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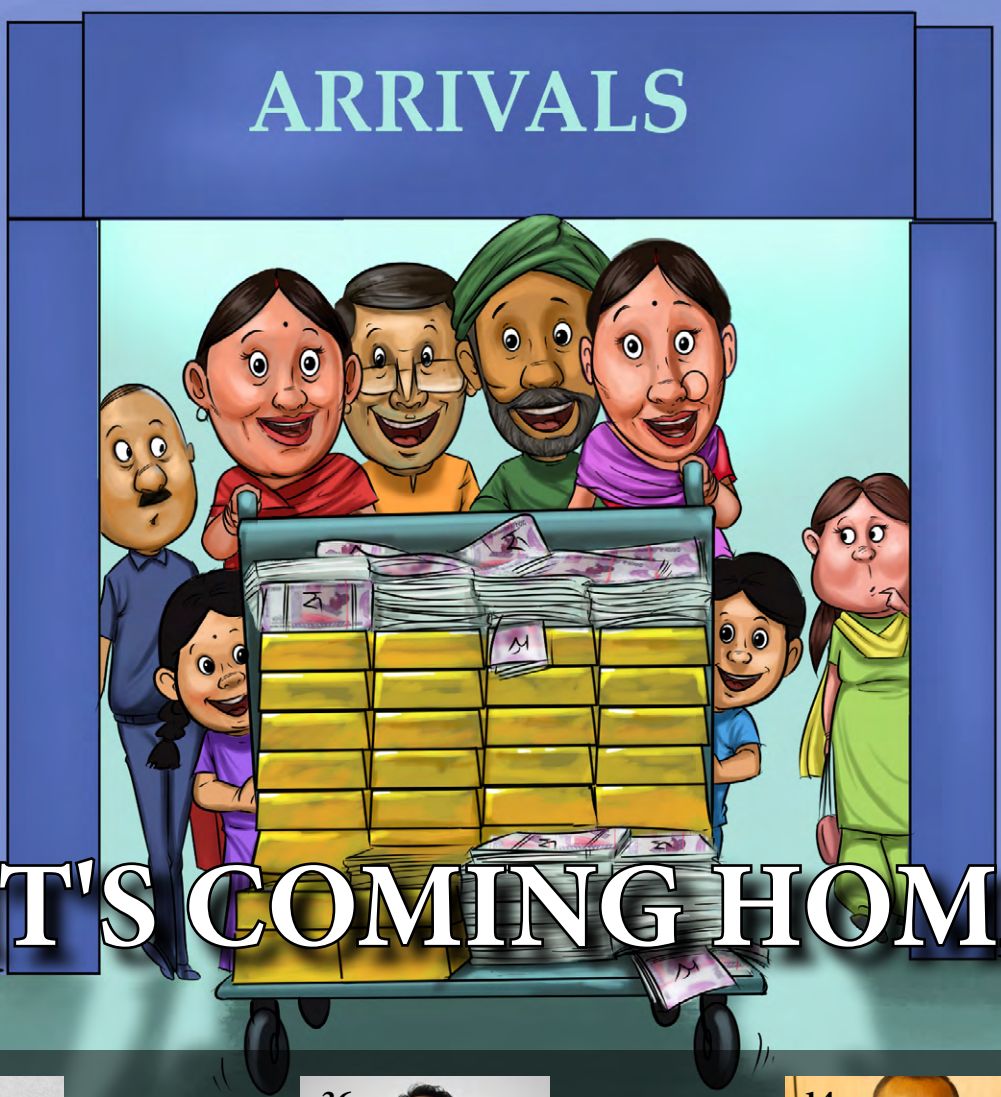

IT'S COMING HOME

10

THE BIG INTERVIEW
New Zealand: A safe and easy place for Indian investors
Joanna Kempkers, New Zealand High Commissioner to India

36

HOTSPOT
A wide scope of Indian expansion in Malaysia
Roswaidin Mohd Zain, Consul, Consulate General of Malaysia, Mumbai

14

COUNTRY FOCUS
India's impact in Latin America beyond exports
R. Viswanathan, Former Indian Ambassador to Latin American Countries

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It's Coming Home: Modi's big anti-corruption drive is starting to pay dividends

India will get into election mode in the coming weeks, if it hasn't already got there, and Prime Minister Narendra Modi will approach the people of the world's largest democracy with his report card on performance and delivery.

It is undeniable that his initiatives and efforts have touched millions of lives and made a difference to the livelihoods of vast swathes of Indian society. Electricity for all, cooking gas for the poor, brick and mortar houses for every Indian, toilets in every home… these are stellar achievements to his credit.

But for me what stands out is the very real prospect of funds wrongly siphoned abroad by unscrupulous means coming back home to India. The Prime Minister's relentless effort to weed out corruption and clean up how business is done in India, freeing it from the clutches of a cabal of crooked politicians and dodgy middlemen who, over the past seven decades, have been gnawing away at the very essence of the oft repeated but much neglected goal of inclusive growth.

Early on in his term, he dealt a fatal blow to high-level corruption by abolishing all discretionary powers in the allotment of India's precious natural resources. Minerals, airwaves and other resources are now allocated via online bidding. The government's role has been limited to that of an honest facilitator and politicians and bureaucrats have no discretionary powers to favour or punish individuals or companies based on their political affiliations or in return for money.

Then, his dogged pursuit of several overseas-based individuals – Indian, foreign and expatriate – wanted for questioning by Indian investigation agencies has met with unprecedented success – the extradition of Christian Michel and his associates from Dubai and the recent order of the British Home Secretary to send back Vijay Mallya to India are the two most high profile examples – and sent out a strong message that this Indian government will go after corruption come hell or high water.

And the enactment of the Insolvency and Bankruptcy Code (IBC) has done more than any other measure to change the credit culture of the country. No longer can influential big fish default on bank loans and get away unscathed. Instead of banks and other lenders having to chase delinquent borrowers, it is defaulting business people who are now fighting with their backs to the wall to try and save their crumbling business empires.

This has driven the proverbial fear of god into large borrowers. At the last count, hundreds of hitherto recalcitrant industrialists have repaid or regularised more than $15 billion of previously sticky loans to the banking system.

ONCE THE MEASURES IMPLEMENTED OVER THE LAST FIVE YEARS ATTAIN STABILITY AND THE CULTURE OF BUSINESS ITSELF CHANGES, FOREIGN INVESTORS AND HONEST INDIAN BUSINESS PEOPLE WILL FIND IT MUCH EASIER TO SET UP AND CONDUCT BUSINESS IN INDIA.

Data from State Bank of India (SBI), the country's largest bank, shows an improvement in the overall health of its loan portfolio. Since SBI is often used as a proxy for the Indian banking sector, it will be safe to say that most banks are now in better health than they were a year ago, thanks to the measures taken by the Modi government.

