granting more visas to Indian professionals has got mired inextricably with the US political process.

### US companies more cautious now

Indian companies were long used to large US companies doling out multi-million-dollar – sometimes multi-hundred-million-dollar – IT outsourcing contracts that they would renew without demur.

The stubborn global slowdown has changed that. US companies have, of late, taken to handing out smaller contracts that they ramp up only after seeing the benefits.

The Brexit vote has exacerbated the problem as many FTSE-listed companies have deferred or frozen their IT spending.

### Structural shift

Indian IT companies, which were largely caught napping by the post-Lehman slowdown, have been trying to claw up the value chain. But they are no longer the nimble-footed challengers who took the world by storm by solving the vexing Y2K problem a decade and a half ago.

Companies like TCS, Infosys, Wipro and others now employ hundreds of thousands of people, many of whom lack the skill sets to take on the new roles being demanded of them. Thus, the US market – and the ability to ship people there for regular IT jobs – is important for these companies while they take steps to resolve the talent mismatch and the resulting inefficiencies.

### Talent mismatch

At least two senior IT professionals working in leading Indian companies said the inefficiency on this count could be more than 50 per cent.

This, very often, results in engineers ending up on wrong projects. This didn't matter when all these companies had to do was assign people to regular jobs. But now, the game has changed.

Several studies have shown that there is a massive mismatch between the aspirations of engineers and their ability to find work in the industry of their choice. IT is the profession of choice for a vast majority of Indian IT graduates but less than one in five have the skills that employers are looking for.

### Difficult transition

The Indian IT sector is at a crossroads. To paraphrase the title of the famous Marshall Goldsmith book, what got it here won't take it there. It will be a long and difficult transition, involving great pain and gut-wrenching change.

## WHY EASIER VISA NORMS ARE IMPORTANT

- Indian IT firms help the US economy by increasing their efficiency
- Indian IT sector supports thousands of jobs in the US
- Indian IT contributed over \$20bn in federal taxes over five years
- Will help companies move up software services value chain
- US accounts for 60 per cent of the IT sector's revenues

But the transition, once completed, will once again lead to a win-win situation for both US companies and their Indian counterparts.

### The WTO route

India has already challenged the US decision to impose higher fees for H1B and L1 visas before the

World Trade Organisation (WTO). Indian commerce minister Nirmala Sitharaman recently told India Incorporated that US restrictions on the movement of professionals are contrary to the provisions of the General Agreement on Trade in Services.

Her ministry will also take up the issue with the US at the highest level to try and arrive at an amicable settlement.

Why easier visas will benefit the US In the US election season, the shrill, high decibel debate over outsourcing – and its emotional connect with voters who have lost, or fear losing, jobs – has drowned out saner voices who point out that far from stealing US jobs, Indian IT companies actually help the US economy by increasing their efficiency.

A report last year by the Confederation of Indian Industry and Grant Thornton titled 'Indian Roots, American Soil' points out that about 100 Indian companies have invested \$15 billion in US industry and created 91,000 direct jobs in that country.

Another report by Nasscom, also released last year, says the Indian IT sector supported more than 400,000 jobs in the US and contributed more than \$20 billion in federal taxes over the last five years.

"The Indian IT industry has definitely made a big contribution to the US economy," Sitharaman has said.

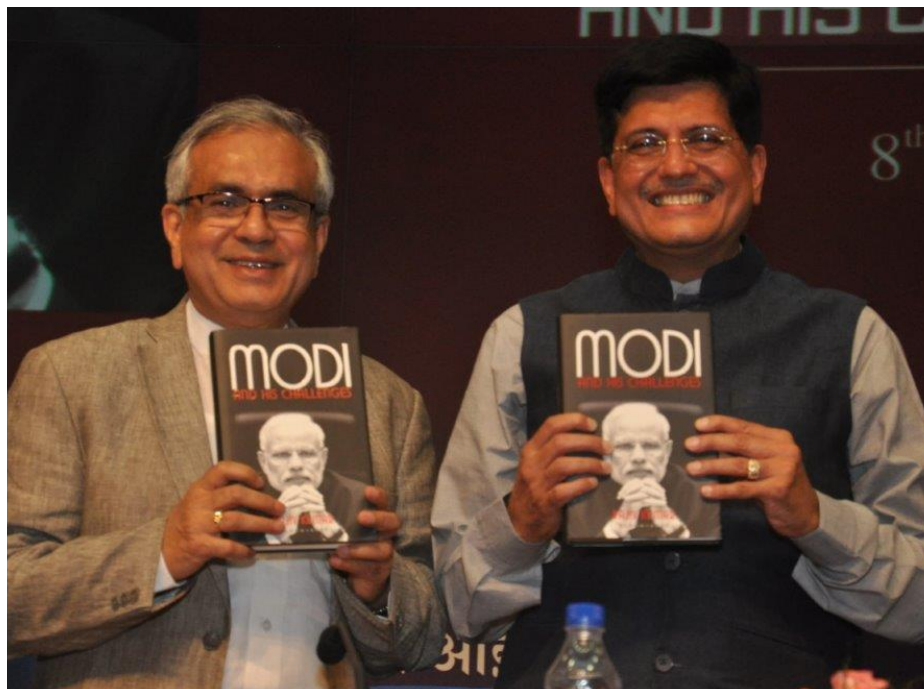
### Mutually beneficial

Thus, the continued good health of the Indian IT sector is not only important for India but also for the US economy.

It is for this reason alone that the US must continue to support the efforts of the Indian software companies to successfully complete the transition to the higher reaches of the sectoral value chain. One way of displaying this support would be to roll back the restrictions and fee hikes it has imposed on issuing visas to Indian IT professionals.

# Taking India-US ties to a new level needs a bold Indian initiative

by Dr Rajiv Kumar



The general mood within the US has changed over the last few years, as reflected in the aggressive 'US first' stance of both candidates, argues a senior foreign policy expert. In this 'India Global Business' exclusive, he weighs up the steps India can take in the post-Obama landscape.

**I**respective of who moves into the White House on November 8, the four key determinants, from the Indian perspective, of establishing robust and mutually beneficial Indo-US relations will remain unchanged.

## These determinants are:

- securing greater access for Indian exports of goods and services in the US markets;
- improving India's access to sophisticated, possibly dual use technologies for upgrading capabilities of domestic companies for production and export of strategic equipment;
- addressing India's security concerns, both in our immediate neighbourhood and more widely in Asia;
- and US assistance in securing India's position on the high table of global governance.

In the above context, India will surely like to push forward with the strengthening of bilateral economic and commercial relations, which

despite the unprecedented rapport between Prime Minister Modi and President Obama, continue to remain well below their actual potential.

While India would like to build greater momentum on economic, commercial and technological flows, for the US, it may be more important to first assure itself of a convergence with India on global geo-strategic issues.

Global circumstances as well as the general mood within the US has changed over the last few years, as reflected in the aggressive 'US first' stance adopted by both Presidential candidates. In this context, the next President could insist on achieving geo-strategic convergence between the world's two largest democracies as a pre-condition for further bolstering of economic and technological ties. Prime Minister Modi would do well to assure the next US President of India's readiness to forge an effective strategic partnership with the US. This would provide the most powerful basis for boosting Indo-US economic and

commercial ties, thereby achieving the significant potential that has hitherto remained unachieved.

It can hardly be assumed that the next President will automatically continue the surge in US interest in promoting Indo-US ties, as done by President Bush and largely sustained by the Obama administration. It can be argued that to sustain US interests in further strengthening the bilateral Indo-US relationship, India will have to demonstrate its willingness to actively identify areas of strategic convergence with the US and show readiness to work together with the US in achieving these convergent interests.

This may imply a greater willingness on India's part to accommodate US interests and not always insist on a "relationship at its own terms". This necessitates a continued engagement between the two countries at the highest strategic levels and the understanding that a more nuanced approach is required





to forge convergence where possible and persist with dialogue in other areas where present positions of the two may be somewhat divergent. Such a strategic approach will lift the relationship above the transactional space in which a strict quid-pro-quo becomes the norm and a defensive rather than a progressive stance comes to dominate the bilateral relationship.

Given India's relatively low share of 1.6 per cent in global exports, it is critical to achieve better access to the largest market in the world. The US has shown the smartest recovery amongst all OECD economies, in the post Lehman period. It had done relatively far better than the Euro area and Japan, which are both struggling to regain their growth momentum, with the former also now enmeshed in deepening social and political strife triggered by the growing migrant crisis.

The US, which continues to account for a quarter of the global consumption is not only by far the largest single market in the world

but is likely to remain relatively more open and accessible than the Europe, China and Japan. The common historical experience of nearly all successful Asian emerging economies like China, Korea and Taiwan has been their dependence on the US market for absorbing their rising exports, which have fuelled their GDP growth over decades.

India also cannot hope to achieve the required employment intensive double digit rate of GDP growth without significantly expanding its exports of both goods and services to the US. It is perhaps obvious that without the active support/pull of the US corporations who procure globally for the US market and are key to Indian companies being included in the global supply chains, directed to the US and European markets, a sustained upsurge in Indian exports of both goods and services, will be very difficult if not impossible. A comparison with China is revealing and has some important lessons for India. In 1985, Chinese exports to the US at \$3.8 billion were marginally higher than Indian exports of \$2.3

billion. By 2015, the difference between the two countries' exports to the US was of more than \$400 with Chinese exports mounting to \$483 billion while India's climbed to a mere \$45 billion.

The general understanding about the Chinese success in expanding its exports to the US by more than 150 times over 30 years has been that it was the US MNCs that imported from China and not Chinese firms that exported to the US. The critical difference between the two countries experience was China's amazing success in attracting export-oriented corporate investment from the US. Similarly, India will have to give up its remaining reservations against FDI and try its best to attract the US MNCs to invest in India. Indo-US trade relationship will necessarily be built upon an edifice of rising two-way investment flows between the two economies. It is therefore essential that the two countries work to finalise the Bilateral Investment Treaty that has been hanging since almost a decade. Prime Minister Modi should direct the Indian negotiators to

complete this task as it will reassure US investors of receiving appropriate protection under Indian laws for their joint ventures in India.

For reducing import dependence for strategic equipment and over time export such equipment to third countries, the Indian industry, both private and public sector, has to upgrade its technology and R&D capabilities virtually across the board. Some of this is already beginning to happen with the recent trend of rising defence imports and technology transfer from the US companies to Indian firms. This is a direct result of Prime Minister Modi's initiatives in jettisoning past mistrust and putting Indo-US relations on a qualitatively higher footing. While the importance of enhancing our domestic R&D capabilities can hardly be over emphasised, it is palpably evident that better access to high technology imports from the US can significantly contribute to India's efforts in this regard.

Following the signing of the Indo-US Civil Nuclear Agreement, the dual use

technology denial regime has been substantially transformed and is likely to be applied differently to India. A more positive US stance on high-technology exports will also improve access to such technologies from other sources like Japan, Germany and Israel. A significant foreign policy thrust is needed at this stage, for India to be recognised, in as short a time as possible, as 'being on the same side' by high technology producers in the US and its allied countries. India should take the lead in developing a symbiotic relationship with the US, that can grow over time to fulfil President Obama's promise of Indo-US relations being the defining relationship of the 21st century.

To conclude, India should, in its larger and longer term national interests, offer relatively greater space for perceived US economic interests. Examples would be to allow FDI in multi-brand retail and further liberalise the financial sector. Such win-win actions, which also serve India's own growth objectives should be expedited.

The ongoing discussions on bilateral Indo-US investment treaty, which India has already signed with a number of other countries, should be concluded speedily. And bilateral trade negotiations, which have been meandering in recent years could be given a sharper focus and brought to some conclusion.

India would do well to offer to negotiate a free trade in goods and services agreement with the US. With such an offer from India on her table, the incoming US President will find it much easier to convince her administration to make extra efforts for promoting Indo-US bilateral ties. The short but important point is that by offering greater economic space to the US, India would profitably serve both its economic and political interests.

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



# India makes its mark in the US market

From ICT to pharmaceuticals, Indian firms have made some major strides in the American market in recent months.

## TCS among Top 100 US brands



**T**ata Consultancy Services, India's leading global IT services, consulting and business solutions organisation, announced its ranking as the 58th most valuable US brand in the annual 'Top 500 US Brands' survey by brand valuation firm Brand Finance.

The Brand Finance study evaluates the financial value of a company's brand name, intellectual assets and trademark as compared to companies across industries. TCS is one of only four global IT services companies recognised as a Top 100 Brand in the US and is the sector's most powerful brand with a score of 78.3 points, earning it an AA+ rating. Moreover, TCS brand value grew 286 per cent from \$2.3 billion in 2010 to \$9.04 billion in 2016, marking the fastest growth across the IT Services industry during this period.

David Haigh, CEO of Brand Finance, said: "TCS' customer focus has been central to its recent success, but a closer look at our data shows strong and improving scores for brand investment and staff satisfaction, too.

"It has emerged as a dominant force in the IT services industry and is the strongest brand in the sector. Its brand power is indisputable."



## Chennai firm plans US expansion

**C**hennai-based self-publishing start-up Notion Press announced it has raised \$1 million in pre-series A funding.

Naveen Valsakumar, co-founder and CEO, Notion Press said: "We are growing aggressively and looking to go international this year. We will be intensifying our coverage across India and fuel our operations internationally as well with the raised funds.

"We are launching our US operations in the middle of September and would be launching in three other countries by end of this financial year. With support from our investor group, we will be able to execute our vision more rapidly and broadly."

The firm also wants to venture into the regional language space, leveraging the technology.

It was founded in 2012 and has published over 2,000 authors across 100 countries. It offers various publishing, book printing, distribution and marketing services to both authors and publishers from around the world.

## Azure Power scales down NY IPO



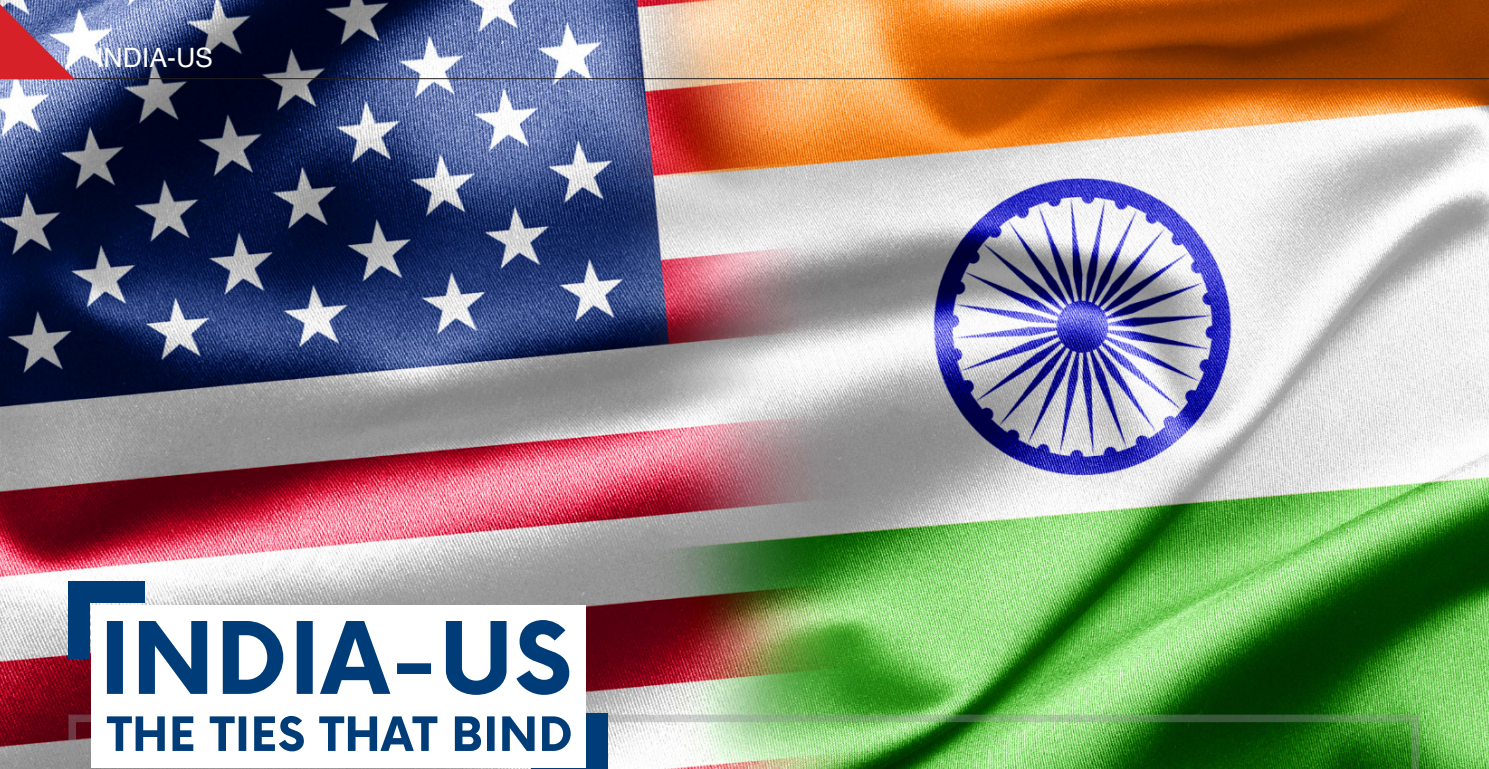
**I**ndian solar power producer Azure Power Global Ltd reduced the number of shares it plans to sell under its initial public offering (IPO) in New York after it agreed a \$75-million (€67mn) investment from a Canadian pension fund manager.

Azure Power said last month it planned to sell a bit over 5.86 million equity shares at an estimated price of between \$21.00 and \$23.00 apiece. The company has revised its filing and now intends to offer 2.45 million shares at that price range.

The reason for this move is that CDPQ Infrastructures Asia Pte Ltd, a wholly-owned unit of Caisse de depot et placement du Quebec, has agreed to buy \$75 million worth of newly issued equity shares at a price per share that is equal to the lesser of \$22.00 and the actual IPO price.

The Madangir-based company was founded in 2009 and booked \$46 million in sales for the 12 months ended June 30, 2016.



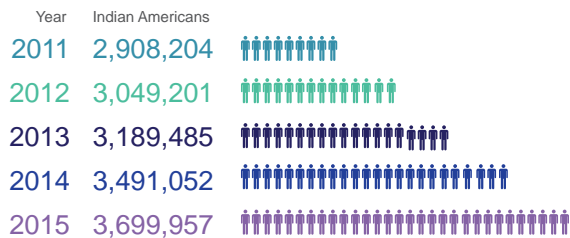


# INDIA-US

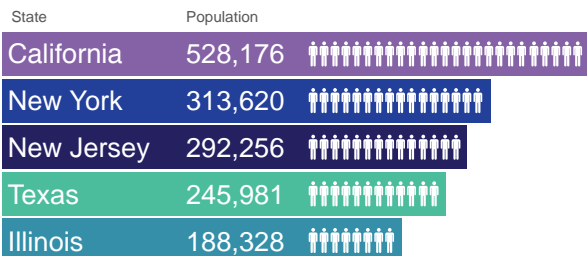
## THE TIES THAT BIND

There is much that binds India and the US, from famous Indian American contributions to spiritual gurus that made a lasting impact. 'India Global Business' takes stock of some highlights.

### INDIAN DIASPORA POPULATION



### Largest Concentration of Indian Americans (2010 Census)



### Richest Ethnic Group

Indian Americans are the richest ethnic group in the United States with a median household income of \$103,821 in 2015.