Once the measures implemented over the last five years attain stability and the culture of business itself changes, foreign investors and honest Indian business people will find it much easier to set up and conduct business in India. This will almost certainly have a domino effect on the ease of doing business and finally on the GDP growth rate, which is a necessary pre-condition for lifting millions more out of poverty and into prosperity.

In that sense, I feel, Modi has used his first five years in office cleaning up the regulatory and other plaque that were clogging up the blood vessels of the Indian economy. It has taken time, as any such macro-level change is expected to. But with most of the hard work now over, it is now time to reap the dividends.

Manoj Ladwa
Founder and CEO of India Inc. Group.
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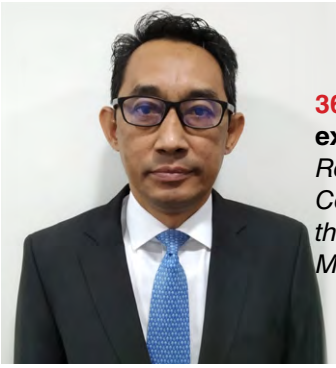
CONTENTS

The Global Edition of 'India Global Business' this time throws the spotlight on the Indian government's great anti-corruption clean-up operation to create a more investor-friendly business environment. A Sector Focus on tech and a range of other analyses make up the rest of the edition.

REGION FOCUS

HOTSPOT



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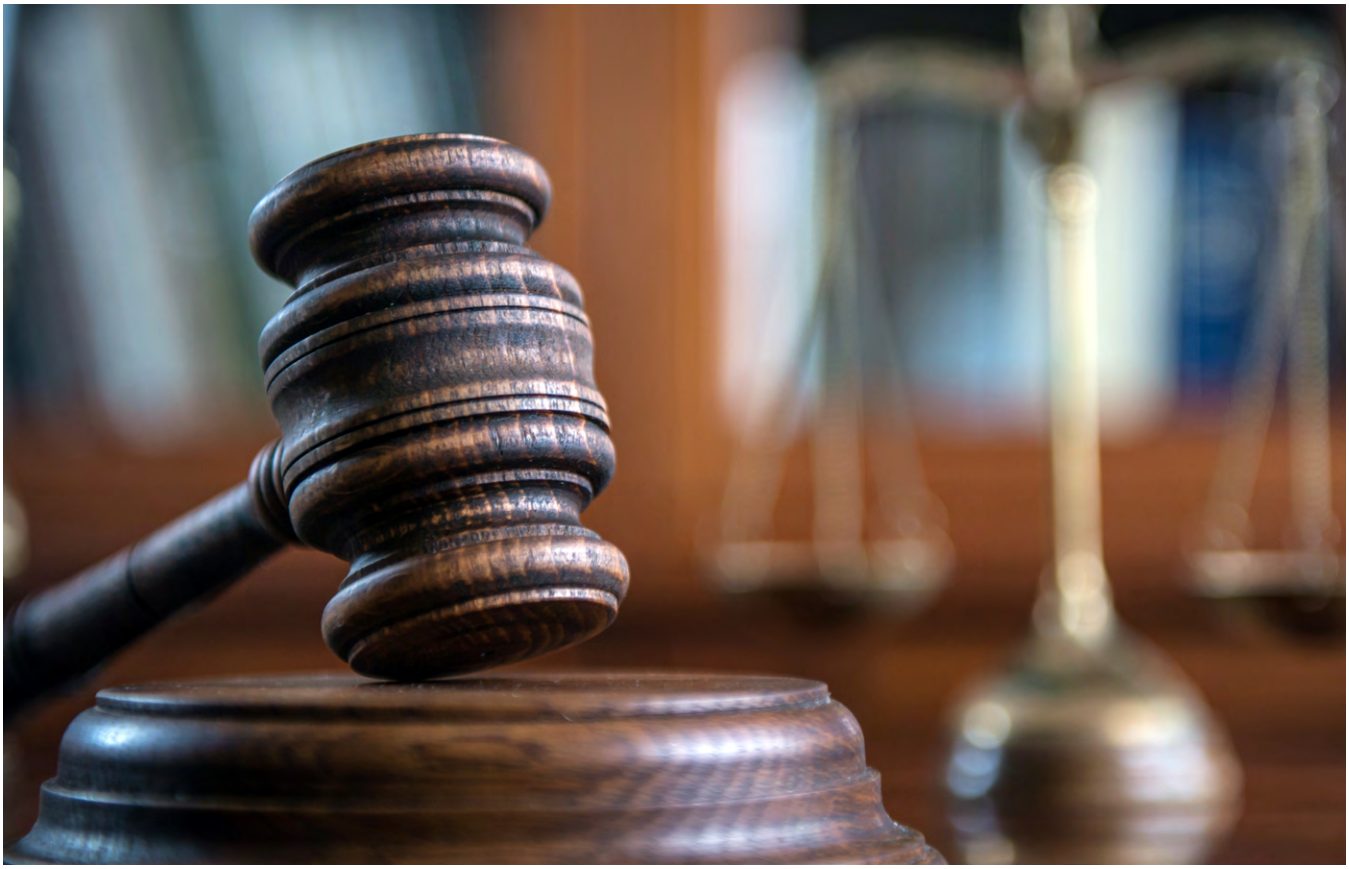


The great Indian clean-up gathers pace

by India Inc. Staff

The Modi government's action against indirect ownership of foreign assets, the crackdown on shell companies, the enactment of the Insolvency and Bankruptcy Code and the decisive diplomacy that has helped nab alleged middleman in the Augusta Westland deal – Christian Michel – and put fugitive liquor baron Vijay Mallya on notice is cleaning up the Indian business landscape and bringing in transparency.

Two out of four... Is that good enough? An important element that would enable people to provide an informed answer was missing in that first sentence. It should have read: Two out of four and counting…

And it's all coming together well for India's Narendra Modi government on the fight to cleanse the system of corruption, unaccounted money and crony capitalism.

Close on the heels of the British Home Secretary signing the order to extradite fugitive one-time King of Good Times Vijay Mallya to India, came news that a court in Mumbai had taken up the case to auction his assets under the Prevention of Money Laundering Act (PMLA), which allows the forfeiture of assets of any economic offender who flees the country.

These follow the success of the Modi government in convincing Dubai to extradite alleged Augusta Westland middleman James Christian Michel and his associate to India. This is especially significant because the UAE accepted India's request to hand over Michel in spite of him being the citizen of a third country – the United Kingdom. In the past, the Gulf kingdom has refused to repatriate even Indian citizens who had taken refuge there after fleeing the Indian justice system.

And from what one reads in the Indian media, the noose is slowly tightening on the fugitive uncle-nephew duo of Mehul Choksi and Nirav Modi, with the Indian High Commissioner to Antigua and Barbados, V. Mahalingam, asserting

that the former's alleged purchase of an Antiguan passport does not imply that his Indian citizenship stands revoked.

Joining the dots

They are merely the most high-profile of the economic fugitives from India and their fates serve as important milestones in the Modi government's relentless fight against all forms of corruption.