The number of students from India studying in the United States grew

**148,360** to **194,438**  
students in March 2015 students in March 2016

an increase

**of 31.1%**



**82%**

of students from India pursue degrees in a STEM field



## FAMOUS INDIANS IN THE US



### Ajaypal Singh Banga

President and chief executive officer of MasterCard  
**Business and industry**



### Amartya Sen

Professor of Economics and Philosophy at Harvard University  
**Academics**



### Indra Nooyi

Chairperson and Chief Executive Officer of PepsiCo  
**Business and industry**



### Kaushik Basu

Chief Economist and Senior Vice President of the World Bank  
**Economists**



### Kuzhikalail M. Abraham

Scientist  
**Science and technology**



### Nikki Haley

116th Governor of South Carolina  
**Politics**



### Rajeev Suri

CEO of Nokia  
**Business and industry**



### Satya Nadella

Chief executive officer (CEO) of Microsoft  
**Business and industry**



### Shantanu Narayen

CEO of Adobe Systems  
**Business and industry**



### Siva S. Banda

Aerospace engineer and researcher  
**Science and technology**



### Sundar Pichai

Chief Executive Officer (CEO) of Google Inc.  
**Business and industry**



### Sunil Gulati

President of the United States Soccer Federation  
**Sports**



### Sunita Williams

NASA Astronaut  
**Science and technology**



### Vijay Seshadri

Pulitzer Prize-winning poet and essayist  
**Literature**

## SOME LESSER-KNOWN CONTRIBUTIONS TO US LIFE



### DUNGAREES

From workman's overalls originally worn in dongri near Mumbai



### BLUE JEANS

Indigo for dyeing the fabric originally came from India



### YALE UNIVERSITY

The founder made his fortune in India



## SOME SPIRITUAL GURUS WHO INFLUENCED UNITED STATES



### Sri Sri Ravi Shankar

The founder of The Art of Living Foundation has had a major impact since his first visit to the US in 1986.



### Deepak Chopra

Indian American author and alternative medicine champion is among the well-known New Age movement figures.



### Baba Hari Dass

This yoga master from Uttara-khand has grown in popularity alongside the surge in the practise of yoga itself.



### Mother Meera

Based in a small village in Germany, this Indian has travelled to the US often to offer so-called darshan or blessing.

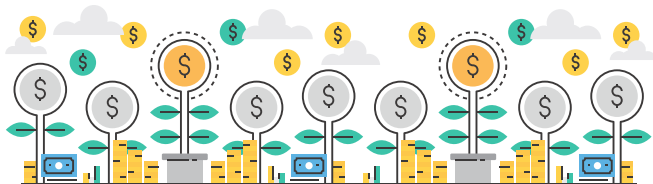
## India-US Bilateral Trade

Amounts in US \$ millions

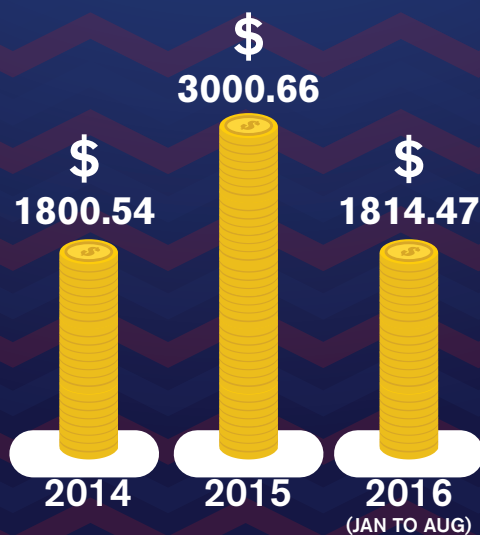


India  
Exports to US

India  
Imports from US



## Indian Investments in US

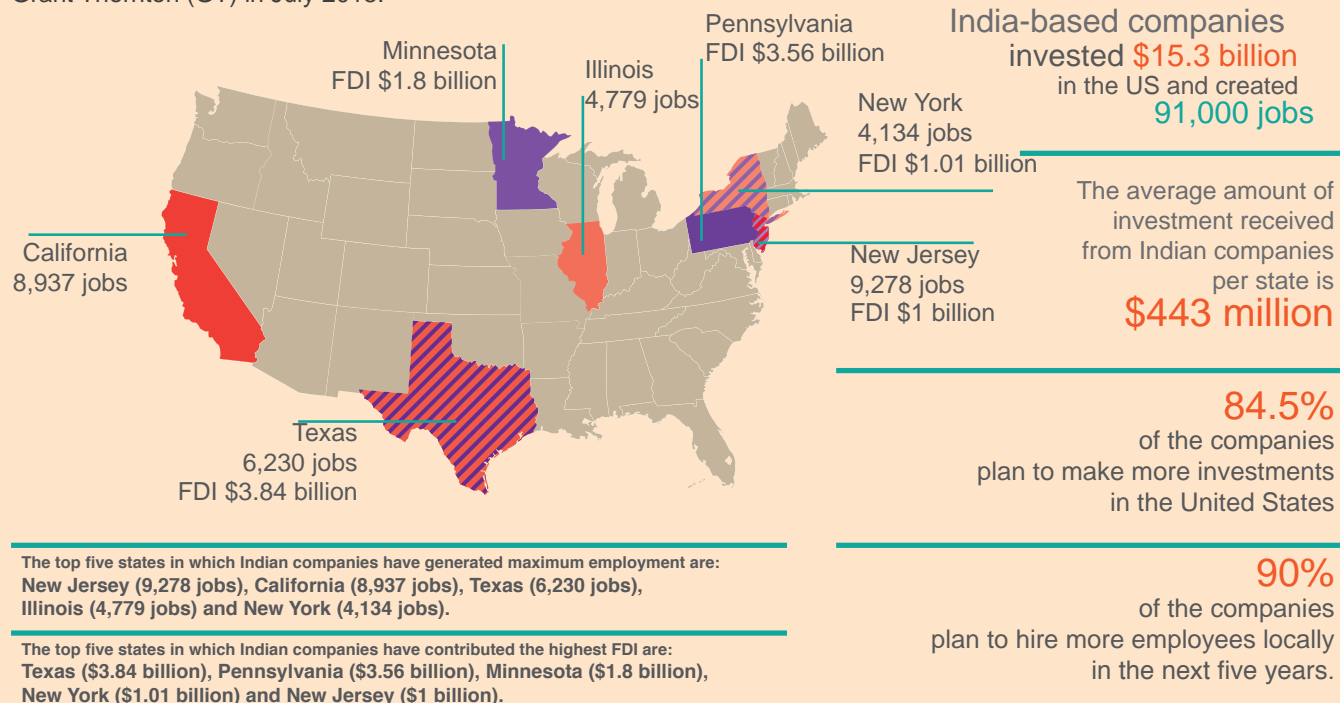


Amounts in US \$ millions



## JOBS GENERATED BY INDIAN COS IN THE US

According to 'Indian Roots, American Soil' released by the Confederation of Indian Industry (CII) and Grant Thornton (GT) in July 2015:



## DEFENCE TIES

- Major pillar of India-US strategic partnership with the signing of **'New Framework for India-US Defense Relations'** in 2005.
 
- Aggregate worth of defence acquisition from US defence has crossed over **\$13 billion**.
- India and the US have launched a Defence Technology and Trade Initiative (DTTI).
- The Defence Framework Agreement was updated and renewed for another 10 years in June 2015.
- During President Obama's visit in January 2015, the two sides agreed to start cooperation on 4 DTTI pathfinder projects and 2 pathfinder initiatives.
- Bilateral dialogue mechanisms in the field of defence include Defence Policy Group (DPG), Defence Joint Working Group (DJWG), Defence Procurement and Production Group (DPPG), Senior Technology Security Group (STSG), Joint Technical Group (JTG), Military Cooperation Group (MCG), and Service-to-Service Executive Steering Groups (ESGs).
- During Defence Minister Manohar Parrikar's visit to the US in December 2015, the two sides also identified opportunities for bilateral cooperation in production and design of jet engine components.
- An **Indian Navy** ship took part in Rim of the Pacific (RIMPAC) exercise in 2014 for the first time.



## Piramal to acquire Ash Stevens Inc for \$53 mn



**P**iramal Enterprises is set to acquire US-based contract development and manufacturing firm Ash Stevens Inc for up to USD 52.95 million (over Rs 350 crore).

The firm's "wholly-owned US subsidiary has entered into an agreement to acquire 100 per cent stake in Ash Stevens Inc ... in all cash deal for a total consideration of USD 42.95 million plus an earn-out consideration capped at USD 10 million, subject to achievement of certain EBITDA targets, payable over next six months," Piramal said in a BSE filing.

This potential transaction is expected to be completed by end of August, it added.

"Ash Stevens will add high potency capabilities to the services we offer our customers," Vivek Sharma, Pharma Solutions business CEO, Piramal Enterprises, said.

High Potency APIs (HPAPI) is one of the fastest growing segments in the pharmaceutical sector and more than 50 per cent of the HPAPIs are anti-cancer drugs, he added.

"We have already identified areas where we can create significant value together, and will be moving forward rapidly to achieve those objectives," Ash Stevens Inc CEO Stephen Munk said. "We look forward to working with the Piramal leadership and management team, to develop API solutions that benefit customers and improve the lives of patients," he added.

Ash Stevens is a full service CDMO (contract development and manufacturing organisation) focused

on development and manufacturing of high potency active pharmaceutical ingredients (HPAPIs).

Shares of Piramal Enterprises Ltd today closed 7.46 per cent up at Rs 1,801.25 ascrip on BSE.

## Flipkart opens Silicon Valley office



**I**ndia's largest e-commerce marketplace Flipkart has set up a base in Silicon Valley.

The company's chief technology officer, Peeyush Ranjan, tweeted that Flipkart is now live in the Bay Area, with their new office opening in Palo Alto, California.

The company's main Indian rival, Snapdeal, had opened data centres in the US earlier this year.

October is peak shopping season in India, marked by Diwali and the days leading up to the festival are filled with massive sales akin to Black Friday and Thanksgiving sales in the US. Flipkart, often dubbed as India's Amazon, is one of the country's largest online retailers and has been running its annual festive sale called "The Big Billion Days" for three years now.

Among India's other ICT start-ups, InMobi, Zomato and Freshdesk also have a base in the US.

## Aurobindo Pharma eyes US growth

**H**yderabad-headquartered Aurobindo Pharma expects to launch 19 approved products that have an addressable market of \$6.8 billion in the US in the next three quarters.

The CEO of the firm's US arm, Robert Cunard, said: "We have 19 product families that are approved, that will be launched over the next three quarters and that is for approvals that we have on hand today."

The news came as the Indian generic drugs maker received US Food and Drug Administration (USFDA) approval to launch zoledronic acid injection of 4 mg/5ml strength. The medicine, used to treat osteoporosis in women after menopause, is a generic version of Swiss pharmaceutical company Novartis AG's Zometa (zoledronic acid) injection.



The market for zoledronic is said to be around \$150-200 million.

On the over the counter (OTC) segment in the US, the firm said it expects a spurt in growth in the second half of 2017-18.

## An invitation to become a CommonwealthFirst Export Champion

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Is your business growing fast with high export potential?

Do you have ambitious plans to grow internationally?

Do you have what it takes to become a Commonwealth Export Champion?

CommonwealthFirst is a major new initiative to help **SMEs trade and invest** across the Commonwealth.

A free association of 53 diverse **English-speaking** countries with similar legal systems, business practices and values, the Commonwealth provides the perfect **launching pad** to grow your business **internationally**.

Over the next three years, **100 leading UK SMEs** will be selected to become CommonwealthFirst Export Champions. Export Champions will be provided with unique access and support in their quest to **win new business** in the fast growing Commonwealth markets. Their success will be **showcased** as an encouragement to the wider UK business community.

Export Champions are selected on their potential for **innovation, level of impact and ambition**. Whether early stage or long established, CommonwealthFirst Export Champions will be **ready to excel** in Commonwealth markets.

As an Export Champion you will be a part of an intensive world-class **3-year programme** with **international support**, which includes.

- **Tailored trade missions:** to fast growing Commonwealth markets such as Australia, Canada, India, Malaysia, Nigeria and South Africa
- **Access to high level networks and introductions:** to ensure you are dealing with the right people in country
- **Training and mentoring:** support from leading UK exporters, country and technical experts
- **Unrivalled profiling and branding opportunities**
- Assistance from **UK Government, Trade Associations, Chambers of Commerce** and a **network of Suppliers**
- **Wider web platform** providing advice and support to SMEs looking to expand into Commonwealth markets

The CommonwealthFirst programme has been developed in partnership between the Commonwealth Enterprise and Investment Council, i-genius and Royal Mail.



CommonwealthFirst  
**EXPORT**  
CHAMPION

### HOW TO APPLY

**APPLY NOW** to become a CommonwealthFirst Export Champion

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For more information and to start the online application process please visit:  
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or email:  
[info@commonwealthfirst.org](mailto:info@commonwealthfirst.org)

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## India puts all its energy behind going green

India's state-owned energy major, NTPC, recently celebrated its Green Masala Bond listing at London Stock Exchange (LSE), raising \$300 million – double the initial target set. 'India Global Business' caught up with Kulamani Biswal, finance director of the company, in London to explore what lies behind this first-ever Indian quasi-sovereign's Masala Bond issuance, the proceeds from which will be invested in the renewable energy market in India.

**What does this first Green Masala Bond at the London Stock Exchange mean for NTPC?**

NTPC is the largest power generating company in India. We have 47,228GW installed capacity – 16 per cent of India's total installed capacity – and we generate around 24-25 per cent of the total country's generation. Moving forward we are going towards 10GW solar power by 2022 in furtherance of government of India's programme to have 175GW by 2022. This initiative to raise money from the global market in terms of rupee is aimed at our solar projects. NTPC is the first corporate to go for Green Masala Bond and it is the first PSU [public sector unit] to

raise money through this instrument.

For the first time, we got it listed in the London Stock Exchange (LSE) and we received an overwhelming response from the investors. More than 66 accounts participated and the transaction was oversubscribed by 2.9 times. Initially, we had a plan to raise Rs 1,000 crores but looking at the interest of the investors, we have doubled it to Rs 2,000 crores [\$300 million]. This reflects strong confidence in NTPC and the Indian market.

**How do you see this bond's trajectory?**

It will be traded in both the Singapore Stock Exchange and London Stock

Exchange. For the first time, we have got it certified by the Climate Bonds Initiative, which gives comfort to the investors that this money would be spent only for green purposes. We have projects already lined up; this year we are going to install 1GW in solar energy.

We have recently completed 250MW in Ananathapuram, Andhra Pradesh, and another 250MW is under construction there.

Then we have the Bhadla project in Rajasthan and Mandsaur in Madhya Pradesh – 250MW and 260MW respectively. In addition, we also plan to put up solar capacity in Karnataka, Rajasthan and UP. Our targets are on track and we are confident of

meeting them with the help of this fund-raising internationally.

### How important are instruments like these in meeting India's renewables target?

There is huge potential outside India for rupee-denominated bonds. The biggest advantage is that you get to avoid the currency risks because you are raising money in rupee terms outside India. At the same time, the investors get better returns. It is a win-win for all sides.

The government has been proactive and consistently easing investment norms so that money can be raised through innovative instruments. Recently, they have also allowed bankers to raise money through this Green Masala Bond.

We have a hydro station in operation, 800MW is in generation and is doing well and another 1,500MW is under construction. We don't have any wind capacity in our portfolio as of now but we are trying to acquire some wind assets. We are also looking at setting up Greenfield projects. It is in the due diligence phase.

### What actions is NTPC taking to meet the government's affordable power for all goal?

NTPC as a responsible generator is

constantly trying to reduce its cost of generation so that cheap power can be made available to consumers. By coal rationalisation, we are trying to reduce our fuel cost. Similarly, we are going for international competitive bidding for our thermal projects so that capital cost per MW is reduced. We also always try for cheap finance to meet our funding requirements so that the ultimate burden on the consumer is reduced.

### What are your future plans for the international markets?

NTPC has one of the largest capex plans among any India PSU this year and in coming years. Our investment plan is worth Rs 30,000 crores [\$4.5bn], out of which Rs 20,000 crores [\$3bn] would be raised in the form of debt. We raise money from both the domestic as well as international markets. We have a plan to come again for dollar-denominated bonds within a month or two to meet our debt requirements for conventional source of energy.

We can plan more Masala Bonds next year because already we have Rs 2,000 crore [\$300mn] to spend. Once that is spent, we can look into the second tranche. London Stock Exchange is one of the most developed financial hub. We would like to list at New York also but for the time being, we are content

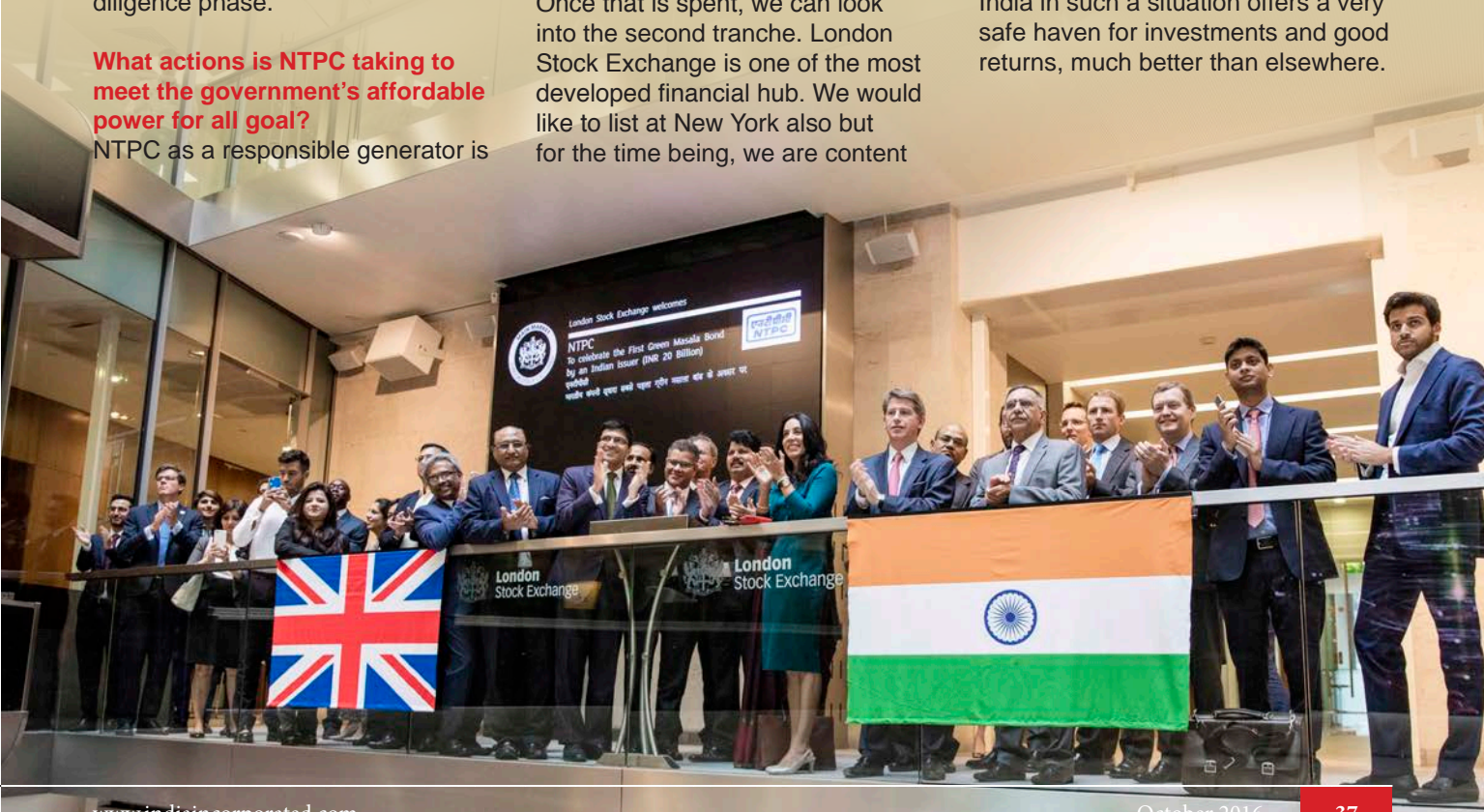
going with LSE and Singapore. Our experience has been good – we have got some Middle Eastern investors for the first time in any book in India.

### What is your message for foreign investors looking to invest in India?

When you look at Asia, there are two countries – China and India. And, India is the largest democratic country and we have a stable and proactive government and it is expected that this year the GDP will grow at more than 7.5 per cent.

This government is doing everything to attract international investors. It is the right time to think about putting money in India's infrastructure – not just power. India is the only emerging market with corporate governance at a high, established legal system and total transparency, which gives a lot of confidence to investors as to where the money is going.

And with Brexit happening, Europe one is not sure about where it is going. The US has its own problems; worldwide yields have really fallen so India in such a situation offers a very safe haven for investments and good returns, much better than elsewhere.