The actual work of fixing the nuts and bolts of the system is being carried on below the public radar. A lot of ground has been covered over the last five years.

The foundation of many of these measures is the determined diplomatic effort put in by the Modi government. Historically foreign governments have paid lip service to requests from New Delhi to extradite fugitives back to India. But in a clear sign that the government's robust foreign policy initiative is working, this time countries like the UK and the UAE have reacted with alacrity.

Overcoming the Swiss challenge

A major breakthrough achieved in 2016 has helped the Modi government take an important step towards fulfilling its 2014 election pledge of "Na khaoonga, na khane doonga" (Neither will I take bribes, nor will I allow anyone else to do so).

That year, the Indian government signed an agreement with Switzerland on the automatic exchange of information relating to accounts held by Indian nationals in that country, subject to some conditions. It also has provisions that will facilitate Swiss authorities sharing information on individuals or companies under investigation.

The provisions of the treaty will kick in this year and information on Indians holding Swiss bank accounts that may hold laundered money or even proceeds of crime will begin to flow to India from this year.

Swiss banks are notoriously secretive when it comes to sharing information about their clients. They are helped in this process by Switzerland's banking laws that have made the Alpine country one of the world's leading tax havens.

In fact, India expects to receive information on Indians holding unauthorised accounts in HSBC very soon following a landmark judgment of the Swiss Supreme Court.
Over the years and especially over the past five years, India has been at the forefront of the global fight against money laundering and has signed pacts with several countries to facilitate mutual assistance and sharing of information on cases being investigated.

THE ACTUAL WORK OF FIXING THE NUTS AND BOLTS OF THE SYSTEM IS BEING CARRIED ON BELOW THE PUBLIC RADAR. A LOT OF GROUND HAS BEEN COVERED OVER THE LAST FIVE YEARS.

Chasing indirect ownership

Indirect ownership of overseas assets is another significant method used to stash money abroad or launder proceeds of crime. But that may be changing. India's Income Tax Department has said beneficial ownership of all assets underlying a primary holding abroad will, henceforth, have to be declared.

This is how it will work. A resident Indian, who can legally invest $250,000 a year in foreign countries under the RBI's Liberalised Remittance Scheme pools this money with some other members of his family to invest $1 million in Company A in a tax haven such as Singapore, Dubai or Panama.

This company then receives investments, either in the form of debt or equity, of say, $9 million, from another company owned by him or his associates and also registered in a tax haven in a way that enables the original investor to retain control over it. This corpus of $10 million is then invested in various other companies and assets, effectively giving the resident Indian 10 times the funds he has legally repatriated from India.

The Indian investor will now have to declare the downstream investments made by Company A. Earlier, such an investor had only to declare his investment in Company A, thus, keeping significant material information on his total investments from the tax authorities.

Cracking down on shell companies

The Modi government has also launched an all-out offensive on shell companies that have traditionally been used to launder unaccounted money (called black money in India) or to evade taxes.

This war, which was initiated in the aftermath of the demonetisation exercise in November 2016, with the deregistration of more than 200,000 shell companies, has now been joined in right earnest.

At present, the term shell company is not properly defined from a legal perspective. It is loosely used to describe small companies that have no business or assets of their own that are used by their owners to generate black money, pay bribes, launder unaccounted cash and obscuring the true ownership of assets.

The absence of a standard Indian definition of a shell company is hampering many investigations launched by the Income Tax Dept, the Enforcement Department and other wings of the government.

This loophole will be plugged when a legal definition of the term is adopted. In India, though they are not illegal per se they come under the radar of investigation agencies if they are found to be violating the Companies Act 2013, the Prevention of Money Laundering Act 2002 and the Benami Transaction (Prohibition) Act 2016 or any other law.

Cracking the bankruptcy code

The Modi government's enactment of the Insolvency and Bankruptcy Code (IBC) was seminal moment in the drive to clean up the way business is conducted in India.

At one go, it transferred the risk of a delinquent loan from the lender to the promoter of the company. This completely upended the traditional practice in India of influential business people running companies to the ground by siphoning out funds and then leaving the lenders and other creditors high and dry.

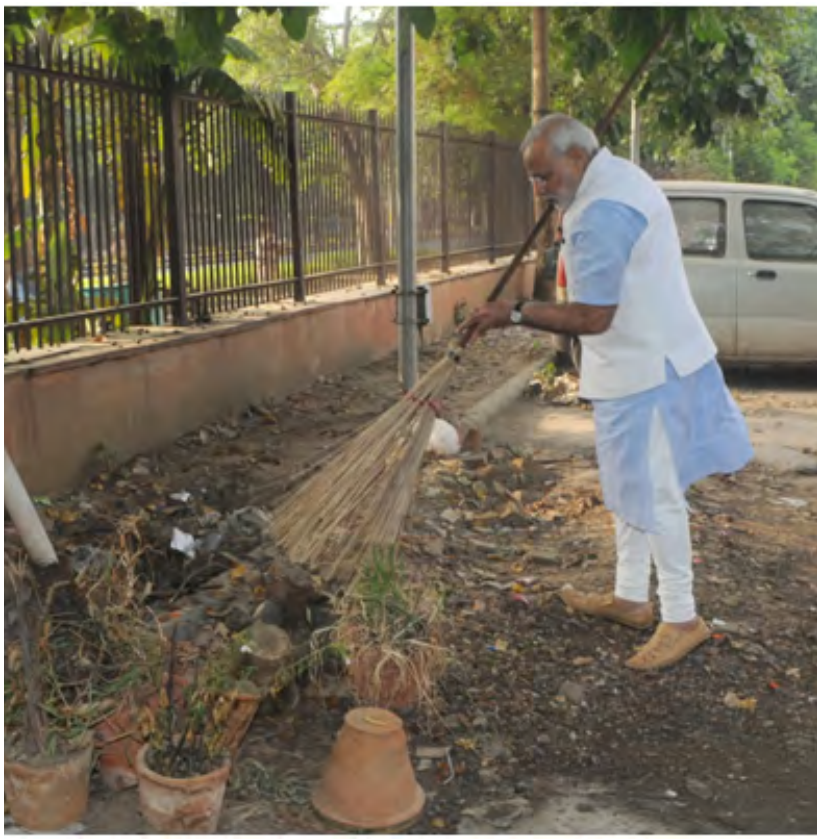
This culture was facilitated by what has come to be defined in India as "phone banking", wherein influential politicians from ruling parties of the past would call senior bankers and give them instructions either to extend loans where banking prudence warranted caution or to restructure existing loans where best practices dictated surgery.

This effectively meant that large promoters who took billions of dollars as loans from public sector banks operated in an almost unregulated manner and had no fear of defaulting as helpful politicians were invariably at hand to either write off those loans or evergreen them.

But the IBC and RBI's norms on classification of non-performing assets (NPAs) have combined to completely change the lending and borrowing culture in India.