# POST-BREXIT UK has much to gain from Indian job creation



**Official UK government statistics for 2015-2016 confirm India's growing investment interests in Britain. India not only retained its position as the third-largest foreign direct investment (FDI) source country but more importantly emerged as the second-largest job creator for the UK.**

**W**ith the shadow of Brexit hanging over India-UK ties, the latest figures for Indian investment into Britain paint a fairly promising foundation for the UK to build on. As the country negotiates its terms of exit from the European Union (EU) and seeks to strike out stronger partnerships with other economies, there are clear reasons why India should be top of its list.

According to official UK government figures recently released by the Department of International Trade, rebranded from the erstwhile UK Trade and Investment (UKTI) and headed by new minister Liam Fox, India has held on to its firm grip as the third-largest investor and the second-largest job creator.

Indian companies created 7,105 jobs last year, through 140 projects. It is second only to the United States of America, which created 25,694 jobs, and ahead of Germany, which is third with 5,291 jobs from 99 projects. While the US remains the biggest source of inward investment, accounting for 570 projects, China grabs the second spot with 156 projects. The latest investment figures come as a boost following the

Brexit vote in June, as the country also emerged as the most popular destination in the European Union for overseas firms. The UK recorded a total of 2,213 inward investment projects, up 11 per cent on the previous year, with 116,000 jobs "created or safeguarded" by overseas investment last year.

"These impressive results show the UK continues to be the place to do business. We've broadened our reach with emerging markets across the world to cement our position as the number one destination in Europe for investment," said UK international trade secretary Liam Fox, while in India to hold talks with finance minister Arun Jaitley and commerce minister Nirmala Sitharaman. "The UK-India partnership lies at the very heart of the strategic relationship between our two nations, a relationship that has never been more important than it is today," he said. Britain cannot engage in formal trade talks with other nations while it remains a member of the EU but informal talks on the idea of future deals can be discussed. Once Article 50 is invoked and the official process for Britain's exit from the economic bloc is set in motion, the UK is reportedly keen to strike pacts with

emerging markets like India and China.

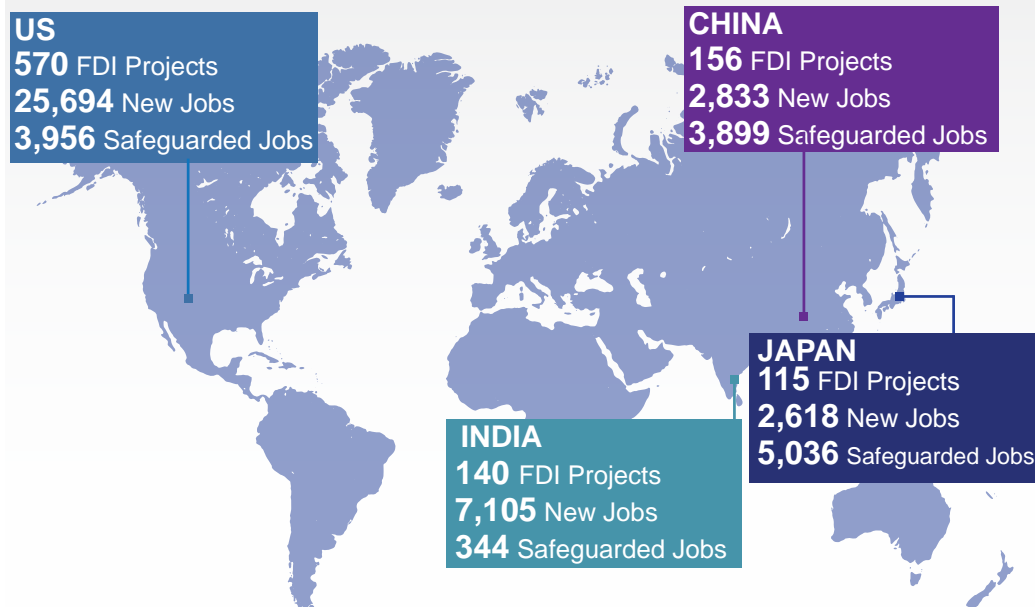
While in India, Fox also met major Indian companies in the information technology sector including HCL and Tech Mahindra.

"The UK is the investment destination of choice for Indian ICT companies, and the secretary of state [Fox] discussed future investment opportunities in the UK," his department said in a statement. This was the fourth visit by a British minister to India since Theresa May took over as the Prime Minister of the UK last month. UK secretary of state for business and energy Greg Clark and secretary of state for international development Priti Patel visited India in August. Another minister, Alok Sharma, who took charge as minister for Asia in the UK Foreign Office, was the first to make a tour of India under the Theresa May led administration in July. Soon after returning from India in early September, Fox revealed in the House of Commons that he had held discussions with the Indian government on removing trade barriers.

He said: "We have now concluded a deal to set up a trade working



## UK FDI SOURCES



Source: UK Department of International Trade (DIT)

group with India to look at how we will remove barriers to trade before we negotiate a free trade agreement on our exit from the European Union (EU). "There is nothing to stop us having discussions and scoping out future agreements."

His intervention came a day after May herself had told the Commons that India would be one of the key countries of focus in a post-Brexit trade scenario for the UK. "As we leave the EU we will forge

our own trade deals. The leaders from India, Mexico, South Korea and Singapore said they would welcome talks to remove trade barriers. President Xi also made clear that China would welcome discussions about trade with the UK," she said. Britain's figures on the recorded FDI projects include investments which received support from DIT and/or one of its regional and local partners ('involved' projects), as well as 'non-involved' projects, meaning those projects which have 'landed'

in the UK without any involvement from DIT or partners.

Various external sources and FDI project and company databases have been used to identify, qualify and report eligible 'non-involved' FDI projects. DIT's definition of FDI projects covers wider types of investment, including those projects which are not announced by companies. This and other differences in methodology and verification processes explains the difference in the FDI project numbers published by DIT and other organisations, such as FT and EY.

Job figures and investment values included in the government report are estimates, made at the start of each investment project. New jobs capture total jobs likely to be created within three years from the start of the project. Safeguarded jobs include those jobs which were 'saved' as a result of the additional/ new inward investment.

## BRITAIN'S FASTEST-GROWING INDIAN COMPANIES

Rank	Domestic Company	Global ultimate owner	Latest growth %
1	Bharti Airtel (UK) Limited	Bharti Airtel Limited	886%
2	HCL Technologies UK Limited	HCL Technologies Limited	728%
3	Emcure Pharma UK Limited	Emcure Pharmaceuticals Limited	666%
4	Apollo Tyres (UK) Private Limited	Apollo Tyres Limited	227%
5	Wockhardt UK Holdings Limited	H F Khorakiwala And Family	147%
6	Pix Transmissions Europe Limited	Pix Transmissions Limited	106%
7	Secure Meters (UK) Limited	Secure Meters Limited	100%
8=	Cyient Europe Limited	Cyient Limited	97%
8=	Indiacast UK Limited	Indiacast Media Distribution Private Limited	97%
10	DRG UK Holdco Limited	Piramal Enterprises Limited	96%

Source: Grant Thornton India Tracker 2016



## Brexit a huge opportunity for new India-UK deal

Shailesh Vara MP was elected to the British Parliament in 2005 and has held a number of senior positions, including former justice minister and former work and pensions minister. Prime Minister Theresa May recently appointed him co-chairman of Conservative Friends of India (CFI) alongside Ranjit Singh Baxi. 'India Global Business' caught up with him to discuss his priorities in a new post-Brexit scenario.

### **H**ow important is a group like CFI in the current post-Brexit climate?

I think it is very important. India is a key country for the UK for trade purposes and as we seek to develop individual trade agreements with countries across the world, I very much hope CFI can help the process as far as India is concerned.

There is always rhetoric in the world of politics. What we need to do is to make sure that CFI works very closely with the Foreign Office and the Department of International Trade as well as the Home Office and collectively with relevant people in India to ensure that we have the best deal possible for both countries. The way to do that is to continue the deep engagement that we have

had for a long time and to make it absolutely clear that we recognise India as one of main countries with whom we wish to trade.

### **What are some of your plans in the short and long term to use this platform to enhance India-UK ties?**

CFI has a two-fold role; firstly, its role is to engage with the British Indian diaspora, which is the second-largest in the world after the US. There are many people of British Indian origin who support the Conservative Party but there are even more potential supporters. It is our aim to try and persuade them to support the Conservative Party.

Those who are particularly interested in politics, we would like to encourage them to join the party, to play an

active role in the various activities that we have – whether it is as an active member or as an elected member to a particular office, as a councillor or as an MP.

A very important role is to harness the British Indian vote.

Additionally, it is our role to try and help create even stronger and better relations with India in many ways. In terms of trade as well education, cultural matters, sport and all variety of areas where we already have close cooperation.

But we are not taking anything for granted because wherever you have close cooperation, you have to continue to work at it to make sure that it continues.

## Does the UK's ruling party do enough to engage with the Indian diaspora?

Historically, it has been the case that all ethnic minority groups tended to veer towards the Labour Party but in recent years it is the case that more and more ethnic minorities, particularly those of Indian origin, are turning to the Conservative Party as the party that they see as their natural home in terms of political affiliation. Certainly a lot of the policies that we have across education, business, health, international matters, lot of the British Indian diaspora feel they can associate with them. There are many who still need to be persuaded and it is my aim, and that of my colleagues, to try and bring even more over in the future.

In terms of the political seriousness, David Cameron visited India three times while he was Prime Minister. Prime Minister Theresa May has been in office a matter of months and already she has spoken with Prime Minister Modi and also had meetings with him at international gatherings.

We in Britain take our relationship with India very seriously, as was evident when Prime Minister Modi visited in November 2015 when 62,000 people, mostly of British Indian origin, turned up at Wembley Stadium to greet him. That shows the strength of the diaspora and also shows the warmth of Britain.

It is worth noting that it was the largest diaspora event Prime Minister Modi addressed overseas anywhere in the world. I think by all accounts it was a hugely successful visit.

## Why should the diaspora connect with the Conservative Party?

The British Indian community are very aspirational. Their parents or grandparents, and in some cases individuals, came to Britain to have a better life. The Conservative Party is prepared to try and create an environment where everyone can prosper as far as their talents can take you.

That message is one that appeals to people who have come to Britain for a better future because there are no restrictions.

The Labour Party, on the other hand, says the state should tell you what you should be doing and they have very backward looking policies going back to the 1960s.

We say, if you are ambitious and want to work hard, then you can prosper and go as far as your abilities can take you.

It is worth remembering that many of the people who came here relatively poor, have prospered hugely under Conservative governments.

## Do you see the desired results of the series of trade delegations and visits to India?

It is important to remember that this is a cumulative and ongoing effort. We have had visits to India at the highest level, including myself as justice minister [2014], and high-profile visits from India to the UK.

I think post-Brexit, we need to really work hard and recognise that we need to build on the engagement that we have. This really is a huge opportunity for both countries, for India to deal with Britain on a one-to-one basis and secure a deal that is good for both of our countries. The UK at present is the largest G20 investor in India and India invests more in the UK than the rest of the European Union combined (EU). India has also emerged as the third-largest source of foreign direct investment (FDI) for the UK; Indian companies are major employers in the UK and in my own constituency [North West Cambridgeshire] around 800 people are employed by an Indian firm.

So it is already a very strong relationship between the two countries, in terms of figures and in the real practical sense. The challenge is to ensure that we build on this and the relationship gets ever stronger.

## How does this balance with news of a crackdown on students and professionals from India?

Any crackdown on students is a crackdown on bogus students. There were a large number of bogus universities that were closed down because they were not doing anything in terms of educating people coming here.

It is wrong for institutions to be attracting people from India to the UK on the basis that they will be getting university education when that is not the case. They were being duped and closing such bodies is surely good for both countries – for the UK's reputation of providing world class education and for students from India paying huge sums of money for the right education.

As far as proper students are concerned, they are more than welcome to come here if they have got the qualifications and financial means to support themselves. It is as simple as that and that message needs to go out. Anyone who says there is a restriction on Indian students is misinformed.

As far as professionals are concerned, we have qualifications and if people meet them they are welcome. It is not unreasonable for any country to have rules.

## What are some personal milestones you have set in this role?

I go into this in a very positive light. I very much hope that we will be able to engage with the British Indian diaspora even more than in the past and people of Indian-origin will see the Conservative Party as their natural home.

I would also hope we will work towards making our relationship with India closer than it has been ever before. Our two countries have a relationship that goes back over 400 years, that is something that must be cherished.



# India comes to grips with creating world-class universities

IIT BOMBAY



Indian universities have had the dubious distinction of lagging far behind on global rankings for decades. However, this year marked a significant shift, with a record 31 making the grade in the definitive 'Times Higher Education World University Rankings' for 2016. 'India Global Business' looks into what is behind India being branded the "star" of South Asia this year.

**T**he Indian Parliament had recently passed the Institutes of Technology (Amendment) Bill 2016, which is hoped to mark a watershed moment in the country's perception as an education hub.

It covers setting up of new IITs at Palakkad, Goa, Dharwad and Bhilai as well as substantial funds to fix low international ranking of the IITs. The human resource development minister, Prakash Javadekar, also revealed that the government has formed High Education Financial Agency (HEFA) to upgrade infrastructure and move Indian universities to be counted among the global best.

"The government's credo is 'Sabko Shiksha Acchi Shiksha (Good Education to All)' and has taken a number of efforts in this regards," Javadekar recently said.

And, these efforts seem to be bearing fruit already if the latest 'Times Higher Education World University Rankings 2016' are anything to go by.

India not only has a record 31 universities in the overall ranking but also has two institutions in the top 400 – the Indian Institute of Science (201-250 group) and the Indian Institute of Technology Bombay (351-400 cohort). There are 14 new Indian entrants in this year's list, which

is topped by University of Oxford followed by California Institute of Technology and Stanford University in second and third place.

South Asia as a whole has almost doubled its representation in this year's list of the world's top 980 universities, claiming 39 places, up from 20 last year. Sri Lanka makes its debut in the table with the University of the Colombo in the 801+ band, while Pakistan has five new entries, taking its total to seven.

Phil Baty, the editor of the 'Times Higher Education World University Rankings' said: "But the star of the region is India, which has 31

## INDIA'S BEST OF THE BEST

RANK 2016-17	RANK 2015-16	INSTITUTIONS
201-250	251-300	Indian Institute of Science
351-400	351-400	Indian Institute of Technology Bombay
401-500	401-500	Indian Institute of Technology Delhi
401-500	501-600	Indian Institute of Technology Kanpur
401-500	401-500	Indian Institute of Technology Madras
501-600	401-500	Indian Institute of Technology Kharagpur
501-600	501-600	Indian Institute of Technology Roorkee
501-600	501-600	Jadavpur University
601-800	601-800	Aligarh Muslim University
601-800	601-800	Birla Institute of Technology and Science, Pilani
601-800	601-800	University of Calcutta
601-800	601-800	University of Delhi
601-800	501-600	Indian Institute of Technology Guwahati
601-800	NR	National Institute of Technology Rourkela
601-800	501-600	Panjab University
601-800	601-800	Savitribai Phule Pune University
601-800	NR	Sri Venkateswara University
601-800	NR	Tata Institute of Fundamental Research
601-800	NR	Tezpur University
801+	NR	Acharya Nagarjuna University
801+	NR	Amity University
801+	601-800	Amrita University
801+	601-800	Andhra University
801+	NR	Cochin University of Science and Technology
801+	NR	Maharaja Sayajirao University of Baroda
801+	NR	Manipal University
801+	NR	Osmania University
801+	NR	SASTRA University
801+	NR	Sathyabama University
801+	NR	SRM University
801+	NR	Vellore Institute of Technology

Source: Times Higher Education World University Rankings for 2016

universities in the list. Its leading university – the Indian Institute of Science – is edging closer to the top 200, claiming a spot in the 201-250 band, its highest ever position, and the country has four new entries in the top 800.

“India’s strong performance is partly thanks to the country recognising the importance of participating in global

benchmarking exercises; just last month the government launched a new funding-backed project aimed at catapulting Indian Institutes of Technology to the top of world university rankings.”

Baty also described as “encouraging” that the Indian government had displayed an ambition to create world-class universities, witnessed by

the country’s leading institutions “edging towards the world top 200”.

Rajika Bhandari, deputy vice-president of research and evaluation at the Institute of International Education and co-editor of the book ‘Asia: The Next Higher Education Superpower?’ said the “sharp rise” of Asia’s universities is due to three main factors: rapidly growing populations and demand for higher education in the region; governments making “significant investments” in universities; and improvements by individual institutions.

On advances at university level, she said that many Asian scholars who studied at Western universities are now academics in their home countries and have “really begun to transform their own higher education sectors”.

“They have brought back to [their] home campuses some of the teaching values of critical thinking and liberal education, as well as the idea of promotion based on merit and research outputs,” she said.

The other Indian universities on the list include Indian Institutes of Technology Delhi, Kanpur and Madras, all within the 401-500 ranks, and IIT Kharagpur and Roorkee in the 501-600 band.

The calculation of the ‘Times Higher Education World University Rankings’ is subject to an independent audit by professional services firm PricewaterhouseCoopers (PwC).

The rankings claim to be the only global performance tables that judge research-intensive universities across all their core missions: teaching, research, knowledge transfer and international outlook. It uses 13 calibrated performance indicators to provide the most comprehensive and balanced comparisons, trusted by students, academics, university leaders, industry and governments.



## Indian pharma firm acquires UK's Actavis to beat Brexit gloom

Intas beats Mylan, Novartis, Torrent, Aurobindo to the post; says it is hungry for more.

**A**lmost inarguably, October 5th 2016, a Wednesday was the biggest day in the life of 53 year old Binish Hasmukh Chudgar, the highly low profile vice chairman of Ahmedabad based Intas Pharmaceuticals. That day in central London, Intas snapped up Israeli generic drug maker Teva's assets in UK and Ireland — Actavis UK Ltd and Actavis Ireland Ltd — in a record \$764 million deal (Rs 5,083 crore) out muscling bigger global rivals like Mylan and Novartis or domestic competition like Aurobindo pharma and Torrent Pharmaceuticals in a bidding process that lasted over 6 months.

The deal is this year's largest outbound M&A transaction in India in the pharmaceutical space and clearly the biggest statement of intent Intas has made in its 40 year lifespan. Yet, true to his nature, Binish — the eldest of the three scions to patriarch Hasmukh Chudgar — was not

raising a toast at Mayfair or throwing a success party. Instead he was at a trade conference in Barcelona shunning the spotlight even when he knew it would be impossible for him or his company to remain this low key henceforth.

company's fourth UK site. Already Intas is the largest privately held pharmaceutical companies in India and figures in the top 10 biggest pharma firms in the country.

Its annual turnover is in excess of \$1



**This transaction represents a unique opportunity for Intas to build scale in the UK and Ireland — adding to our market-leading hospital franchise—and creates a strong platform for further European expansion.**

**Binish Hasmukh Chudgar, vice-chairman, Intas Pharmaceuticals**

Consider the facts. This acquisition expands Intas's UK manufacturing presence adding the Barnstaple site in North Devon and more than doubling Intas's pan-European operations that has revenues exceeding \$500 million. The Barnstaple plant will become the

billion — 60 per cent of which comes from international markets. Chudgar says one of the key reasons for the acquisition is that it will make Intas among the top 2 players in the UK and Ireland markets.

"This transaction represents a unique





**UK is a large generic market — one of the top two in Europe — with a strong potential for growth but is highly competitive.**

Sujay Shetty, leader  
(pharma life sciences), PWC India

opportunity for Intas to build scale in the UK and Ireland — adding to our market-leading hospital franchise — and creates a strong platform for further European expansion,” he says. “We have a clear plan for the continuation and development of the Barnstaple site and the Actavis UK and Ireland teams. It takes time to reach this position and we would like to be No.1 or 2 in certain markets. With this deal, we will be becoming the No.1 or 2 in UK and Ireland.”

The opportunity for Teva's assets itself opened up as part of the European Commission's (EC) anti-trust divestiture requirements arising from Israel company's acquisition of Actavis Generics. Teva agreed to purchase Allergan's generics unit for \$40.5 billion in cash and stock in July 2015. The deal made Teva the largest manufacturer of generic drugs in the world but since then it has been on a divestment spree to address antitrust concerns. Other Indian firms have also snapped up some of the assets in the past.