Even as the headlines are being hogged by several high profile corporate insolvency cases such as Essar Steel, Bhushan Steel, Monnet Ispat, Lanco and parts of the Jaypee Group, there is a quiet and under-reported revolution taking place in bank branches and in smaller companies that the media does not report on.

Since the enactment of the IBC, and more so since the RBI's stringent new NPA classification circular came into force, banks have been flooded with offers to settle dues that had for years been considered sticky.



About $15 billion of once-sticky loans have been repaid or classified as regular as promoters now fear that the new rules-based system, as compared to the previous relationship-based one, could strip them of control of even their flagship companies if they were to default on loans.

This is already showing results. Indian banks' recoveries and upgrades have improved over the last few quarters and the growth in NPAs have slowed down.

These changes are taking place away from the public glare but once they attain a critical mass, Indian business culture will suddenly seem much less daunting for all investors and especially foreigners.

Under the arc lights

These changes may have come too late to stop many high-profile fugitives from leaving the country with money looted from banks but these measures will definitely pave the way for their eventual return to the clutches of the Indian justice system.

Mallya, who had mocked the Indian government by sneeringly saying "Dream on" when asked if he thought the Indian government would succeed in extraditing him to India, now wants to settle his dues peacefully – if the banks to which he owes $1.5 billion don't auction his assets under PMLA before that.

That said, the Indian government is unlikely to get custody of Mallya anytime soon. Under English law, he still has the right to layers of appeal – in the High Court and possibly to the Supreme Court. But the sheer optics of this "glamorous, flashy, famous, bejewelled, bodyguarded, ostensibly billionaire playboy" – as described in the UK court judgment in favour of his extradition – speaking the language of reconciliation will go a long way in convincing many others that the Modi government's concerted efforts to clean up the Indian system is fast leading to a situation where alleged economic offenders can only run for a while but can't hide forever.

That will be the big takeaway for analysts and investors tracking the direction in which the Indian corporate sector is heading – towards a great big clean-up.

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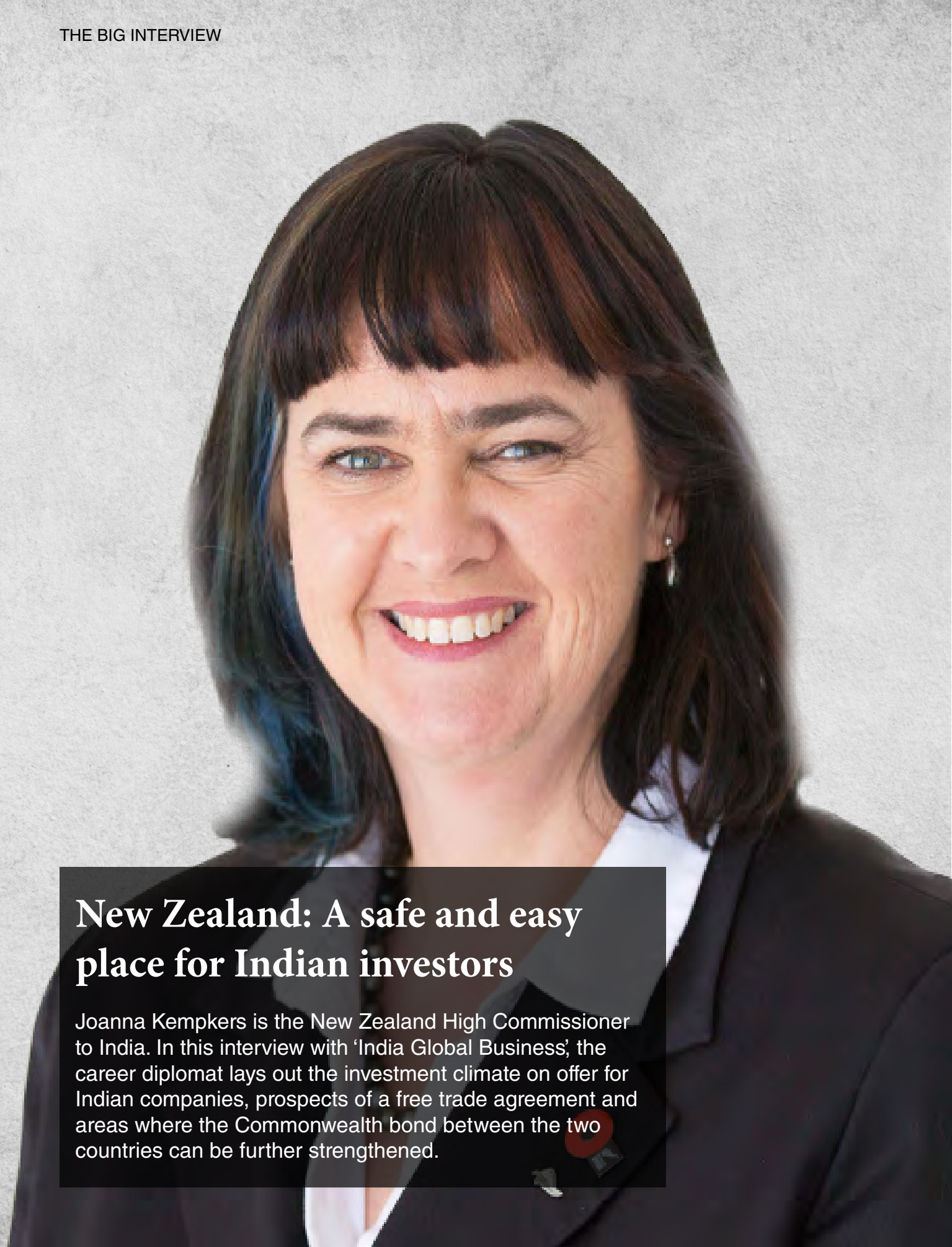
DHFL GENERAL INSURANCE



New Zealand: A safe and easy place for Indian investors

Joanna Kempkers is the New Zealand High Commissioner to India. In this interview with 'India Global Business', the career diplomat lays out the investment climate on offer for Indian companies, prospects of a free trade agreement and areas where the Commonwealth bond between the two countries can be further strengthened.

What is the nature of Indian investments in New Zealand and what are the areas these can be further enhanced in?

Investment from India to New Zealand has been concentrated in hotels, property, forestry, biotech and services areas. Many big Indian IT multinationals, including CMC, Tata Consultancy Services, Tech Mahindra, Wipro and Infosys, have a presence in New Zealand. Other examples include an Indian Immunologicals Limited plant in Dargaville, a provincial town in the north of New Zealand, and Toonz Animation.

There are opportunities for Indian investors to form partnerships in the wider aviation industry in New Zealand, including airport technology, infrastructure, tourism and training. New Zealand provides safe, hygienic conditions for Indian investors to partner with reputable New Zealand companies to manufacture health and wellness products. And there is also increased interest out of India in New Zealand services companies, in areas such as insurance.