In July, India's fifth largest drug maker Cipla acquired a portfolio of three products from Teva in the US. Aurobindo Pharma Ltd was also part of the 11 firms that agreed to acquire 79 existing and future drugs from Teva. Further, in June Dr. Reddy's Laboratories Ltd and Cadila Healthcare Ltd (Zydus Cadila) had announced they will buy products divested by Teva in the US. Yet, Intas' acquisition is in a different league altogether and is second only to Lupin's acquisition of New Jersey-based Gavis Pharmaceuticals LLC and its affiliate Novel Laboratories Inc. for \$880 million (around Rs 5,600 crore) last year. While most companies from emerging markets are busy scouting for potential buy outs in US, world's most lucrative pharma market, Intas' move for a UK based firm does go against the flow.

“UK is a large generic market-- one of the top two in Europe — with a strong potential for growth but is highly competitive,” says Sujay Shetty, leader (pharma life sciences) PWC India. “For anybody looking to increase its market share in the UK, it makes sense to go for brands that are already well entrenched in the market. It is not that easy to break-in on your own.”

The company itself is far from done yet and looks hungry for more. Chudgar says the firm's balance sheet is so strong it can raise another \$ 1 billion and yet be debt free in four years thanks to the cash being generated year on year.

“Our net-worth-to-debt is around 1x, we can go to around 3x to 4x, so it is not an issue at all,” he says. “The balance sheet is strong enough for us to borrow around another \$1 billion. We are generating a lot of cash, so in another three to four years, the way we are working, we will be debt-free. We are evaluating more opportunities in US and Europe besides this.”





# Flanders accelerates India toward a bright, high-tech future

**F**landers is all about synergy – synergy between knowledge centers, corporations, universities, markets and culture. The region's perfect combination of talent, innovation, infrastructure and purchasing power make it a bustling metropolis that gives wings to Indian businesses. Are you ready to take off? The sky is the limit in Flanders.

## The gateway to Europe's biggest markets

New to Flanders? As the northern half of Belgium, the region is located right next to the beating heart of European commerce. People and goods travel at lightning speed to Europe's largest capitals and biggest markets – the UK, Germany, the Netherlands and France - in just a couple of hours max.

- 60% of Europe's purchasing power is located within 500 kilometers of Flanders.

## A history of collaboration

Doing business in Flanders isn't a new concept to Indian companies. India is Flanders' most important Asian trading partner, receiving

almost EUR 7.6 billion in exports. Imports from India into Flanders totaled around EUR 4 billion in 2015. Since 2009, the Belgium-India Social Security Treaty has boosted Indian investment by exempting Indian personnel from Belgian social security contributions – and vice versa, for Belgian personnel in India. Belgium's funding opportunities and tax incentives are some of the most extensive in the world, and the work permit process is a breeze.

- India is Flanders' most important Asian trading partner.

The result? Indian investments in Flanders continue to accelerate year upon year, with over 60 Indian companies currently present, representing industries as diverse as ICT, pharma, automotive, cleantech and financial services.

## Big names in big business

Add your name to the growing list of Indian companies – from newbies to global stars – that now call Flanders their strategic European home.

- Tata Consultancy Services
- Infosys

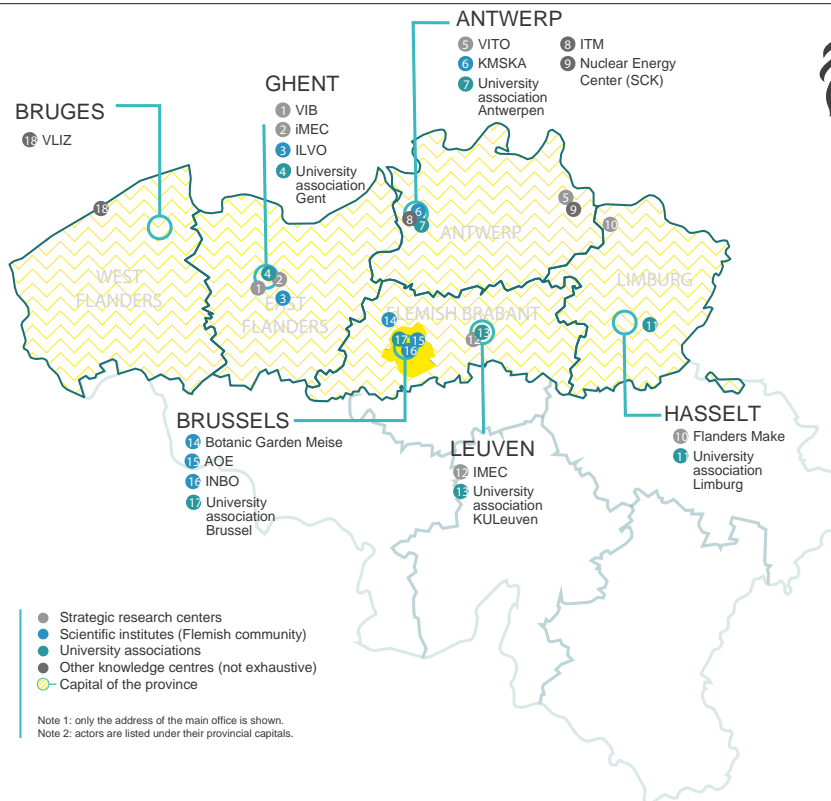
- Tech Mahindra
- Aditya Birla Carbon
- JBF Industries
- Piramal
- Godrej Group
- Binani
- Emerald Tyres
- State Bank of India
- Union Bank of India

## Rewards for Indian investment Knowledge-based economy

As an advanced region rich in talent, expertise, business and culture, the economy of Flanders is founded on knowledge – the new gold. The region is home to four of the world's most advanced science and technology research centers, which attract talent from across the globe. The rapid rate of innovation and scientific advancement in Flanders makes it the perfect place to generate high value returns and outpace other



**FLANDERS  
INVESTMENT &  
TRADE**



players, no matter the industry.

### **Skilled, multilingual, productive workforce**

Ranked at the top of the list for quality of education, Flanders' workforce has a proven track record in math and sciences. The region also boasts 5 internationally-ranked universities and a number of globally-competitive management and business schools.

Flanders has the workforce worldwide. Workers in Flanders have an incredibly strong work ethic, outperforming workers in almost every other country in terms of productivity compared with labor cost. In fact, the workforce of Flanders is the 4th most productive in the world. The region's workers are also typically fluent in English, French and German and accustomed to international business environments.

### **A business-boosting blend of strategic research centers**

Nothing highlights Flanders' frontrunner position in science and technology like the region's four knowledge centers. Nowhere else on earth are top-class facilities clustered

together within such a small area. Tech transfer? Academic-industrial collaboration? World-altering breakthroughs? Flanders has it all.

**INDIAN COMPANIES ARE PERFECTLY POSITIONED FOR HUGE GAINS HERE IN FLANDERS. THE REGION'S COMBINATION OF LOCATION, INCENTIVES, TALENT, KNOWLEDGE ECOSYSTEM, INFRASTRUCTURE AND CULTURE OF INNOVATION IS SO MUCH GREATER THAN THE SUM OF ITS PARTS. BUSINESSES HAVE EVERYTHING THEY NEED CLOSE AT HAND FOR SUCCESS IN EUROPE AND WORLDWIDE.**

- Imec – leading nanotechnology research and digital innovation center.
- VIB – one of the world's premier life sciences institutes.
- VITO – multidisciplinary research center active in the

fields of energy and sustainable development.

- Flanders Make – cross-domain research facility focused on the transformation of advanced production technology.

### **Ideal business environment**

Indian companies are perfectly positioned for huge gains here in Flanders. The region's combination of location, incentives, talent, knowledge ecosystem, infrastructure and culture of innovation is so much greater than the sum of its parts. Businesses have everything they need close at hand for success in Europe and worldwide.

When it comes to ease of doing business, no other Western European country makes it simpler to get up and running. In addition to other personnel-related benefits, highly-qualified workers can receive their work permits in as little as two weeks. The governments of Flanders and the country of Belgium offer enticing business-boosting incentives and smart financing options to foreign companies with activities focused on green business, R&D, high-tech and more.



## Get the facts: logistics in Flanders

Flanders is home to one of the most advanced logistics infrastructures in the world. With its high-capacity, high-throughput ports, extensive inland waterways and rapid rail, air and roadway connections to important European markets, it's no surprise that Flanders boasts more than 800 EDCs (European Distribution Centers). Bring your products to exciting new markets and go big via Flanders.

- Flanders has one of the most advanced logistics infrastructures in the world.

### The numbers tell the tale, as Flanders has:

- 4 international seaports ranked 2nd best worldwide
- the world's densest road network
- the world's 2nd-densest railway network
- 1,375 kilometers of navigable waterways
- all major European markets within reach by road in under 24 hours

## Superior in diverse tech sectors

As an urbanising economic powerhouse with a growing population, India stands to gain the most from innovations in ICT, advanced technology and cleantech. Flanders fits India's goals of empowering, connecting and improving the lives of its citizens like a glove.

- Leading-edge innovators in ICT, pharma, advanced technology and cleantech.

Cleantech was born in Flanders. Prominent renewable energy companies, innovative research centers and governmental support have been instrumental in developing Flanders' position as a pioneer in wind energy, solar energy, bioenergy and other alternative power sources. It's also a fact that 95% of all cleantech-related equipment produced here is exported abroad. Face the digital transformation head-on, save costs and outdistance your competitors by taking advantage of the advanced ICT infrastructure, technical knowledge and innovative atmosphere of Flanders. The region even offers unparalleled access to accelerators, technology clusters and incubators that can take Indian tech companies to the next level.

## A match made in innovation

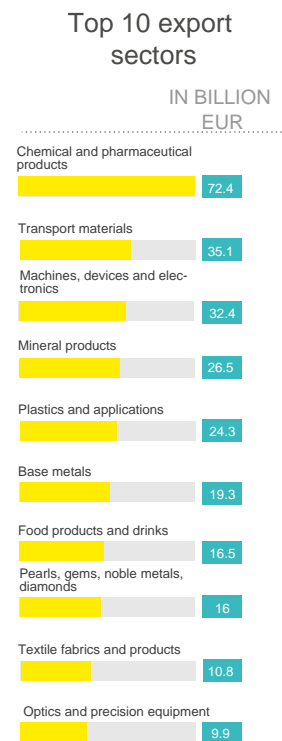
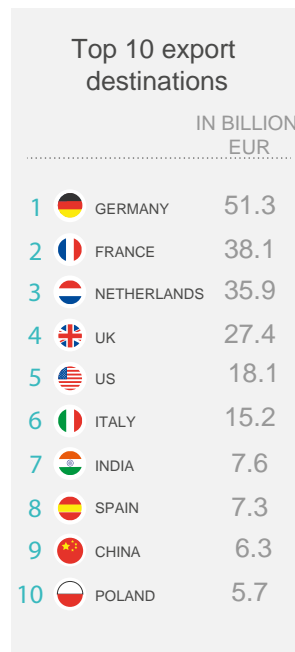
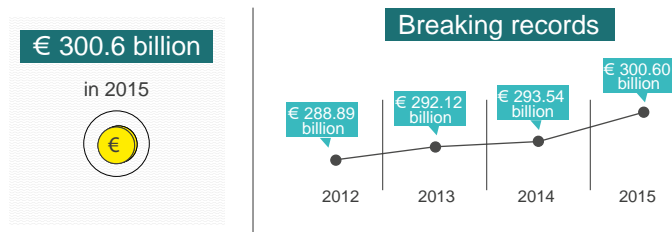
Flanders brings huge advantages to India in the form of technology and expertise in important sectors, including chemistry and pharma, advanced manufacturing and ICT. Technologies developed in Flanders are already resulting in huge payoffs for India – especially in the form of cleantech innovations and the establishment of smart cities.

India and Flanders? We need each other. With so much to offer on both sides of the equation, there's no question that Flanders and India are a match made in innovation.

## FLANDERS' EXPORTS IN FACTS AND FIGURES

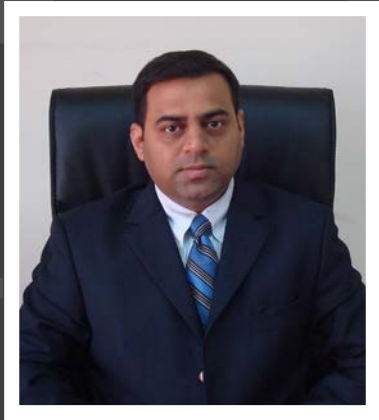


## A CLOSER LOOK AT FLANDERS' EXPORT FIGURES FOR 2015



Flanders Investment & Trade®  
[www.investinFlanders.com](http://www.investinFlanders.com)  
 @InvestFlanders

# What made this Indian firm choose Flanders?



A Mumbai-headquartered manufacturer shares its reasons behind choosing Flanders as a European base.

**T**he JBF Group specialises in polyester and related products with end-use applications in textiles and packaging. The group's activities in India are focused on polyester yarns & resin businesses and it recently announced its first foray into the petrochemical business with the setting up of a greenfield Pure Terephthalic Acid manufacturing plant in Mangalore.

The group's activities outside India operating manufacturing plant site located in UAE through its subsidiary JBF RAK LLC. It describes its UAE operations as a world-scale production facility for production of PET Bottle Resins & BOPET Films used in packaging/industrial applications. The UAE subsidiary further invested in expanding its global presence with setting up of new greenfield locations in Bahrain and Belgium.

*Rohit Maindwal, director & chief operating officer (COO), JBF Group, explains the vision behind the latter*

The selection of Flanders region was finalised as our feedstock supplier (BP) plant was already located in the region. The decision was simple and we worked on co-location model

with BP from the beginning for our investment. The land lease was also provided by BP to facilitate the co-location of downstream unit. Apart from this raw material co-location concept, logistics and support infrastructure in Flanders was ideal for setting up the most modern and largest PET plant in Europe. Logistics connectivity by roads/railways/waterways via Albert Canal were key points for our selection of location.

All our important suppliers were already located in petrochemical belt of ARA (Antwerp Rotterdam Area). Some of our largest downstream customers have their manufacturing sites within 200km radius of Benelux. The Flanders region being part of the ARA Petrochemical belt also provides easy availability of skilled manpower and support service contractors needed for running large manufacturing locations. The port of Antwerp provides an excellent gateway for global operations and traditionally many large logistics operators are based in region. This logistics efficiency is key to set up large modern operations to service requirements at competitive costs for the entire north western Europe region.

Due to the logistics efficiency of the

area, our product can reach north Italy/east Europe locations using efficient multimodal infrastructure at competitive costs. This provides JBF a better reach to customers and market access to a larger geography than initially conceptualised as a primary market.

The waterways connectivity via the Albert Canal provides clean and efficient transport solutions, which is particularly preferred by our large brand owner customers for a lower carbon foot-print.

Our investment in Flanders was conceptualised with a target primary market definition in north-west Europe. The UK was not a primary sales market for JBF products manufactured in Belgium. So apart from global impact of Brexit to the EU economy, we do not foresee any direct impact to our operations. Our message to other Indian firms looking at Europe would be to consider Flanders region as an option for your investments. The ARA region is ideal especially for petrochemical and downstream segments. Flanders Investment & Trade (FIT) is one of the most supportive and investor-friendly team of people. They provide excellent support services for all new foreign investments in the region.



## Global expansion is a marathon, not a sprint

Looking ahead, we would like to expand in the sub-Saharan east African markets of Kenya, and Uganda — a home-grown FMCG firm lays out its global vision.

**M**umbai-headquartered Marico Limited is a consumer goods company providing products and services in the area of health and beauty. Vivek Karve, the chief financial officer (CFO) of the firm, speaks exclusively to 'India Global Business' about the firm's global expansion strategy, why Africa has been a focal point for some of its well-known brands and what other Indian firms with global ambitions can learn from its success story.

### What has the trajectory been like for Marico's international business strategy over the years?

Marico started serving the Indian diaspora across the world before establishing its organic footprint in the Middle East and Bangladesh through the nourishment portfolio. In order to

expand in new geographies and new categories, Marico commenced its inorganic journey in various markets acquiring different brands and companies across countries of Egypt, South Africa, Malaysia and Vietnam. This has extended Marico's presence across emerging markets in the continents of Asia and Africa.

Marico's International business has grown at a 10 year CAGR of 27 per cent. The operating margins have improved and are sustainable at 17-18 per cent range. Marico's International strategy is to participate in the growth of existing categories in existing geographies as well expanding into adjacent markets of South-East Asia, South Asia and East Africa leveraging the existing the infrastructure. Marico aspires to grow at 13-15 per cent constant currency growth in international business in the

medium term.

### What would you define as your secret of success?

Marico has succeeded whenever it has been able to provide a differentiated value to the consumer while ensuring sustainability of growth and profitability over a longer period of time.

Our focus on five areas of transformation — innovation, go-to-market transformation, talent management, cost management and analytics — has so far enabled us to stay deeply connected with consumer, trade and talent and has created resources that fund growth. We believe this is a continuous journey. It's a marathon rather than a sprint.



## MARICO COMMENCED ITS INORGANIC JOURNEY IN VARIOUS MARKETS ACQUIRING DIFFERENT BRANDS AND COMPANIES ACROSS COUNTRIES OF EGYPT, SOUTH AFRICA, MALAYSIA AND VIETNAM.

### What is Marico's strategy in the emerging markets?

Marico's strategy is to concentrate on emerging markets of Asia and Africa. In Africa, our focus markets are North Africa, South Africa and Sub-Saharan Africa. Countries with per capita income of \$5,000 and below, higher percentage of young population, a good track record of GDP growth, greater concentration of traditional trade, low penetration and political stability are targeted as we believe they have greater prospects of growth.

We have expanded our base in the continent in the late 2000s by acquiring local brands in South Africa and Egypt. In South Africa, we have a blend of ethnic hair and health care portfolio. In Egypt, we are market leaders in the Gels category.

Looking ahead, we would like to expand in the sub-Saharan east African markets of Kenya, Tanzania and Uganda. In Kenya we have already appointed distributors who sell the South African brands. In addition to organic growth, we are open to acquisition and alliance opportunities in the African market to achieve scale and benefit from economies of scale.

### What makes Africa an attractive FMCG destination? What can Indian firms offer the region?

Africa is a large market with a population base of more than a billion people. As economies grow, the purchasing power of the masses will only grow and here lies the big opportunity for the FMCG players to sell branded packaged goods to this consumer.

Africa is a developing continent and is closer to India than to the developed markets on various



parameters such as market construct, consumer purchasing power, macro-economic trends etc. The Indian firms can adapt better to the market conditions better. India has a well-developed FMCG sector with an array of product categories, advanced sales infrastructure, competitive cost structure. With such repertoire, Indian firms can service the African consumer with quality products at affordable costs.

### What are your firm's wider global expansion plans?

In the financial year 2015-16, our international business grew by 4 per cent in constant currency terms while sustaining operating margins at 18 per cent, which structurally shifted from 8-9 per cent four years ago. International business growth

potential looks encouraging with strategic investments planned in core markets of Bangladesh, Vietnam, Middle East North Africa (MENA) and South Africa coupled with the expansion in adjacent markets of South Asia, Indo China region and East Africa.

We believe that the core markets of Bangladesh, Vietnam and MENA are "Invest to Grow" markets and the company will continue to drive growth with brand restages, new product launches and capability building initiatives apart from aggressively tapping and growing new markets. Rest of South East Asia and East Africa are the new growth engines for future.

We will aim for organic and inorganic growth in these markets.



**T**he acronym CLMV would have elicited blank or quizzical looks at most gatherings even a few years ago. It is still not the stuff of regular cocktail circuit chatter, but many more people now know that it stands for Cambodia, Laos, Myanmar and Vietnam.

Many will also know that these countries, all part of the ASEAN, also make up a sub-group that is of particular economic and strategic interest to India.

#### Modi's outreach

On a recent visit to Hanoi en route to the G-20 summit in China, Prime Minister Narendra Modi promised a \$500-million line of credit for buying defence equipment from India. Vietnam is keen on purchasing the supersonic Brahmos missiles, designed and built jointly by India and Russia, but New Delhi has not yet taken a decision on the issue. This follows a \$100-million line of defence credit to Vietnam that it will

use to buy patrol-cum-interceptor boats from Larsen & Toubro.

Meanwhile, the Modi Cabinet recently approved a proposal to set up a Rs 500-crore project development fund to facilitate and increase the entry and presence of Indian companies in these countries, which have preferential access pacts with China, European Union and the US and so, can act as gateways for India Inc into these markets.

Addressing the 3rd India CLMV Business Conclave in Chennai recently, Commerce Minister Nirmala Sitharaman said: "Trade links and ties between India and the CLMV countries can be much better and the two governing principles, connectivity and economic integration with regional value chains, are crucial."

#### Increasing trade ties

India's economic links with all ASEAN countries have been growing at a fast clip. But trade with the CLMV nations

have been galloping along. Bilateral trade between India and this sub-bloc within ASEAN has leapfrogged from \$460 million in 2000 to almost \$12 billion in 2014.

These four countries, which are relatively less developed than their peers in the South East Asian trading bloc, account for 15 per cent of India's trade with ASEAN. To put things in perspective, these countries cover 32 per cent of ASEAN's land mass, account for a little less than 11 per cent of its gross domestic product and are growing at 7 per cent per annum.

#### Opportunities for India

The CLMV countries are all former centrally planned socialist economies that are transitioning to the market. They remain primarily agrarian economies with large gaps in their infrastructure and logistics chains as well as social infrastructure. As these countries gradually open up to foreign investment large

**MYANMAR**

**Population:** 56,890,418  
(July 2016 est.)

**GNI Per Capita (US\$):** 1,270

**Major industries:** Agricultural processing; wood and wood products; copper, tin, tungsten, iron; cement, construction materials; pharmaceuticals; fertilizer; oil and natural gas; garments; jade and gems

**Major exports:** Natural gas; wood products; pulses and beans; fish; rice; clothing; minerals, including jade and gems

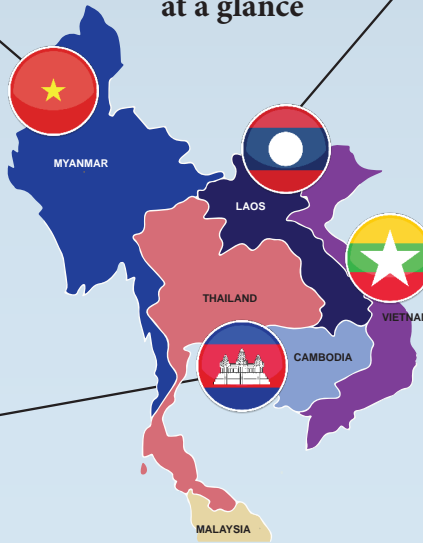
**CAMBODIA**

**Population:** 15,957,223  
(July 2016 est.)

**GNI Per Capita (US\$):** 1,010

**Major industries:** Tourism, garments, construction, rice milling, fishing, wood and wood products, rubber, cement, gem mining, textiles

**Major exports:** Clothing, timber, rubber, rice, fish, tobacco, footwear

**CLMV  
at a glance**

Sources: Central Intelligence Agency,  
Doing Business by World Bank

**LAOS**

**Population:** 7,019,073  
(July 2016 est.)

**GNI Per Capita (US\$):** 1,600

**Major industries:** Mining (copper, tin, gold, gypsum); timber, electric power, agricultural processing, rubber, construction, garments, cement, tourism

**Major exports:** Wood products, coffee, electricity, tin, copper, gold, cassava

**VIETNAM**

**Population:** 95,261,021  
(July 2016 est.)

**GNI Per Capita (US\$):** 1,890

**Major industries:** Food processing, garments, shoes, machine-building; mining, coal, steel; cement, chemical fertilizer, glass, tires, oil, mobile phones

**Major exports:** Clothes, shoes, electronics, seafood, crude oil, rice, coffee, wooden products, machinery

opportunities will open up for countries that have the expertise to help them. Right now, these gaps are being filled by companies from China and, to an extent, Thailand. But massive opportunities exist for Indian companies to step into the breach. The advantages these countries offer are an abundant supply of raw materials and a low cost labour force.

**Rs 500-crore fund**

Recognising the economic and strategic potential of closer ties with the CLMV nations, the Narendra Modi government has cleared a proposal to set up a Rs 500-crore project development fund (referred to briefly above) to help Indian companies increase their presence in these countries.

“Cabinet approves creation of a Project Development Fund (PDF) to catalyse Indian economic presence in Cambodia, Laos, Myanmar and Vietnam,” a statement released by the government recently said. Among other things, this fund will help Indian companies secure inputs, raw materials and intermediate goods

for the manufacturing of finished goods for domestic as well as international markets.

**Road to prosperity**

As part of its outreach to the four CLMV countries, India is planning to extend the proposed trilateral

and explore the extension of the India-Myanmar-Thailand Trilateral Highway into Lao PDR, Cambodia and Vietnam, I urge Thailand and Myanmar to join hands and find creative solutions for the early conclusion of the Motor Vehicles Agreement and I would also like to



**Trade links and ties between India and the CLMV countries can be much better and the two governing principles, connectivity and economic integration with regional value chains, are crucial.**

*Nirmala Sitharaman, India's Commerce Minister*

highway connecting India's north east to Thailand via Myanmar to these countries.

The proposed highway, which is an integral part of the Modi government's Act East policy, has been facing delays having already missed several deadlines and is now expected to become operational only in 2018-19. “Even as we work assiduously to enhance our physical connectivity

invite ASEAN countries to participate in the Sittwe Economic Zone,” V.K. Singh, India's deputy foreign minister said at the 14th ASEAN-India Foreign Ministers' Meeting in Vientiane on July 25.

**The TPP connection**

The extension of the highway will give India direct access to Vietnam, a member of the Trans-Pacific Partnership (TPP) Agreement, which



covers 40 per cent of global trade and includes the US as its lynchpin.

Vietnam has emerged as an important player in India's Act East policy, especially in the strategic sphere. The India-Myanmar-Thailand Highway could, in future, feed into the existing highway connecting Thailand with Da Nang, a port in Vietnam.

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

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

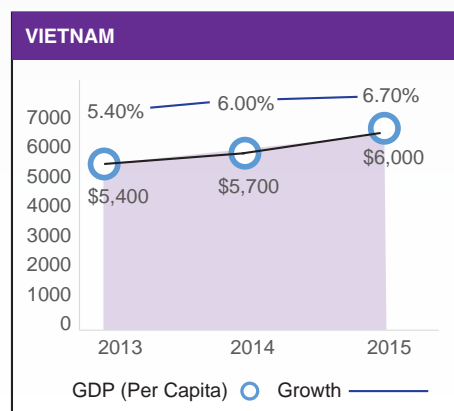
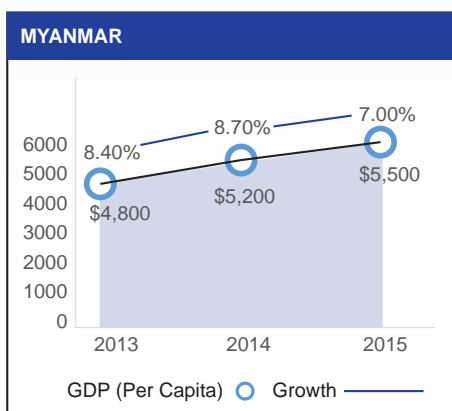
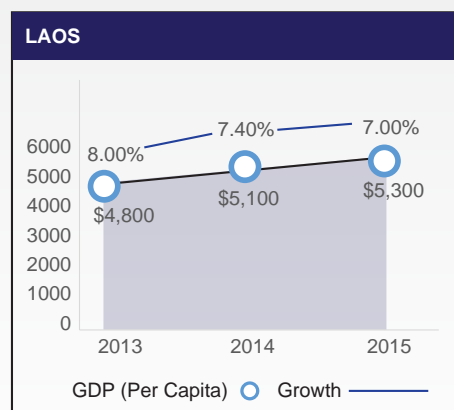
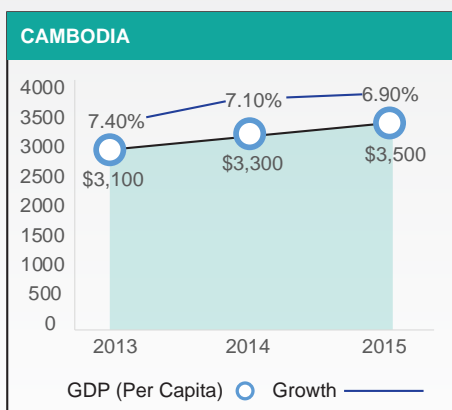
Bilateral trade between India and Vietnam was at \$5.6 billion in 2014 and the two countries plan to increase this to \$20 billion by 2020.

During Modi's recent visit, India and Vietnam decided to upgrade their bilateral ties to a "comprehensive strategic partnership". The defence credit lines referred to above were a part of efforts to seal this partnership. "We welcome India's economic integration with the CLMV countries. India and CLMV need to strengthen economic integration through connectivity, infrastructure, and trade facilitations. We also aim to focus on the added advantage from sectors such as seafood, manufacturing, engineering, automobiles and chemicals," Nguyen Cam Tu, Deputy Minister, Ministry of Industry and Trade, Vietnam, has said recently.

### Neighbour first

Of the CLMV countries, only Myanmar shares a border with India.

## CLMV BY GDP FIGURES



Sources: Central Intelligence Agency, Doing Business by World Bank

Indian companies have invested about \$225 million in Myanmar since it began opening up to foreign investment a few years ago.

But this is minuscule compared to the \$3 billion invested by China. So, as in Africa, India is playing catch up with its northern neighbour.

But Myanmar itself is keen on reducing its dependence on China and diversifying the sources of foreign investment.

This is a window of opportunity that India can leverage to increase its investments in Myanmar. The Tata Group, India's largest conglomerate, recently inaugurated a new office in Myanmar. Group companies such as TCS, Tata Motors, Tata International and Tata Power have established a presence in this market and have plans to increase their presence across South East Asia, including

in Vietnam.

The Myanmar economy is still primarily dependant on agriculture, which accounts for 70 per cent of employment and 30 per cent of its exports.

Given its production of coconuts, rice, oil palm, rubber, sesame seeds, mustard and beans, Myanmar has great potential to become a major manufacturing centre for value added food products, especially for foreign markets.

Then, the government there is encouraging the automobile (two and three-wheelers), cement, cotton and silk fabrics, cement, FMCG and some other industries. All these are sectors in which Indian companies have decades of experience.

Then, Indian telecom companies, which have the lowest operational

costs in the world, can help increase the teledensity in Myanmar, which has a subscriber base of less than 5.5 million. Healthcare, education, power sector and road building are other sectors in which Indian companies can help Myanmar. The country's hydropower sector can potentially generate 40,000 MW across the nation's four major river basins. Plans are underway to set up 13 hydropower plants with a capacity of 2,500 MW. This is another area that Indian companies could focus on in Myanmar.

"Myanmar is trying to improve the trade policies and create attractive and investor-friendly policies. A new foreign investment law has been passed to attract more investors and the mass investment potential lies in the economic partnerships," Pwint San, Deputy Minister, Ministry of Commerce, Myanmar, said recently.

#### Cambodia's potential

And Exim bank report on Cambodia says: "With close to 60 per cent of the Cambodian population engaged in agriculture, this has been the primary industry of the country. Rice is the principal food crop, while rubber is the principal commercial crop... The food, beverage, and tobacco subsector continues to grow, but its relative

importance has been diminishing with the rise of garments, textiles, and footwear."

Cambodia is attractive to India Inc because it is a low-wage country with quota-free access to major markets. The country offers great opportunities

**MANY WILL ALSO KNOW THAT THESE COUNTRIES, ALL PART OF THE ASEAN, ALSO MAKE UP A SUB-GROUP THAT IS OF PARTICULAR ECONOMIC AND STRATEGIC INTEREST TO INDIA.**

for the manufacture of bicycles, two-wheelers, industrial clothing, textiles, garments, and footwear.

The country is blessed with abundant natural resources. So, its mining sector, still underdeveloped and comprising small local companies, offer ample opportunities for the mining of laterite, marble, granite, limestone, gravel and sand.

The tourism sector is another that is ripe for foreign investment. The country is expected to receive six

million foreign tourists by 2020. So, building tourist infrastructure, roads, power stations, hotels and other associated assets and Indian companies, which has lots of experience in this sector, can help in this regard.

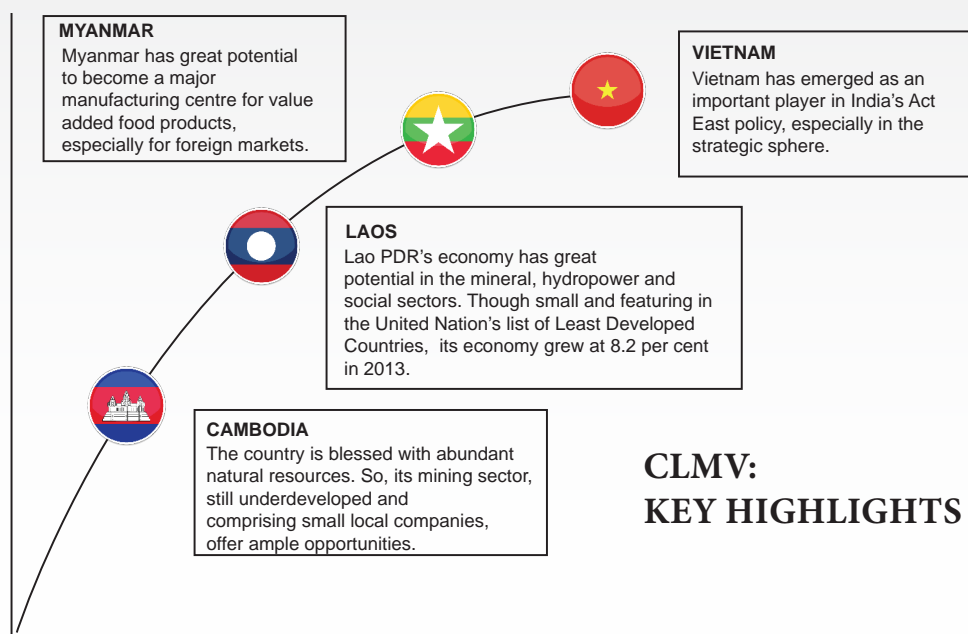
#### Lao PDR

Lao PDR's economy has great potential in the mineral, hydropower and social sectors. Though small and featuring in the United Nation's list of Least Developed Countries, its economy grew at 8.2 per cent in 2013.

Like most of its CLMV peers, Lao's economy is heavily dependent on its agricultural sector, which contributed more than 50 per cent of its GDP and accounts for 80 per cent of employment.

"Significant potential for investments exists in rubber plantation and processing, specifically, in agro processing in the Savannakhet province, which is located near the port and is well connected with Thailand," the Exim Bank report said. "It's important to network and share best-practices and strengthen business ties between the countries.

The trade investment between India and the ASEAN countries is crucial since the CLMV countries ... have a 165 million strong population. This will attract considerable amount of FDI from India. It has an open investment regime and does not discriminate between foreign and local investors. It is investing heavily into its transport infrastructure," said Sun Chanthol, Senior Minister, Minister of Commerce, Kingdom of Cambodia, at a recent seminar.



# INDIA IN PURSUIT OF AN OCEAN OF OPPORTUNITIES

Organised by the Delhi-based think-tank India Foundation in Singapore, the Indian Ocean Conference of September 2016 sought to locate India in the midst of the ocean that bears its name. 'India Global Business' presents a report from the scene.





India's relationship with the Indian Ocean is political, cultural and economic, historical and contemporary. Its essence can be captured by the following statistics: of all of India's international trade, 90 per cent by volume and 70 per cent by value moves across the ocean.

India's geographical location means it is germane to both the Eastern Indian Ocean – encompassing China and Southeast Asia, the ASEAN region and washing the shores of Perth, Australia, where the Indian and Pacific Oceans meet to form the giant Indo-Pacific. To India's west is the Western Indian Ocean, including the Arabian Sea and the troubled belt of west Asia, and ending with the pirate-ridden shores of Somalia, eastern Africa, as well as the majesty of the Cape of Good Hope and South Africa. The Andaman and Nicobar Islands, India's archipelago in the Indian Ocean, are an underexploited resource that the Narendra Modi government is developing with naval, tourist and economic infrastructure.

While all this formed part of the discussion in Singapore, there was also a central conundrum. The problem, as a diplomat once said, is that the Indian Ocean rim by itself is not the basis for a "logical regional identity". Indian Ocean countries range from Mozambique to Iran, Madagascar to Singapore, and Thailand to the United Arab Emirates. It is difficult to categorise such a broad and diverse group and find meaningful cultural, political or economic commonalities. As a result, aspirations for the Indian Ocean region have often been pitched "too high" – a free trade association/area – or "too low" – minor agreements on tariffs and customs barriers.

The unmentioned and yet often-alluded to country in Singapore was China, not a formal Indian Ocean member but very much part of the region now. India acknowledged China's presence, but was alive to its challenges. As C. Raja Mohan, the Indian strategic thinker and director of Carnegie India, once wrote:

"As a rising maritime power, India must now begin to move away from the unproductive divide it has set up between the 'regional' and the 'extra-regional'. For one, India itself has often become a target of these artificial divisions. For example in the Malacca Straits, the theme of 'regional versus extra-regional' is playing itself out often to the disadvantage to India.

**THE INDIAN OCEAN REGION IS STEEPED IN HISTORY. THIS HISTORY CAN TRAP US BUT CAN ALSO INSPIRE US AND ACT AS A TRIGGER FOR ADVANCE.**



"Nor would India want to be treated as an extra-regional power in the Western Pacific where it has significant interests. While the very definition of a region means drawing the line somewhere, it is reasonable to suggest that no regional mechanism will work if it is seen as keeping out an interested great power. From a practical perspective, then, India cannot either wish

away the extra-regional presence of the United States or prevent the significant rise in Chinese naval presence in the Indian Ocean."

The Indian Ocean region is steeped in history. This history can trap us but can also inspire us and act as a trigger for advance. Much of the maritime expanse and geography that we today call the Indian Ocean region or the Indo-Pacific system was part of an inter-linked British presence century ago. The challenge is to rebuild that security architecture without an overarching determinant in London (or Washington, DC, for that matter). The internal dynamics can be discussed, the level of cooperation with China and need to allay its suspicions can be debated, but the idea of such a matrix cannot be wished away.

World War I offers a precedent of the type of partnership being envisaged. In September 1914, Chennai (then Madras) harbour in southern India was attacked by the German cruiser Emden. The Kaiser's World War I Indian Ocean raider destroyed a merchant ship, killed several civilians and caused hundreds to flee. Then she moved further east, in the direction of Sri Lanka and what would in today's terminology be ASEAN waters. Two months later, in November 1914, the Emden was challenged and wrecked by an Australian ship, the Sydney, off the Cocos Islands.

The intelligence cooperation that led to the Emden's destruction drew from the military base in the Andaman and Nicobar Islands. Today this is the location of India's only tri-services command and a significant naval capacity upgrade. As for the Cocos Islands, there is a proposal – admittedly a loose, long-term one – to build capacities in this Australian territory and allow the US to use it for surveillance of the South China Sea.

Is the past sending us a signal for the future? From the Straits of Malacca to the Gulf of Aden, the whispers of Indian's oceanic tradition can be heard loud and clear.

# A stride into Africa and beyond

Indian companies have carried on their developmental strides into the emerging markets, from healthcare to telecom.

## India plans Bolivia pharma plant



**B**olivia is negotiating with India to build the Andean nation's first pharmaceutical plant, President Evo Morales announced recently.

Morales said his government has earmarked \$350 million for the project.

The talks took place during a ceremony in the central city of Cochabamba with Indian Ambassador Sandeep Chakravorty to sign an agreement for a \$3.3 million donation from India to establish "a center of excellence in technology."

Bolivia turned to India for the pharmaceutical plant after domestic companies failed to present qualified proposals for the project, the president said.

Morales said: "Cuba has advised us that India has a lot of experience in matters of hospitals and health."

I want you to know that we are in the process of negotiation. We hope that India can install this pharmaceutical complex in the city of Cochabamba." India has also offered financing to build the pharmaceutical complex.

## India's Lava phone makes Egypt entry

**I**ndia's Lava smartphone brand has signed a memorandum of understanding (MoU) with Egypt-based Easy Group to offer Lava products in Egypt through a joint venture company.