What are some of the incentives on offer for Indian companies looking to expand in the region?

New Zealand is known as a safe, trustworthy and easy place to invest and do business. This is underpinned by stable political and regulatory systems, an innovative and well-educated population and our close proximity to 60 per cent of the world's population that borders the Pacific Ocean.

As such, we have been ranked number one for the World Bank's annual ease of 'Doing Business' report for the last two years. There are potential co-funding opportunities available through New Zealand government agencies for projects that have a strategic advantage for New Zealand. These include early stage due diligence funding for catalytic projects through New Zealand Trade and Enterprise's investment division, and via the Provincial Growth Fund through which the New Zealand government has allocated NZ$3 billion over a three-year term to invest in regional economic development.

How are the prospects of a free trade agreement progressing within the bilateral context and as part of the wider Regional Comprehensive Economic Partnership (RCEP)?

New Zealand and India are negotiating a closer economic relationship through two-tracks: bilaterally and through RCEP. Both tracks are important to New Zealand. At present, the immediate prospect for securing a free trade relationship is through the RCEP track.

AS RESPONSIBLE ACTORS IN THE ASIA-PACIFIC REGION, INDIA AND NEW ZEALAND HAVE A STRONG INTEREST IN KEEPING THIS REGION STABLE AND PROSPEROUS.

An announcement by the leaders of the RCEP economies referred to the substantial progress that was made in RCEP in 2018. They said they were determined to conclude a modern, comprehensive and high-quality RCEP agreement in 2019.

Can the RCEP prove an effective fightback to protectionism?

RCEP is part of the government's strategy to continually modernise the New Zealand economy and support businesses and exporters in the face of growing global protectionism. There are over 3.5 billion people in the 16 countries in RCEP, and they account for about 28 per cent of global trade and over 56 per cent of New Zealand's goods and services exports.

How do you see India-NZ ties progressing in the coming years?

New Zealand and India have a long-standing and enduring relationship founded on our shared Commonwealth heritage, respect for democratic norms and multilateralism, and our passion for cricket. These ties are based on strong people-to-people links which, through the education and tourism sectors, are growing by the year. Two-way tourism grew by 20 per cent in the past 12 months. In 2017, 17,615 Indian students went to New Zealand to attain a world-class education in universities that are ranked among the top 3 per cent globally.

Even though we have a strong foundation, there is always scope to broaden and deepen the relationship. We want to grow economic and trade linkages, including through the successful conclusion of a free trade agreement—either bilaterally or through the multilateral RCEP negotiations. Our trade and economic relationship is tracking well, with two-way trade worth NZ$2.5 billion and 140 New Zealand companies doing business in India. But it has the potential to be a lot greater. A free trade agreement would provide the framework necessary for India to benefit from New Zealand's world-leading expertise in agriculture, education, tourism, innovation and technology—all sectors India is focused on developing for its own growth story. Our experience is that engagement and investment by New Zealand companies skyrocket following the conclusion of a high-quality, comprehensive free trade agreement that provides them with secure market access, greater certainty on costs and stability of regulation.

As responsible actors in the Asia-Pacific region, India and New Zealand have a strong interest in keeping this region stable and prosperous. This shared interest acts as a catalyst to promote bilateral engagement and undertake activities

THERE ARE OPPORTUNITIES FOR INDIAN INVESTORS TO FORM PARTNERSHIPS IN THE WIDER AVIATION INDUSTRY IN NEW ZEALAND, INCLUDING AIRPORT TECHNOLOGY, INFRASTRUCTURE, TOURISM AND TRAINING.

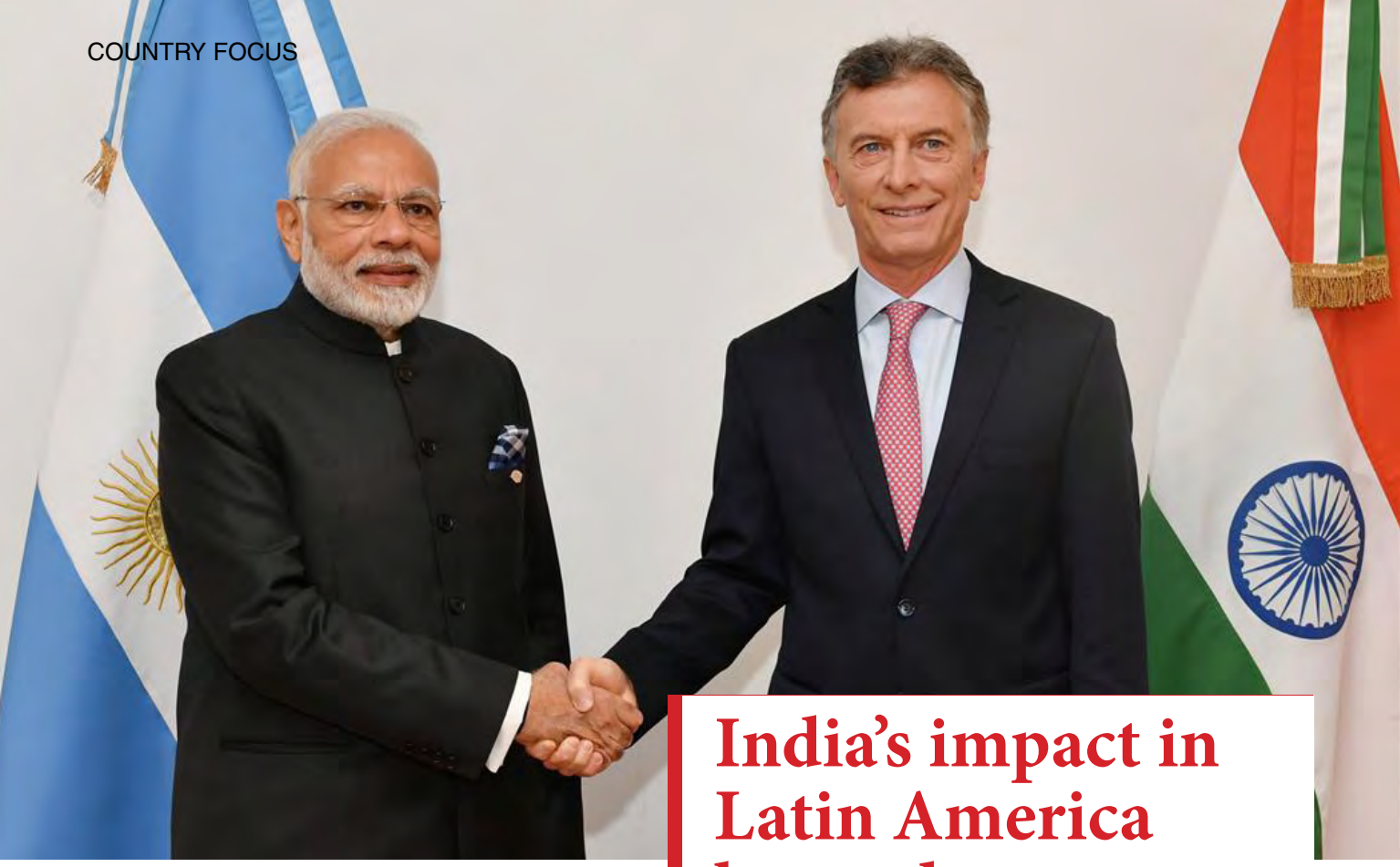
together to achieve our common goals. One of the ways through which we do this is regular high-level visits that help us reinforce our ties and set the stage for collaboration at an international level. Former President Pranab Mukherjee visited New Zealand in 2016 and, that same year, then New Zealand Prime Minister Sir John Key visited India. In 2017, India's Minister of State for External Affairs, Lt Gen. V.K. Singh, visited New Zealand and New Zealand Prime Minister Jacinda Ardern met with Prime Minister Narendra Modi at the East Asia Summit.