The MoU was signed by Hari Om Rai, Lava chairman and managing director, and Dr Asser Salama, chairman, Easy Group, at the joint Business Council of India and Egyptian Federation of Chamber of Commerce in New Delhi.

With a focus on making reliable and innovative technologies accessible, Lava claims it has an aggressive plan for Egyptian market. It will leverage Easy Group's market leadership position in distribution and reach to make its products available across the country including feature phones, smartphones, tablets and accessories.

Rai said: "At Lava, our vision is to empower people to do more and be more – not only in India but also across nations. Our foray in Egypt is a step forward in that direction and we are very delighted to partner with Easy Group who shares our vision and values."

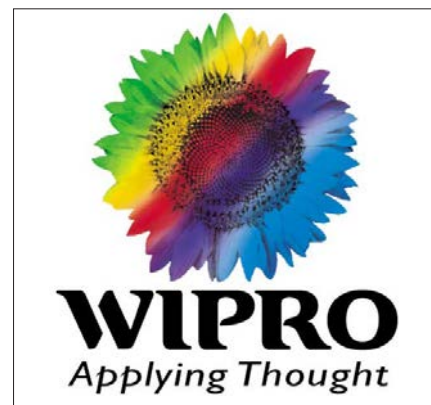
"The partnership is also a testimony to our focus on 'Make in India' initiative – In India for India and the World".

## Wipro invests in Israel start-up

**I**ndian software company Wipro has invested \$1.5 million in Israeli start-up Intsigths Cyber Intelligence.

In a filing to the Bombay Stock Exchange (BSE), the Bengaluru-headquartered firm said it was acquiring a minority stake in the company.

Founded in 2015 by CEO Guy Nizan, VP Intelligence Alon Arvatz and CTO Gal Ben David, the Herzliya-based company infiltrates the cyber-threat underworld to detect and analyse planned or potential attacks and threats, according to the filing.



The company also provides advance warning and customised insight concerning potential cyber attacks, including recommended steps to avoid or withstand the attacks and delivers in-depth analysis of cyber threats originating from in-house sources, third-party sources or threat actors.

Wipro made the investment through Israel venture capital firm TLV Partners.



## Does Indian IT get a fair deal?

There is a huge opportunity for transformation in India across sectors, with solutions around Internet of Things (IoT), machine — to — machine communication and automation of knowledge work - an industry expert gives his insights on India's digital revolution.

**R** Chandrasekhar is the president of the National Association of Software and Services Companies (NASSCOM), the premier trade body for the Indian IT-BPO sector. In this exclusive interview with 'India Global Business', the former Secretary in the Indian government's Department of Telecommunications delves into the trends in the industry, the future of robotics and how the Indian information technology sector can remain ahead of the curve.

### How can Indian IT firms move up the value chain?

There is a huge opportunity for transformation in India across sectors, with solutions around Internet of Things (IoT), machine-to-machine communication and automation of knowledge work. In order to ensure the continued growth of the industry, important steps need to be taken in this journey of transformation. Since traditional service providers

and incumbents are getting disrupted, enterprises are opening up to the idea of new sourcing models, thus creating opportunities for new entrants. In the past, it would have been extremely difficult to break through such accounts as marketing efforts have shown previously. Companies are investing in building platforms and productised solutions to drive future growth opportunities. Priorities for the industry going forward will be verticalisation, automation, digital and cloud services, operational excellence and expanding global delivery models.

### How do you see robotics impacting job creation in the Indian IT sector?

The human resources landscape in India has evolved significantly over the last decade; be it in terms of identifying the right talent, training them to enhance their employability or creating access to a skilled talent

pool of leaders who will enhance competitiveness across the industry.

With changing technologies and a rise in requirement for a differentiated set of skills, industries are gradually expected to shift towards automation. This is expected to create a situation which could possibly result in a decline of hiring but also create an opportunity for re-skilling.

NASSCOM believes that technology adoption will eventually lead to a creation of more jobs across sectors in the long run. Furthermore, automation will enable employees to upgrade their skills and allow companies to re-structure their processes in a cost effective manner. And as the skills performed by humans will become increasingly complex, the capacity of workers to master these new skills, along with the availability of talent, will become key drivers of competitiveness.



## INDIA'S IT SECTOR HAS CONTRIBUTED \$22.5 BILLION IN TAXES TO THE US GOVERNMENT AND GENERATED 411,000 US JOBS, INCLUDING 300,000 FOR AMERICAN CITIZENS. NASSCOM HAS ALWAYS REITERATED THE DAMAGE THE PROTECTIONIST ATTITUDE CAN CAUSE TO THE IT COLLABORATIONS BETWEEN THE EAST AND WEST.

### Why have Indian companies failed to create a robust product development eco-system?

Innovation is the defining value proposition for India's technology sector, driven by solutions built on digital technologies and start-ups, which are changing the paradigms of the product ecosystem. NASSCOM believes that the Indian software product industry is growing exponentially in terms of both revenue and people.

The growth of the software product industry has advanced in recent years, signaling a transformation in India. NASSCOM has been actively supporting the ecosystem of emerging entrepreneurs and software product developers in the country through its Emerge Forum and NASSCOM Product Conclave (NPC), which are focused on different activities that can enable them to scale and grow their businesses.

### How serious is the problem of mid-level executives in Indian IT firms not having upgraded their technological skills?

The IT industry understands the need for re-skilling talent across levels; however, there is a need to understand that even as IT disrupts other industries, the IT industry is also being disrupted, so companies have to adjust and adapt to conditions and changing technology trends as we go forward. If the employees keep doing their work without constantly upgrading their skills, they become no better than the new wave of recruits that enter the companies every year.

After a while, experienced employees who have not upgraded their skills make no sense cost-wise for companies as the same job can be executed by cheaper hands. It is imperative that employees and

employers understand this need and work towards up-grading their skills.

### What would you say to young Indian engineering students who dream of becoming IT professionals?

Students need to understand that an engineering degree is no more enough for getting a job. Many job-seekers are qualified for the job, but not skilled; they require more skills that enhance domain specific expertise, soft skills as well as social skills. There is disruption taking place across the industry with an emphasis on moving away from quantity towards quality; with IT becoming an important horizontal across industries, employees need specific skills to service non-core tech sectors.

### What is your projection for the Indian IT sector over the short, medium and long terms?

India's IT-BPM industry is projected to grow 8.5 per cent in FY2016 – from \$132 billion in FY2015 to \$143 billion (excluding e-commerce), an addition of \$11 billion. By 2020, the total revenue for India's IT-BPM sector is projected to reach \$200-225 and between \$350-400 billion by 2025.

Digital technologies will continue to define the sector and revenue from these is likely to have a 23 per cent share by 2020 and more than 38 per cent by 2025. Indian service providers face a significant opportunity as digital technologies continue to be embedded in an ever widening range of products and services.

### Against the backdrop of sufficient cash reserves, do you think the time is ripe for Indian firms to bid for large US and European IT firms?

While we do not comment on the

functioning of companies, it is imperative that companies keep acquiring new domain expertise, organically and inorganically, to stay ahead of the curve.

### How is NASSCOM planning to deal with increased protectionism in the West?

It is surprising that countries who always beseeched India to open up its markets are acting like iron clad economies when it is their turn to reciprocate. Whereas, India's IT sector has contributed \$22.5 billion in taxes to the US government and generated 411,000 US jobs, including 300,000 for American citizens.

NASSCOM has always reiterated the damage the protectionist attitude can cause to the IT collaborations between the East and West.

Provisions penalising India-centric global IT services companies are highly illogical and irrational as they are being made to fund purely unrelated programs. NASSCOM has raised this issue at all levels and there is strong support from the Indian government, along with associations like, USIBC [US India Business Council] and the US India CEO Forum. We are gratified that the Indian government has moved the World Trade Organization (WTO) against the US plan to sharply increase the fees for work visas.

### How will the hike in the H1-B and L-1 visa fees by the US impact Indian companies?

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



is central to the growing commercial and strategic relationships between India and the US.

### **Do you think Indian IT should try and increase its footprint beyond the US?**

Though the US has always been one of the largest importers of the Indian talent pool and a partner in various collaborations, NASSCOM believes that due to the rate of development we are witnessing across the globe, Indian IT is looking at other regions for knowledge and talent partnership. Countries in Europe and other parts of the globe are looking at strategic partnerships to drive key IT services, providing important partnership opportunities to India.

### **How will Brexit affect Indian IT companies?**

NASSCOM considers Brexit as a phase of uncertainty in the near term but a mix of challenges and opportunities in the longer term. Being the second largest market for the Indian IT-BPM industry, constituting almost 30 per cent of the industry's export revenue of about \$100 billion, the Europe market is of prime importance to India and the UK plays a key role within this market. Global IT will have to sustain the impact of Brexit and the Indian IT industry will have to wait and watch whether the effect will stay or not.

The second quarter results will be able to provide a better picture on the industry performance, following which NASSCOM will evaluate the need for changes in the industry growth estimates.

### **Why have Indian IT revenues**

### **remained flat for a while now?**

The industry continues to see growth in revenues. This may be lower than industry's previous performance however the base of this growth is extremely broad.

Having said that we live in interesting times with technology disruptions reshaping the enterprise space, and global and Indian companies focusing on building technology-led platforms that can redefine the delivery of solutions and services. In the context of these disruptions, the Indian IT BPM industry is at an inflection point expanding its capabilities around traditional and emerging markets, verticals, customer segments, global delivery presence and focus on high-value services.



# Indian IT: Glorious Past, challenging present and an uncertain future?

by India Inc. staff



The Indian IT sector must reskill its workforce and move up the value chain if it wants to retain its dominant position in the world as well as its double digit growth rates.

**O**n July 15, 2016 a sombre looking Vishal Sikka, the CEO and MD of Infosys Ltd, India's second largest exporter of IT services announced the company's first quarterly results. While revenue and profit were below market expectations, what surprised many was the downward revision of annual revenue growth forecast. Markets were swift to mete out punishment. The shares of the company crashed by about 10 per cent in a single trading session, wiping out nearly \$3.5 billion in market capitalisation.

Infosys was not alone in reporting a disappointing set of numbers. The largest exporter of Indian IT services Tata Consultancy Services, also reported weak numbers. Wipro, the fourth largest India-headquartered exporter of IT services, has been in a turnaround mode for the last five years and continued its weak streak. Even erstwhile market darlings like Cognizant, Tech Mahindra and HCL Tech, which in recent years had managed to grow faster than their peers, reported muted numbers. Mid-sized companies like MindTree, Hexaware, Cyient, Genpact and Mphasis all turned in sub-par performances.

The reason for the poor performance by the entire sector was not limited to just one quarter. After a phenomenal run for a decade and a half, Indian IT, having plucked the low hanging

fruits, is struggling for its next phase of growth.

Just look at the numbers.

According to industry lobby group Nasscom (National Association of Software and Services Companies) estimates in FY 2000, the overall India IT industry (including hardware, software and services including e-commerce) was around \$8.2 billion. In FY 2016, it had grown to \$160 billion, indicating a CAGR of nearly 22 per cent.

On the export front, in FY 2000, Indian IT exported \$5 billion of software services. In FY 2016, it recorded exports of \$108 billion. However, Indian IT industry has been witnessing slow growth over the last couple of years. This year, Nasscom expects exports to grow at a tepid 10-12 per cent, the lowest in more than a decade. Even during the global economic meltdown in 2008-09, Indian IT exports grew by 16 per cent.

Also, the domestic market, driven by a booming e-commerce sector, is expected to grow faster at 11-13% in FY 2017. This is quite a reversal of fortunes for an export-focussed industry. To be sure, the growth in exports is coming on a much larger base, but undoubtedly, the pace of growth has started to slow down and the worry is whether it will decline to a single digit rate next year.

This has serious implications as the IT sector cumulatively contributes about 9.3 per cent to India's GDP and directly employs 3.7 million white collar workers. Industry estimates indicate that three times that number of people maybe indirectly employed by the sector and are, thus, dependent on its fortunes.

Clearly, Indian IT BPM (Business Process Management) and software services companies are facing headwinds. So what actually ails the sector?

## Low hanging easy fruits have been plucked

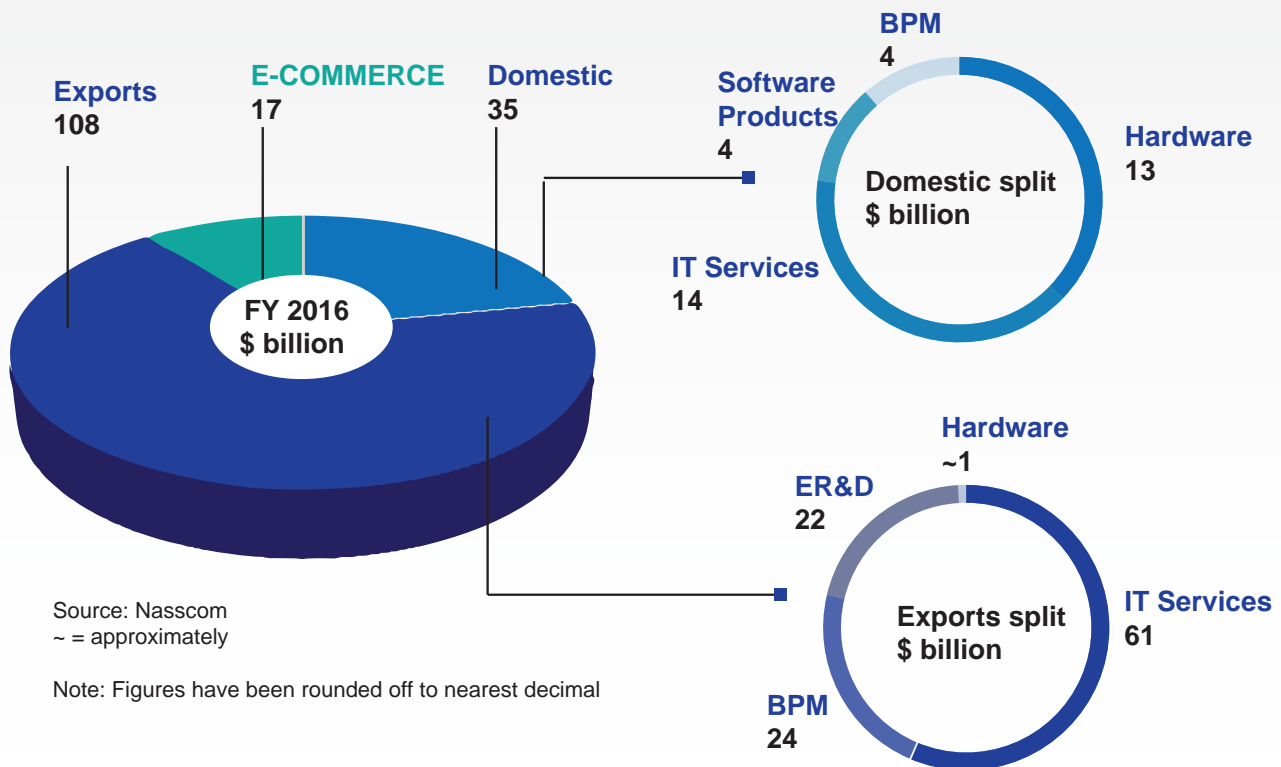
Indian IT came under the global spotlight due to the Y2K scare in the late 1990s. While this may sound pretty archaic now, the Y2K scare related to a defect in the code written in the early days of the technology revolution, where just the last two numbers were recognised for calculations.

There was a scare that when 2000 came, it would just take into account 00 and then all kinds of mishaps might happen. For Indian IT sector, which was still at a nascent stage, this was a godsent opportunity as the work in rectifying it was tedious, repetitive and had to be done at very low cost.

Indian IT companies used this foothold they got into the global



## THE BIG NUMBERS: MAKING SENSE OF INDIA'S IT REVENUES



technology marketplace and started offering services beyond just Y2K code defect removal. Since there was a 12 hour time difference between India and key western markets of US and Europe it wanted to serve, Indian companies came up with what they called 'Follow the Sun' model.

This meant that when IT employees in western markets ended their day, their Indian counterparts could pick up some of their work and carry on, thus, shortening the time to market. Given the low wages and availability of an abundant engineering talent pool, this model was an instant hit. Indian IT companies touted this as its 'Global Delivery Model'. But critics dubbed it as 'Lift and Shift.' Slowly, they moved beyond basic testing and support services, to provide others like package implementation and application management as well as delivery.

Earlier, a retail chain in the US or a trading house in UK when rolling out, say a Oracle or a SAP HR package,

would take years. Indian IT, with its low cost workers, moved the bulk of the work back home to India and implemented it remotely. Only a small proportion of the work was done onsite.

The telecom revolution in the early 2000s made this possible. This was beneficial to the client and profitable for the Indian IT company, too.

Felicity with English language meant that call centres or BPOs sprung up.

While the voice part of the business might have moved away, Indian companies moved up the value chain to processing higher value tasks like mortgage applications. The Indian IT sector saw explosive growth.

Some of the larger players like TCS, Infosys, Wipro, Cognizant and HCL Tech became global behemoths challenging the might of existing players like IBM, Accenture and Cap Gemini.

### The go-go years

All this led to 15 years of rip-roaring growth as the industry kept growing in high teens. Equally important was the high margins enjoyed by these players. Most Indian players enjoyed double the net margins of US, Europe and other players who had their delivery locations in high cost countries.

For Indian players, a combination of low wages, a favourable currency exchange tailwind and upselling and cross-selling of services meant that for a long period of time, they could do no wrong. They were the darlings of both shareholders and most stakeholders.

To offset the advantage of Indian IT companies, most IT services multinationals that were mainly headquartered in the US and UK set up their own bases in India. It is the worst kept secret that IBM has the highest percentage of its global workforce in India. Accenture, which had 300 people in 2000, today



Indian IT services players need to adapt to changed market conditions. Each company has its own unique set of challenges to surmount. Just as the Philippines took away a large chunk of voice business in the BPM segment, in IT services too, China, Eastern European countries and Latin America are eyeing a larger share of the nearly \$300 billion worth of outsourcing contracts.

employs 140,000 in India.

### The trip wire

So what tripped up the Indian IT bandwagon? The primary reason was Indian IT players have plucked all the easy, low hanging fruit in the global IT outsourcing game. However, more importantly, the tectonic shifts in the technology landscape are fundamentally reshaping the marketplace and Indian IT is scrambling to adapt.

### SMACed in the face

The biggest change over the last couple of years has been the move to the cloud and automation aided by Artificial Intelligence (AI). This has meant that instead of having hundreds of employees do routine and mundane maintenance work, things could be automated. This meant either completely eliminating or reduction in the number of people required to run and write applications as well as maintain infrastructure.

Indian IT companies should have led the way in automation but given their addiction to high margins and availability of cheap labour, they were slow to adapt.

They were also tardy in reinventing themselves. Only in the recent past have large Indian IT players launched their own AI platforms. While TCS calls its platform 'Ignio', Infosys calls

its AI platform as 'Mana' and Wipro touts the prowess of 'Holmes', its competing offering.

Wipro, for instance, pointed out how by deploying Holmes, around 3,000 engineers became redundant though it was careful to say that they were being deployed elsewhere.

The shift to cloud also meant that instead of months to deploy or roll out an enterprise-wide application involving thousands of man-hours (and proportionate billing) or getting paid for remote infrastructure maintenance, customers are moving to newer models.

Also, the availability of 'infrastructure on tap' with emergence of players like AWS, Microsoft's own Azure platform as well as more robust Software-as-a-Service models, have upended the traditional IT models.

### Shrinking pie

The size of contracts have also shrunk. The billion-dollar outsourcing contracts are becoming rarer and smaller sized contracts with greater complexity and multiple vendors are in vogue.

While every IT service company is touting that it is getting a greater percentage of its revenue from 'Digital' to emphasise its shift to newer models, there is little

agreement on what constitutes digital. Broadly the tools and platforms involving Social, Mobile, Analytics and Cloud, or the so-called SMAC stack used to simplify customer experience, deliver insights and add value using big data, has been an Achilles' heel for Indian IT vendors.

**Order takers to order makers**  
In the past, Indian IT service companies have excelled in taking orders from customers and executing them to a cost. However, in a slow growth world, customers want partners who will help them not just trim costs but also grow business. This has meant that those IT services vendors that have a deep understanding of a customer's industry (vertical expertise is the jargon used) wins over a mere cost-trimmer.