Does the Indian diaspora in New Zealand play a proactive role in strengthening this relationship?

Yes, absolutely. The Indian-origin community accounts for nearly 4 per cent of our population. In Auckland, that figure stands at 8 per cent. It's no surprise that Hindi is our fourth-most spoken language, after English, Mãori and Samoan.

Indian-New Zealanders continue to contribute productively to our society and economy. Three MPs of the 120 in the New Zealand Parliament are of Indian origin and so is one of our former Governors-General, Sir Anand Satyanand.

The Indian diaspora is very active in the cultural sector too, with major Indian festivals such as Diwali on the New Zealand calendar.



India's impact in Latin America beyond exports

A former ambassador traces the evolution of Indo-Latin American economic relations.

by R. Viswanathan

The economic relations of India with Latin America have evolved in three stages, as in many Bollywood film stories: started with mutual ignorance, ran into occasional flirtation and climaxed in romance.

In the Fifties, Sixties and Seventies, it was a period of mutual ignorance and indifference. India was grappling with its own survival as an independent country in the process of consolidating itself as a democracy with diverse languages, religions, ethnic groups and cultures. On the other side, Latin America was mired in military dictatorships and economic instability. The two sides did not feel the need to reach out to each other.

The second stage of occasional flirtation was in the Eighties and Nineties when the two sides probed each other tentatively. In the Eighties, the Latin American region was coming out of dictatorships and transitioning to democracies. But the young democracies were forced into Washington Consensus which lead to "the Lost Decade", when neoliberalistic policies pushed millions of people into poverty.

Around this time, India was also undergoing its own transition with Rajiv Gandhi who brought in a new spirit as the youngest (age 40) Prime Minister. This was followed by the 1991 economic reforms and opening of the market. At this transitional time, both India and Latin America flirted with each other through some transitory interactions and transactions.

Since 2000, the third phase of relations have started with mutual attraction and romance between the two sides. Latin America enjoyed unprecedented stability and prosperity in the first decade of this century termed as the "Growth Decade" when millions of poor were uplifted to middle class by the Leftist governments helped by the commodities boom. At the same time, India had also transformed into an emerging power with high economic growth and aspiration to become a global player. The New India and the New Latin America of the 21st century started courting each other seriously and systematically. They discovered mutual complementarities and synergies. They started building a long-term partnership. The economic relations have undergone a paradigm shift, as illustrated below

India's exports (2017-18; April to March, the financial year) of $160 million to the distant and small Uruguay (15,000 km away; population 3.4 million) is more

than the exports of 133 million to Uzbekistan which is just 3,000 km from Delhi and has a larger population of 31 million.

India's exports of $292 dollars to the distant Guatemala is more than double the exports of 121 million to Cambodia, a close neighbour.

India exports more to Central America ($956 million) than to the Central Asian Republics ($365 million) although the latter is close by and has more population (70 million) while Central American population is just 46 million.

India's exports to Mexico ($3.78 billion) are more than the exports to neighbouring Iran ($2.65 billion) and Thailand ($3.65 billion), and the traditional partners such as Russia ($2.13 billion), Canada ($2.5 billion) or Egypt ($2.4 billion).

Latin America is the leading destination for India's vehicle exports at 3.76 billion. Mexico is the largest market for India's vehicle exports with 2.02 billion. Colombia is one of the top three global markets for Indian motorcycles and used to be the #1 market a few years back. Hero, an Indian motorcycle firm has invested $80 million in a production unit in Calli, Colombia.

India has also become more important to Latin America's exports. India is the third-largest destination of Latin American exports with $22 billion in 2017. Latin America exports more to India than to its traditional partners such as Germany, France, UK, Spain, Italy, Japan and South Korea.

India is the top market for Latin America's export of vegetable oil, second largest for petroleum crude and the fourth largest for copper and gold.

India and Latin America have realised that there is mutual value addition, going beyond the foreign exchange earned in exports.
India exports a billion-dollar worth generic medicines to Latin America. This has helped Latin American consumers and governments to reduce the cost of health care, which has become affordable to millions of poor. The entry of Indian generic pharmaceuticals in Latin America in the last two decades had put pressure on local and multinational firms to reduce their prices and increase the proportion of generics as against the costly patented medicines.

About 30 per cent of India's exports to Latin America are industrial raw materials such as APIs (Active Pharma Ingredients – pharma, raw materials), organic chemicals, raw cotton, yarn, fibre and dyestuff. These have helped Latin American manufacturing sector to reduce their cost of production and stay competitive. Most Latin American pharmaceutical manufacturers import APIs from India.

INDIA AND LATIN AMERICA HAVE REALISED THAT THERE IS MUTUAL VALUE ADDITION, GOING BEYOND THE FOREIGN EXCHANGE EARNED IN EXPORTS.

India values the fact that Latin America contributes to its energy and food security.

India sources around 15 per cent of its global crude oil imports from Latin America. This helps India to reduce over-dependence on the volatile middle east and diversify import sources. Oil is a top global export of Latin America which has large reserves as well as the capacity to increase its exports. The US, the principal market of Latin America has started reducing its oil imports after the game changing shale revolution. On the other hand, India needs more and more oil to fuel its high economic growth. India's domestic crude production has plateaued and imports have inevitably been increasing. There is thus a clear complementarity between India's demand and Latin America's supply.

India has been importing $2 billion worth soy oil and sunflower oil from South America. This helps India to reduce the overdependence on Indonesia and Malaysia, the monopoly suppliers who account for about 12 million tons out of India's total imports of 15 million. The health-conscious Indians appreciate the South American soy and sunflower oil as better than the South East Asian palm oil which has more fat.

In recent times, South America has started supplying pulses to India which imports about five million tons a year from countries such as Myanmar, Canada and Australia.

India is set on the course of increasing imports of vegetable oil and pulses in the long term due to the growing gap between domestic production and demand. India is losing every year hundreds of thousands of hectares of agricultural land to urbanisation and industrialisation.