That is why a player like Accenture, which has a consulting legacy, this year, is likely to grow at a faster pace than Infosys, which has a mere third of its revenue base.

Unlike most MNC that have C-Suite, CXO relationships, Indian companies have had conversations with mostly information managers, IT departments and at best CTOs. Business are looking for partners that can help them grow and Indian IT players are struggling to adapt to this new reality.



**Decoupling revenue from employment** For years, Indian IT has paid lip-service to decoupling revenue growth and employee numbers. However, this may be finally happening because of the shift in the business model. Most of the large players are seeing only marginal growth in employee numbers net of attrition and in the case of some, there is actually a decline in employment numbers.

Nasscom admitted that this year, only 200,000 people are likely to be added to the industry.

This is 20 per cent lower compared to the number of people hired by the industry the previous year and a stark contrast to the situation even five years ago, when the industry would joke about 'recruiting trespassers'.

However the greater challenge is to reskill millions of employees of the sector in fast-changing technologies. There might be a significant portion of the workforce, which might not be able to adapt to these newer

technologies. Companies will have to find a way to handle this challenge.

Also, enhanced global political sensitivities have meant that there is greater cry of economic protectionism. Indian IT's model of offshoring (which has mainly meant shifting work to India) might face further issues. While they are diversifying their delivery base, it might impact margins and hence their valuations.

### The road ahead

Clearly, the days of doubling revenue base every 4-5 years is over. Indian IT services players need to adapt to changed market conditions. Each company has its own unique set of challenges to surmount. Just as the Philippines took away a large chunk of voice business in the BPM segment, in IT services too, China, Eastern European countries and Latin America are eyeing a larger share of the nearly \$300 billion worth of outsourcing contracts.

Before somebody else eats its meal, Indian IT will have to restructure itself

to become nimbler, help customers grow business and not merely cut costs, deliver better value and reskill its workforce, if it wants to continue its growth path.

Meanwhile, Indian companies must also reduce their dependence on the US market, which accounts for 60 per cent of the sector's revenues. There's little chance of improving its penetration in Europe. That leaves South America, Africa and Asia. The first option doesn't seem very rosy as the continent is experiencing a severe downturn, especially in Brazil and Argentina. Africa doesn't have too many large companies that can support the hundred-and-fifty-billion-dollar-plus sector. That leaves Asia. China could be the next frontier, but industry analysts said the simmering tensions between Beijing and New Delhi could come in the way of a dramatic increase in IT exports to that country from India.

The unpalatable truth is that the slow growth being witnessed by the sector in the last couple of years might be a precursor to larger problems it will face.





# Indian exports break the slump

There is some visible improvement in India's export track record, reflecting positively on the Narendra Modi led administrations many efforts in the field.

## Maruti exports hit milestone



India-based automotive firm, Maruti Suzuki, hit a milestone in its export figures with 15 lakh units in cumulative sales.

"These vehicles have been exported to over 100 countries including Europe, Latin America and Africa. Early this year, the company's premium hatchback Baleno, manufactured exclusively in India, became the first car to be exported from India to Japan," the company said in a statement.

The firm had started exports to Europe in 1987-88 and has gradually added more names to the list of its export markets since then.

Maruti Suzuki managing director and CEO Kenichi Ayukawa said: "Maruti Suzuki has consistently maintained a presence in international markets, regularly offering new products and reaching out to new countries. Our products like Zen, A-Star, Maruti 800 and Alto have made a mark overseas, including in the most competitive markets of Europe."

In 2015-16, the firm's top five exported models were Alto, Swift, Celerio, Baleno and Ciaz and the main destinations were Sri Lanka, Chile, Philippines, Peru and Bolivia.

## Indian handicraft exports weave new story

India's handicraft exports have registered a spike of 8.46 per cent during the last fiscal year, touching nearly \$4.5 billion (Rs 31,000 crores).

The figures were revealed by Indian textiles minister Smriti Irani in Parliament this week.

Irani said a proposal for creation of an e-marketing platform under the marketing support and service scheme has also been received from Export Promotion Council for Handicrafts in order to facilitate buyers and sellers to procure/sell as well as to promote products, both in domestic as well as international markets online.



The minister also revealed the Central Cottage Industries Corporation and Handloom and Handicrafts Export Corporation have already undertaken digital marketing.

The minister described the Indian handicraft sector is an unorganised sector with a unique identity for each craft.

## India software exports on a high



India's exports of computer software and services to the Middle East hit \$2 billion (Dh7.34 billion) in the fiscal year 2015-16, according to latest reports.

Kamal Vachani, honorary regional director of the Electronics and Computer Software (ESC) Export Promotion Council told local media that India's electronics hardware exports to the region crossed Dh1 billion during the fiscal year 2015-16. Among regional countries, the UAE is the top destination for India's electronics exports, followed by Saudi Arabia.

India's total exports of computer software and services jumped by more than 10 per cent to \$107 billion in 2015-16 compared to \$97 billion during the fiscal year 2014-15. Electronics hardware exports were worth \$5.7 billion in the fiscal year 2015-16. By 2020, India's hardware exports market is estimated to touch \$400 billion.

Vachani said: "The ESC has been facilitating Indian participation on a regular basis at Gitex Technology Week to take advantage of the booming IT market in the Gulf and leverage that association for getting businesses for Indian IT companies from a multitude of large global corporations executing projects in the region."



# Digital India

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# We are at a defining moment in British history

Jitesh Gadhia is one of Britain's newest peers and made worldwide headlines recently when he marked his entry to the House of Lords by swearing his oath of allegiance to Queen Elizabeth II on a copy of the 'Rig Veda' – the ancient collection of Vedic Sanskrit hymns dating back to around 1,200 BC. 'India Global Business' caught up with the 49-year-old investment banker of Gujarati-origin to delve into his new role, India-UK ties and the post-Brexit scenario.



## Should India be re-aligning its UK stance in any way, post Brexit?

It is no exaggeration to say that we are at a defining moment in British history as we grapple with the new realities post-Brexit. We stand at a crossroads for the UK and its future relationship with the rest of the world. As the saying goes: "A friend in need is a friend indeed". I hope that India will adopt this mindset and reach out to the UK and recognise both the necessities and opportunities opened up by its negotiated departure from the European Union (EU).

The UK will clearly need to demonstrate some "quick wins" as it seeks bilateral trade deals outside the current EU multilateral framework. Meanwhile, the EU-India free trade

agreement is at an impasse. I believe this opens up a golden opportunity for India to push both parties hard for ambitious trade deals across multiple fronts.

However, the UK will be capacity constrained, given the limited number of experienced trade negotiators, and therefore playing "too cute" might mean that the British priority shifts elsewhere.

## What kind of role do you see for high-profile diaspora champions like yourself in the current climate?

I hope that British Indians who understand both UK and India can play a role in building bridges of trust and confidence.

A respected Indian businessman

described the UK-India relationship to me as being like a long-term marriage. They are so familiar with each other that they take each other for granted and sometimes need to find a new spark to revive their relationship.

I hope some of us can encourage those new sparks.

## Has the UK done enough to attract Indian investments/businesses?

The depreciation in the Pound Sterling exchange rate post-Brexit has arguably done more for inward investment that any government intervention or incentives could ever achieve.

At current exchange rates, with the pound at a 31-year low against the Dollar, Indian companies should find



the acquisition of UK businesses and assets attractive, particularly if they take a medium-term strategic view which looks beyond the current uncertainty.

Taking this longer range perspective is exactly what Intas Pharmaceuticals has done with its recent £600 million acquisition of Actavis UK & Ireland, creating a leading generics player in UK. It represents the largest Indian investment into the UK since Brexit and is vote of confidence in the future of the British economy.

The UK should focus, above all else, on providing a stable, consistent and predictable business environment. All the evidence shows that inward investment is highly correlated with these features.

**How do you see some of the anti-immigrant rhetoric, especially within the context of Brexit, impacting India's engagement with the UK?**

My personal experience is that Britain is an open and tolerant society which welcomes people from all over the world who can make a contribution to this country. Our new Prime Minister, Theresa May, speaks of making Britain a great meritocracy, a place where advantage is based on merit

not privilege; where it's your talent and hard work that matter, not where you were born, who your parents are or what your accent sounds like. Whilst we have seen some unfortunate rhetoric and emotions being stirred during the Brexit debate, I hope these will subside over time.

We do have to recognise the origins of these sentiments and tackle the root causes, which lies in alienation of people left behind by the forces of globalisation. This is an international phenomenon not just isolated to Britain.

To use some literary analogies from Jane Austen's books, Britain should strive to remain the land of "Sense and Sensibility" rather than "Pride and Prejudice".

**On a personal note, what are some of the goals you have set for yourself as a peer?**

My philosophy in life has never been about being "somebody" but instead about finding ways to achieve maximum impact and doing "something". I believe that a peerage is a job - not an honour. My initials priorities will be threefold:

- To help secure the best possible future for UK financial services

which represents over 2 million jobs, underpins business investment and generates substantial tax revenues that pay for essential public services;

- To help strengthen our international economic links, notably between UK and India;
- Finally, to connect Parliament and key decision makers with 1.5 million British Indians – particularly the next generation.

**How did it feel taking your oath on the 'Rig Veda'?**

I am humbled by the scale of reaction and avalanche of messages which I received when people learnt that I had taken my oath of allegiance on the 'Rig Veda'.

It is the oldest of the four Vedas and the source of our Hindu culture and values. The verses of the 'Rig Veda' include a number of slokas about various "rights of passage" as someone goes through life, so it is a highly appropriate scripture for taking an oath.

I was very fortunate to find a 167-year-old copy in the original Devanagari text, which I have now gifted to Parliament.

## FACT FILE



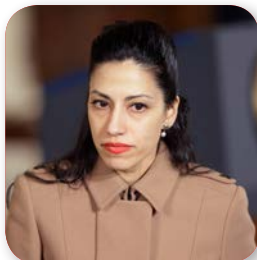
Lord Gadhia is a British Citizen of Indian origin, born in Kampala, Uganda in 1970, and raised in the UK. He is a senior investment banker, with 25 years' extensive experience of advising on complex, often cross-border, mergers & acquisitions and capital raisings across a wide range of industry sectors.

During his professional career, he has played a pioneering role in connecting emerging market companies with developed markets, notably from the BRIC countries. He has been associated with some of the largest investments between UK and India such as Tata Steel's \$13-billion acquisition of Corus and most recently Intas Pharmaceuticals acquisition of Actavis UK & Ireland for \$775 million.

He has provided significant input on strengthening UK-India relations and accompanied delegations to the subcontinent with former Prime Minister David Cameron, former Mayor of London Boris Johnson and Vice-Chancellor of Cambridge University. He is a member of the UK-India CEO Council, which was established during Prime Narendra Modi's historic visit to UK in November 2015.

He is also an active philanthropist, both personally and through the Gadhia Foundation.

## THE BIG DEMOCRAT vs REPUBLICAN DIVIDE

**Huma Abedin**

**Born** - 1976 in Kalamazoo, Michigan, US

**Origins** - Her father was an Islamic and Middle Eastern scholar who was born in New Delhi, India.

**Career** - She began working as an intern to then First Lady Hillary Clinton and took over as her aide and personal advisor during the 2000 campaign. She has served as vice-chairwoman for Hillary Clinton's 2016 campaign for President since 2015 and continues in her role as personal assistant to Clinton.

**Interesting Factoid** - She is termed as Hillary Clinton's 'Shadow'

## ON THE RECORD “ ”

I think that if my boss [Clinton] quit tomorrow, she will go down as one of the greatest American women in the history of the world.

**Kamala Harris**

**Born** - 1964 in Oakland, California, US

**Origins** - Her mother, a breast cancer specialist, immigrated to US from Chennai, India

**Career** - She started as a Deputy District Attorney in Alameda County, California, and became the first female Indian American Attorney-General in California backed by the Democratic party. She won the primary election for the US Senate seat in California and will face fellow Democrat Loretta Sanchez for the US Senate seat.

**Interesting Factoid** - She is the first female Asian-American Attorney-General in California

## ON THE RECORD “ ”

I think Hillary Clinton could do whatever she puts her mind to. I really do. She's incredibly dedicated to public service, she is smart as a whip, and she's effective.

**Shefali Razdan Duggal**

**Born** - 1971 in Haridwar, UP, India

**Origins** - Shefali moved to the US when she was 2 years old.

**Career** - She worked as a political analyst at Staton Hughes, a political strategy firm. She was an active fundraiser for the Obama election campaign in 2008 and later a member of the National Finance Committee (NFC) for his re-election campaign in 2012. She also worked on the Al Gore presidential campaign in 2000, and Hillary Clinton's presidential campaign in 2008 and most recently is on the NFC for Hillary Clinton presidential campaign 2016.

**Interesting Factoid** - She is one of a handful of Indian American "Hillblazers," or individuals who have raised more than \$100,000 for the Clinton campaign in this election cycle.

## ON THE RECORD “ ”

I genuinely believe that Secretary Clinton is the most qualified candidate, and she would be an incredibly thoughtful and balanced president.

It has been described as the most divisive elections in history and the Indian-origin politicians on either side of the Hillary Clinton vs Donald Trump divide are no exception. Reflecting much of the US Elections 2016 trends, a number of the Trump supporters seem to be rather muted while Clinton has a more gung-ho team. 'India Global Business' hand-picks some of the prominent players.



**Nikki Haley**

**Born** - 1972 in Bamberg, South Carolina, US

**Origins** - Her parents are immigrants from Punjab in India who settled in South Carolina in the 1970s.

**Career** - Haley worked for a waste management and recycling company before joining her mother's business. She represented Lexington County in the South Carolina House of Representatives from 2005 to 2011. She is the Governor of South Carolina since 2011.

**Interesting Factoid** - She is the youngest current governor and the second Indian-American governor in the United States.

## ON THE RECORD “ ”

I would not be there [in Cleveland] if I did not want to make sure that Hillary would not be the next president.



**Harmeet Dhillon**

**Born** - 1969 in Chandigarh, India

**Origins** - Her family moved first to London and then to the US. She is the granddaughter of a four-star general in the Indian Air Force (IAF).

**Career** - She is an attorney by profession who was recently elected as the newest national committee woman of the Republican National Committee. She was earlier the vice-chairman of the California GOP.

**Interesting Factoid** - A devout Sikh, she opened the second day of Republican National Convention by singing the invocation in Punjabi.

## ON THE RECORD “ ”

Thought leaders are warming to Trump, because he presents a very different, outside the box vision for fixing some of the key issues facing America.



**Mary Thomas**

**Born** - 1978 in Charleston, South Carolina

**Origins** - Her parents immigrated to the US in 1972.

**Career** - Mary currently serves as the General Counsel at the Department of Elder Affairs where she manages and oversees the legal department of an agency that administers a \$900 million budget.

**Interesting Factoid** - As a member of the Gulf Winds Track and Triathlon Clubs, she has participated in over 50 road races and triathlons.

## ON THE RECORD “ ”

I support Donald Trump because he's an outsider just like me.





## INDIA-AFGHANISTAN: A united front against terrorism

**M**anpreet Vohra took charge as the Indian Ambassador in Afghanistan last year and has already presided over some high-profile bilateral developments. The former Joint Secretary in the Ministry of External Affairs (MEA) has solid credentials behind him to handle the rigours of his latest diplomatic posting, also having served in the Indian High Commission in Pakistan. He took time out for 'India Global Business' to address some pressing questions as well as take stock of ties with Afghanistan, where India has invested over \$2 billion in aid and reconstruction.

**Would you say India and Afghanistan are on the same side when it comes to their stand against cross-border terrorism?**

Yes, indeed. Our individual experience, our intel and our analyses all demonstrate that the driver of terrorism directed against both of us is common and from

across the border. The safe haven, sanctuaries and support systems provided to the terrorists are also common.

Both countries hold the view that cross-border terrorism directed against them is the one fundamental issue that does not allow for normal inter-state relations to flourish and stymies bilateral and regional cooperation.

We have both consistently demanded that Pakistan should live up to its bilateral and international commitments, take decisive action against various terrorist groups and not allow its soil or territories under its control to be used by terrorists against us.

Incidentally, this is a belief and concern about Pakistan's duplicity and its real actions and intentions, as opposed to its words and assurances, that is now also widely shared by the entire international community.

**What kind of positive role have Indian businesses been playing (and continue to play) in the region?**

Many Indian businesses are now efficient and competitive global players. They trade and invest substantially in the region, which is an extremely positive phenomenon. Joint ventures with local companies also create synergies and serve to build domestic capacities in the other countries.

**What are some of the Indian trade/business/developmental success stories that don't often get highlighted?**

In Afghanistan, some of the infrastructure projects being executed by Indian companies in challenging circumstances often go under-reported. So do their contributions in the medicine, health and education fields. India's small development projects, which are in the hundreds

**BOTH COUNTRIES HOLD THE VIEW THAT CROSS-BORDER TERRORISM DIRECTED AGAINST THEM IS THE ONE FUNDAMENTAL ISSUE THAT DOES NOT ALLOW FOR NORMAL INTER-STATE RELATIONS TO FLOURISH AND STYMIES BILATERAL AND REGIONAL COOPERATION. WE HAVE BOTH CONSISTENTLY DEMANDED THAT PAKISTAN SHOULD LIVE UP TO ITS BILATERAL AND INTERNATIONAL COMMITMENTS, TAKE DECISIVE ACTION AGAINST VARIOUS TERRORIST GROUPS AND NOT ALLOW ITS SOIL OR TERRITORIES UNDER ITS CONTROL TO BE USED BY TERRORISTS AGAINST US.**

and in every province of Afghanistan, also do not get adequately highlighted as compared to some of our larger and more high-profile projects.

**What impact has the recent visit by PM Modi [August 2016] had on India-Afghan ties?**

Prime Minister Modi has visited

efforts, economic rejuvenation and human resource development. More assistance has been pledged by India. New avenues of cooperation have been identified by both governments and there is a firmer resolve on both sides to cooperate even more actively and find innovative solutions to build greater connectivity.

Executive Dr Abdullah Abdullah have also been highlights.

India's announcement last month of additional assistance of \$1 billion to Afghanistan, and the impact it made at the Brussels Conference on Afghanistan this month, has been most satisfying.



Afghanistan twice in the space of less than six months. This itself is quite unprecedented and reflects his personal interest in and commitment to Afghanistan. The vision that he described in his memorable address to the Afghan Parliament on 25 December last year caught the imagination of all Afghans and re-energised our bilateral relationship. It has reassured Afghanistan that India will not be deterred and will never abandon it. Instead, India will stand firmly with its Afghan friends through thick and thin and will continue to assist them in their reconstruction and nation-building

**On a personal note, what have been some of the highlights during your posting?**

Prime Minister Modi's visit to inaugurate the India-Afghanistan Friendship Dam (Salma Dam) is certainly the first. That the real impact this project has quickly made, exceeding even our expectations, is a matter of immense pride and satisfaction.

So is the signing of the trilateral Chabahar Agreement with Iran and Afghanistan. Visits to India by President Ashraf Ghani and Chief

Finally, the regard that I see for India, and the affection I have received from Afghans, has been extraordinary.

**How do you perceive India-Afghan ties shaping up in the near and long term?**

There is much natural and spontaneous warmth between Indians and Afghans and a firm belief in our civilisational links. This, coupled with the contemporary aspects of our strategic partnership and deep cooperation and mutual assistance, will ensure further strengthening of our ties in the years ahead.

# FACT SHEET:

## An Indian in Chicago



### CURRENCY

American Dollar

Time Zone GMT-5

### TOP ATTRACTIONS OF CHICAGO

Millennium Park

The Field Museum

The Art Institute of Chicago

The Wrigley Field

Navy Pier

360 Chicago Observation Deck

Shedd Aquarium

Lincoln Park Zoo

Willis Tower

The Cloud Gate

Judy Istock Butterfly Haven

Museum of Science and Industry

Buckingham Fountain



### CHICAGO IS HOME TO...

**237 square** miles of land

An estimated **2,695,598** residents

Dozens of cultural institutions, historical sites and museums

More than **200 theaters**

Nearly **200 art galleries**

More than **7,300 restaurants**

**77** community areas containing more than **100 neighborhoods**

**26 miles** of lakefront

**15 miles** of bathing beaches

**36 annual parades**

**19 miles** of lakefront bicycle paths

**552 parks**

United States President Barack Obama



### INDIA BUSINESS TIES

- There are an estimated **30 India-based companies** in greater Chicago – Air-India, Rolta, State Bank of India, Tata, Infosys, Infocrossing and others; additionally, ArcelorMittal has its US headquarters in Chicago.