India faces a serious water shortage and the water table in the main agricultural provinces including Punjab are going down due to indiscriminate and unsustainable pumping of ground water for irrigation of water-intensive crops such as rice and sugarcane. At the same time, the Indian population increases every year by 15 million, equal to the population of Chile. The growing middle class wants to eat better food, going beyond the staple of basic cereals. On the other hand, South America has vast tracts of arable land and can bring in millions of hectares under cultivation. The region has abundant water reserves as well as technology and best practices. It has the potential to increase production to feed another 500 million more people. This surplus agricultural capacity is useful to India's food security in the long term.

Indian firms have invested over $10 billion in Latin America in sectors such as energy, pharmaceuticals, chemicals, auto parts and IT. The Indian IT, BPO and KPO firms employ around 30,000 young Latin

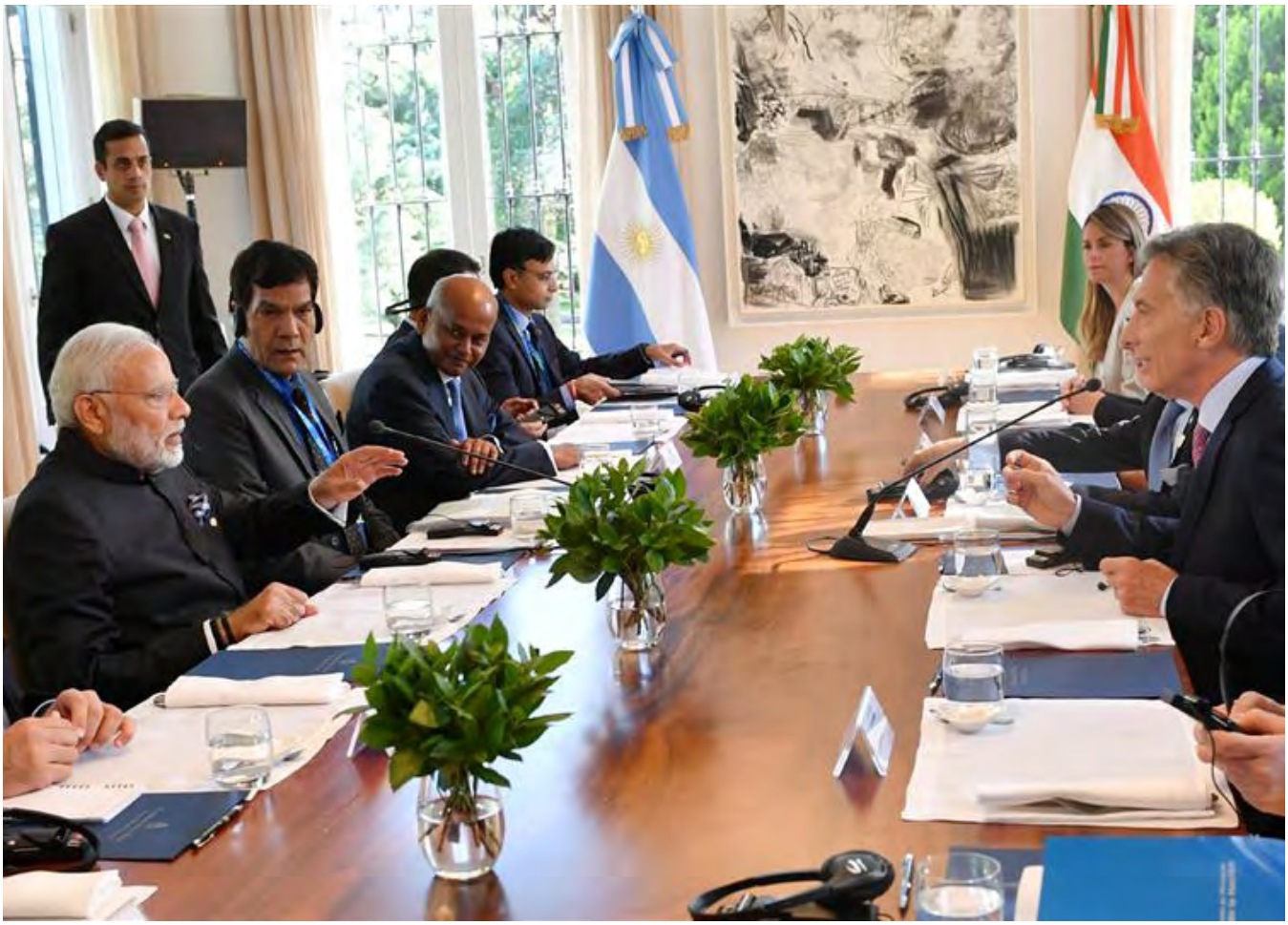
THE NEW INDIA AND THE NEW LATIN AMERICA OF THE 21ST CENTURY STARTED COURTING EACH OTHER SERIOUSLY AND SYSTEMATICALLY.

Americans, who appreciate the opportunity to learn and upgrade their skills. Some of these have become entrepreneurs after gaining experience with the Indian tech firms. Latin American firms have invested about a billion dollars in India in areas such as soft drinks, multiplexes, theme parks and auto parts. Latin American software firms such as Globant from Argentina, Stefanini from Brazil and Softek from Mexico have established development and delivery centres in India employing over a thousand Indian software engineers

Latin America has even added value to Indian spiritual business. Several thousand Latin Americans practice and teach yoga, meditation and disseminate the teachings Indian Gurus. The Argentine band Yoga Rave sings in pure Sanskrit in their shows performed sometimes in nightclubs. During their performance in the nightclubs meat, alcohol, smoking and drugs are not allowed. Janderson Oliveira de Fernandes of Sao Paulo came to India for spiritual enlightening. But he went beyond learning and became an authentic Guru himself anointed as " Sri Prem Baba". He has ashrams in twelve countries around the world where he preaches Indian spiritualism with a Brazilian touch.

In 2017-18, the Indo-Latin American trade was $34 billion. India had exported 12 billion and imported 22 billion. The trade has the potential to reach $100 billion by 2025. India and Latin America see the future not only through these numbers but as long-term win-win partners with mutual value addition and complementarities.