- There are also **5,727 ethnic-Indian owned companies** with employees in the Chicago area, according to US Census survey data.
- India-US Chamber of Commerce of the Midwest (GACCoM) in Chicago
- Chicago and Delhi share a Sister City relationship since 2001



As US President Barack Obama gets set to hand over power to either Hillary Clinton or Donald Trump in the November 8 elections, 'India Global Business' takes a trip to his home city of Chicago. The so-called "Windy City" is not only home to some of the world's tallest buildings and sky-scrappers but also among the largest Indian American population of around 172,000.

## AIRLINES

There are **59 flights** flying from Delhi to Chicago daily

Air-India, Lufthansa, Jet Airways, Emirates, Air Canada, Gulf Air and American Airlines are some of the top airlines that fly from India to Chicago

The estimated flying time is around 15 and a half hours

## TOP 5 BUSINESS HOTELS IN CHICAGO

### The Langham, Chicago

[www.langhamhotels.com](http://www.langhamhotels.com)

**Address:** 330 North Wabash Avenue, Chicago, IL 60611-3586

**Email:** [tlchi.info@langhamhotels.com](mailto:tlchi.info@langhamhotels.com)

**Telephone:** 1 (312) 923 9988

**Fax:** 1 (312) 923 7020

### The Peninsula Chicago

<http://chicago.peninsula.com>

**Address:** 108 E Superior St, at North Michigan Avenue, Chicago, IL 60611-2645

**Telephone:** +1 312 337 2888

**Email:** [pch@peninsula.com](mailto:pch@peninsula.com)

### The Talbott Hotel

[www.jdvhotels.com](http://www.jdvhotels.com)

**Address:** 20 East Delaware Place, Chicago, IL 60611-4938

**Front Desk:** 312.944.4970

**Reservations:** 800.825.2688

**Email:** [chitalfrontdesk@jdvhotels.com](mailto:chitalfrontdesk@jdvhotels.com)

### Four Seasons Hotel Chicago

[www.fourseasons.com/chicago/](http://www.fourseasons.com/chicago/)

**Address:** 120 East Delaware Place, Chicago, IL 60611-1443

**Telephone:** +1 (312) 280-8800

**Fax:** +1 (312) 280-1748

### Thompson Chicago

[www.thompsonhotels.com/](http://www.thompsonhotels.com/)

**Address:** 21 E. Bellevue Place, Chicago, IL 60611-1174

**Telephone:** 312.266.2100



## BARACK OBAMA'S CHICAGO CONNECTION

- On November 4, 2008, Senator Barack Obama of Illinois was elected the 44th President of the United States in an incredibly historic and momentous election. Tourists have since flocked to Barack Obama's House for the opportunity to see his former permanent residence.
- He was a community organiser in Chicago before earning his law degree.
- He worked as a civil rights attorney and taught constitutional law at the University of Chicago Law School between 1992 and 2004.
- Two years after graduating, Obama was hired in Chicago as director of the Developing Communities Project, a church-based community organisation.
- As the President of the United States, Obama delivered his victory speech before hundreds of thousands of supporters in Chicago's Grant Park in 2008. After his re-election as president in 2012, he addressed supporters and volunteers at Chicago's McCormick.
- The Barack Obama Foundation has announced that Chicago will be the home of the Barack Obama Presidential Center and the University of Chicago will collaborate with the foundation on this.
- Obama is a supporter of the Chicago White Sox and a Chicago Bears football fan in the National Football League (NFL).

## CONSULATE GENERAL OF INDIA, CHICAGO



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Consul General of India – Chicago

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## Operational mechanics for new non-dom laws

by Harish Dass

In August 2016, the UK government issued further consultation on the rules affecting the taxation of non-UK domiciled individuals and inheritance tax on UK residential property. In the lead up to the final legislation which will follow the consultation, a tax expert delves into the impact on Global Indians.

**D**raft legislation includes details of wide-ranging changes to the tax landscape for so-called "non-doms" and UK residential property, due to take effect from 6 April 2017.

### **Domicile** **Deemed domicile**

In any given year, individuals who are UK resident for at least 15 of previous 20 tax years before the year in question will be deemed to be UK domiciled for income tax, capital gains tax (CGT), and inheritance tax (IHT).

This does mean that the £90,000 remittance basis charge will be no longer payable.

For IHT, if individuals are non-UK resident in a tax year, and also non-UK resident for the previous four consecutive tax years, then for IHT only, they are not deemed-

UK domiciled. This also applies to spouses who have previously elected to be UK domiciled for IHT purposes.

An individual returning to the UK, though, must have been non-UK resident for six complete tax years in order to break the deemed UK domiciled position for income tax and CGT.

### **UK domicile of origin**

Where an individual was born in the UK, has a UK 'domicile of origin', and has acquired an overseas domicile, when UK resident in a tax year from 6 April 2017 they will be UK deemed domiciled for income tax and CGT purposes.

For IHT purposes, such an individual is deemed to be UK domiciled if UK resident in a given tax year and one of the previous two tax years.

Many second generation UK Indians

may not have had a UK domicile of origin at birth, despite being born in the UK, and it is possible that they may be outside the scope of this particular set of provisions.

It has not yet been established exactly how these rules interact with the existing double tax treaty between the UK and India, which exempts UK residents with an Indian domicile from an IHT charge on death for non-UK situs assets.

### **Rebasing**

For those becoming deemed-UK domiciled from 6 April 2017 (but not on a subsequent date), provided the Remittance Basis Charge has been paid at least once since April 2008, it will be possible to rebase foreign situs assets that were held at 8 July 2015. We are awaiting further details on the mechanics of making this election, but it will be on an asset-by-asset basis.

## Mixed funds

There will be a one-off window between 6 April 2017 and 5 April 2018 for individuals who are becoming UK deemed domiciled and who have claimed the remittance basis in the past, to separate their clean capital, capital gains and income held offshore. Once separated, these funds can be remitted to the UK as necessary. In practice, this will require a careful analysis to ensure unintended tax charges do not arise.

## Offshore Trusts

Under the proposed new rules, where individuals become deemed-UK domiciled from 6 April 2017 are settlors of offshore trusts, it is possible for the settlor to be taxable on all income and capital gains within the trust as they arise, if the trust is not 'protected'. Trusts would lose protection if there are additions made after the settlor has become deemed-UK domiciled, or if benefits are conferred on the settlor, their spouse or minor children in excess of any income entitlement they might have under the terms of the trust.

Further clarity is still awaited on any new rules where individuals who are treated as deemed-UK domiciled are beneficiaries of offshore trusts.

In the majority of cases, assets held in trusts established before an individual becomes deemed-UK domiciled will continue to be "excluded property", and outside the scope of IHT. The exception is where UK residential property is held in an offshore structure.

It is important that individuals and their fiduciary service providers seek advice to ensure that the administration of offshore structures does not inadvertently prejudice their UK tax position post 6 April 2017.

## UK residential property

The Government has signalled a clear intention to ensure that all UK residential property is within the

scope of UK IHT, regardless of whether it is owned by an individual, trust or via an offshore corporate entity.

Where there has been residential and non-residential use, the rules state that a property is within the IHT charge if it has been a dwelling at any point in the two years preceding an IHT event.

**IT HAS NOT YET BEEN ESTABLISHED EXACTLY HOW THESE RULES INTERACT WITH THE EXISTING DOUBLE TAX TREATY BETWEEN THE UK AND INDIA, WHICH EXEMPTS UK RESIDENTS WITH AN INDIAN DOMICILE FROM AN IHT CHARGE ON DEATH FOR NON-UK SITUATED ASSETS.**



Mixed use commercial and residential properties will be charged to IHT based on the proportionate value ascribed to the residential element.

It will not be possible to sell a property where there is an IHT charge outstanding. Any person who has legal ownership of the property, including a company and its directors, will be personally liable for any IHT liability. Where an offshore company owns the property, it is the value of

the shares themselves that will be subject to the charge.

Debt that relates to the property itself will be allowable as a deduction against the value of the property for IHT purposes. Loans between 'connected parties' will be disregarded, though we do not have a full definition of what a 'connected party' is.

It appears that the Government will not bring in any transitional reliefs to incentivise 'de-enveloping' properties by unwinding holding structures. This is disappointing as there is likely to be an SDLT liability incurred in de-enveloping properties.

## Business Investment Relief

Business Investment Relief (BIR) was introduced in 2012 to encourage non-doms who are taxed on the remittance basis to invest their offshore funds in the UK without giving rise to a taxable remittance. It has not proved as popular as was hoped and the Government are consulting in order to make this scheme more attractive to potential investors.

## Conclusion

Given the direction of travel that the draft legislation demonstrates, non-doms should consider an immediate review of all offshore structures, especially those that hold UK residential property. This should be looked at in line with the changes to SDLT rates and income tax restrictions for property finance that were announced earlier in the year.

First and second generation UK-resident Indians may wish to consider undertaking a review of their domicile position to ensure certainty going forward.

The draft legislation might also prejudice existing succession planning, and it may also be prudent to review such planning alongside non-tax factors before the new rules come into force on 6 April 2017.



# RIDING ON AN ENTIRELY INDIAN SOLAR SOLUTION



Naveen Rabelli recently completed a unique 10,000-km journey from India to the UK in a fully solar-powered auto-rickshaw. His mission was simple: To show the world what Indian jugaad or frugal innovation can achieve in the world of renewables.

**A** colourful solar-powered auto-rickshaw rode into London recently to complete its 10,000-km journey from India.

The autorickshaw, or tuk-tuk as it is known in some parts of the world, was driven by Indian engineer Naveen Rabelli who had set off from Bengaluru in February. He arrived at Dover ferry crossing in the UK on September 12, five days later than expected because he was robbed during a toilet break last week as he approached the ferry crossing from France.

"The purpose of this journey is to create awareness of alternative mobility solutions for passenger vehicles in Asian and European

countries using renewable energy – mix of solar and electricity," explains the 35-year-old, who refused to let the robbery in France get him down. "My passport and wallet were stolen when I parked to go to the toilet at a fast food restaurant at Sarcelles, about 45 km west of Paris. I reported it to the police, where there were some language issues but after a few hours they found an officer who could speak English. They are very helpful and sorry when they heard that I was about to finish my trip," he said. India-born Rabelli, who now holds an Australian passport, was able to acquire an emergency travel document and complete his journey. He drove up to Buckingham Palace in London and then attended the Low Carbon Vehicle Event 2016

in Millbrook, Bedfordshire, in September, seven months after he set off from India.

"The aim was to highlight an entirely Indian solution to the world and show the benefits of using a prototype that is reliable, feasible and affordable," said Rabelli.

The mission was to spread awareness about the power and potential of clean energy. "It's really feasible. A person like me in a garage can make it and live his dream of traveling from India to London, so maybe in the future we can really see it's quite possible."

The specially-modified autorickshaw, which is equipped with a bed, food cupboard and solar-powered cooker, was shipped from India to Bandar Abbas in Iran from where he kick-started the overland mission to drive through Iran, Turkey, Bulgaria, Serbia, Austria, Switzerland, Germany and France before arriving in the UK.

Among his more memorable experiences, he recalls how in one town in Iran he smoked horse shit. "It seems that this special horse shit

## THE TUK TUK

The Piaggio Ape diesel three-wheeler was converted into an electric solar-powered one. Keeping modularity in mind, new components have been integrated in a way that enables convenient replacement. This approach leaves scope for development in the future. The unique and different feature of the prototype is the iData Acquisition System (DAQ), an on-board computer and a driver display system, to monitor the performance of the vehicle.



is good for sore throats, which I had at the start of the journey in Iran. At first I thought it was prank, but other people too smoked the same,” he said.

The diesel-powered autorickshaw cost him \$1,500 to buy, on which he spent an additional \$11,500 to get it ready for the zero-emission adventure, entitled “Tejas”. His website solartuktuk.com offers people

the chance to track his journey and plans in the future.

He recalls: “It’s going to take some time for me to believe that this has happened! I hardly had any time to myself to think about this because I was meeting a lot of people. When I was in ferry from Calais, from the top of the deck and half way through I could see Calais on my right hand side and on left Dover was arriving. At

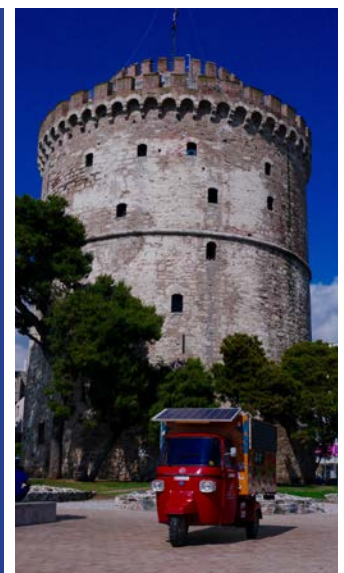
that particular moment I knew that I had done it.

“My mind had glimpses like a show reel of the all the work done and all the people I met for last four years.”

Rabelli holds a Master’s degree in electronic engineer and has experience as a product development engineer in the automotive industry.

## THE JOURNEY

India/UAE; Bangalore – Pune – Mumbai – Sharjah (plane) – Bandar Abbas (by ferry)  
 Iran; Bandar Abbas – Shiraz – Isfahan – Tehran – Bazargan  
 Turkey; Bazargan – Erzurum – Ankara – Istanbul – Kapikule  
 Greece: Thessoloniki  
 Bulgaria; Kapikule – Plovdiv – Sofia – Kalotina  
 Serbia; Kalotina – Nis – Beograd – Novi Sad – Bogojevo  
 Austria; Spielfeld – Graz – Wien – Schörfing – Salzburg – Freilassing  
 Germany: Freilassing – Munchen – Augsburg – Stuttgart  
 Swiss: Zurich-Lucerne- Luassange  
 France; Strasbourg – Metz – Reims – Paris – Calais –  
 England; (by ferry) Dover - London





# DOES INDIA INVEST ENOUGH TO NURTURE YOGA

by Keerti Mathur



Yoga is today considered a \$80-billion market globally but is India, its country of origin, doing enough to invest in truly nurturing the impact of this mega export. Our yoga expert writes about how proverbial bridges between the academic, scientific and spiritual thought leaders could be the answer.

**M**y medical history notes read “45 yrs female SSC c LBP”. The lower case ‘c’ is medical shorthand for ‘with’ and LBP means lower back pain. The acronym SSC regularly appears in my consultation notes these days and stands for ‘suffered and survived cancer’.

SSC is synonymous with patients that have endured all kinds of tests, treatments and the agony of not knowing where you stand.

The reason this particular patient of mine has lower back pain is because her body has been cooked with chemotherapy. She has lost critical mass and her muscles and joints struggle to manage their own weight let alone leverage her body into positions needed to get in and out of bed.

But if you ask her what she is really struggling with, she will tell you that although she is exhausted at night she can’t sleep. Instead her mind battles with chaotic concerns – some trivial, some too traumatic to even contemplate – and while she has

been given the all-clear, it will be a few years before she can really say that she is a survivor.

It is predicted that by 2020, one in two people in the UK alone will suffer from cancer. Currently 40 per cent of cancer cases come under the preventable category. The ‘Journal of Clinical Oncology’ published a hard-hitting paper reporting on a randomised control study which demonstrated that quality of life improved significantly in cancer survivors who practiced yoga.

Insomnia, anxiety and fatigue all reduced in the cohort that practiced asanas, breathing techniques and meditation in 75-minute sessions twice a week.

Yoga is known to impact heart rate and blood pressure, not just bringing them down to lower levels but supporting their auto-regulation, allowing them to adapt to stress and trauma, bringing about alertness and calm.

Cancer is one of the world’s greatest

epidemiological challenges not constrained to socio-economic climates like many diseases. In a world that understands prevention is better than cure, how can we promote the fact that two and a half hours of yoga a week will help you stay healthy to the point that you can fight off cancer?

The government of India and United Nations efforts in establishing International Yoga Day (IYD) represents a great platform to highlight and showcase the depth and understated values of this ancient science.

I recall a meeting with the honorable minister for AYUSH [Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy], Shripad Naik, in New Delhi two years ago to discuss the introduction of Osteopathic medicine in India. Hearing the facts about the profession was not his priority, he wanted to experience what the discipline was about.

So, rather informally, I gave him an Osteopathic session where I





had the opportunity to demonstrate spinal manipulations and soft tissue techniques rooted in bringing about functional changes. He quickly remarked on its similarity to yoga, recognising the “artistry” in it and expressing how a short session made him feel like he’s just done a one-hour yoga session and that above all he felt fresh.

The minister’s approach was unique; he was looking for a first-hand experience over a randomised control study with a sizeable cohort. Is this one of yoga’s limitations? A lack of evidence base?

Yoga has been described as one of India’s greatest exports. Quantifiably and qualitatively speaking this is true. Its cultural influence globally is incredible, inspiring people to greater levels of awareness, ethics and improved wellbeing. It also happens to be valued as a \$27 billion business in the US alone and estimated at around \$80 billion globally. With a \$66 billion budget for scientific R&D, can India empower its academic institutes to build proverbial bridges between the academic, scientific and spiritual thought leaders over yoga? Surely there’s a return in it.

As an Osteopath that recommends yoga on a daily basis to his patients, I hope that the future IYDs lead to ground-breaking yoga-based medical research.

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

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# WHO WILL BE BETTER FOR INDIA – Hillary Clinton or Donald Trump?

It's a conundrum that televised debates and shrill sound bites from both corners have not been able to resolve.

If one goes by the views of the expat Indian community in the US, it's a settled debate. A recent survey says an overwhelming 87 per cent of Indian Americans support Clinton, while a minuscule 6 per cent back Trump.

But a more detailed analysis of where they stand on issues of importance to India shows that the issue may not be as simple as that.



## What are those issues? Here's an illustrative list:

- Easier visa norms for Indian professionals
- Easier access to the US market for Indian goods
- Countering the rise of protectionist tendencies in the West
- Less aggressive US stand on trade-related issues
- Active support, as opposed to lip service, on combating Pakistan-sponsored terror
- Greater understanding of India's ties with Iran

On the face of it, most Indian Americans would say, without hesitation, that Clinton would be a better bet for India on all these counts, but the fact remains that except for making some shrill but general statements on turning the US more protectionist, Trump has not really expounded his views on any of the above issues.

Although India now enjoys bipartisan support in the US on a number of issues, it is equally true that many in the Democratic Party still view New Delhi through the prism of the Cold War years. And in Washington, most decisions, except the ones about which the incumbent administration feels very strongly about, are the

result of deal making.

While Clinton may personally be willing to support India on a number of issues – note her statement on Pakistan harbouring snakes in its backyard in the context of terrorism – this country is far from being a top-of-the-mind political issue on which she will be willing to spend her political capital if Capitol Hill and the other power centres in Washington are divided on the issue.

Clinton is the quintessential Washington insider. Her track record suggests that she values political expediency over dogma. And as everyone and his uncle knows, most decisions are made in the US capital only after deals are struck between the power brokers who call the shots there.

Where does this leave Trump? Nowhere at present. His bumptious ways and off-colour comments seem to have turned off all but only his blind supporters. But like George W Bush, in whose blinkered view, India was the “good guy” in a tough neighbourhood and, therefore, eligible for US friendship, Trump may also go the same way.

But will he?

That's the million dollar question. The

fairest answer is that we don't know. And we won't know till Trump comes clean and speaks his mind clearly. In this respect, he is no different from his Democratic rival. Clinton, who in trying to be all things to all shades of political opinion, has carefully avoided taking a stand on the issues enumerated above, perhaps because leaning one way would alienate voters sympathetic to the other side. Trump, on the other hand, may not actually have a view – any view – on the matter.

So, if one carefully sifts through the evidence and judges the candidates rationally, it is not possible to say who – Clinton or Trump – will be a safer bet for India.

This wouldn't have mattered so much a decade ago. But India Inc. now has deep and broad linkages with the US and the two countries have recently entered into a paradigm-busting strategic clinch that could potentially shape the future of Asia. The best case scenario for India and Indian companies would be business as usual under the next administration but as of now, it is nothing more than a fond hope.

But till more clarity emerges on this, Clinton will continue to remain the favourite of the Indian American community.



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

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



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