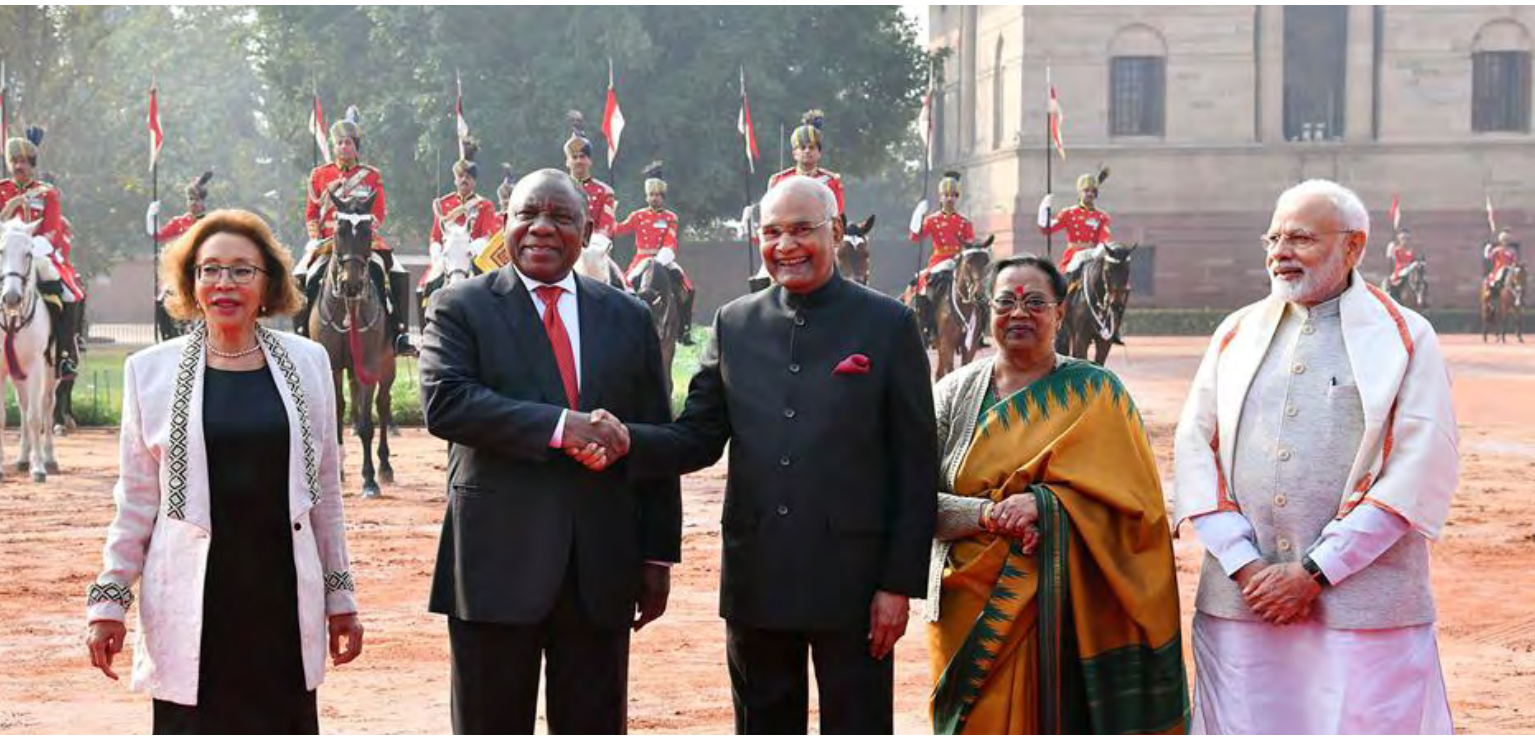
The new paradigm of Indo-Latin America economic relations have added a real Bollywood touch too. Gustavo Santaolalla of Argentina has composed music for Aamir Khan's film 'Dhobi Ghat'. Barbara Mori, a Mexican, acted as the heroine in the Indian film 'Kites'. There are quite a few Indian films with acting by Latin Americans who blend naturally with their café con leche (coffee with milk) complexion.



R. Viswanathan is a Latin America expert and Former Indian Ambassador to Latin American countries.

India-South Africa relations: In need of a booster dose

by India Inc. Staff



South African President Cyril Ramaphosa's two-day visit to India in late January where he was also the chief guest at India's Republic Day parade comes at a time when trade ties between the two countries need an extra push.

Traditionally India and South Africa have always enjoyed close ties in a relationship that dates back to several centuries and one that is based on common ideas and interests. The similarities shared by two icons of the countries — Mahatma Gandhi in India and Nelson Mandela in South Africa – is an example of the common world view of both the nations. This fundamental natural alignment held firm even when South Africa's apartheid government resulted in a freeze in ties for four decades till 1993. In the aftermath of the end of the regime of racial segregation, relations have strengthened at a fast pace.

India is today South Africa's fifth-largest export destination, and fourth-largest import origin and is the second-largest trading partner in Asia. Bilateral trade between the two nations currently stands at $10.65 billion in 2017-18, both countries set a target of doubling bilateral trade and investment to $20 billion by 2021. Bilateral trade had reached a peak of $15 billion in 2012 and has slid thereafter due to global economic slowdown and domestic political factors in the African nation.

Indian investment in South Africa is already substantial. As per a joint study by Confederation of Indian Industry (CII) and PriceWaterhouseCoopers (PwC) around 140 Indian companies have invested close to $4 billion in South Africa, thereby creating direct employment for over 18,000 people. The leading Indian companies are Wipro, Coal India, Cipla, UB Group, HCL Technologies, Tata Motors, Zomato, Mahindra and Mahindra, Vedanta, and Motherson Sumi. There is also growing South African investments in India led by SAB Miller (breweries), ACSA (upgradation of Mumbai airport), SANLAM and Old Mutual (insurance), ALTECH (set top boxes), Adcock Ingram

(pharmaceuticals), Rand Merchant Bank (banking).

Cultural ties between the two nations are also strong. South Africa is home to 1,218,000 people of Indian origin, the highest number of Indian diaspora in the African continent, constituting 3 per cent of South Africa's total population. The major part of the Indian origin community came to South Africa from 1860 onwards as farm labour to serve as field hands and mill operatives in the sugar and other agricultural plantations of Natal (which was then a British colony). Most of these initial migrants were from Tamil Nadu and Andhra Pradesh with some from eastern UP and Bihar.

A second wave of Indians came after 1880. These were the "passenger Indians" – so-called because they paid their fares as passengers on board a steamship bound for South Africa. This was the community of traders who mainly hailed from Gujarat. The large presence of the Indian population has meant substantial tourism. Annually approximately 120,000 Indian tourists visit South Africa while another 60,000 South African tourists visit India.

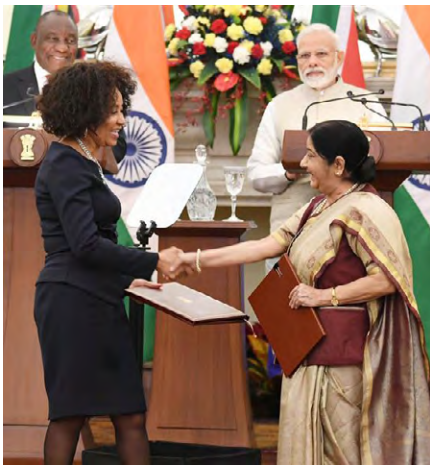
For all the proximity and natural affinity for each other, trade ties between the two nations is a story of unfulfilled potential especially if one has to compare with China. As a resource rich country, South Africa has much to offer to India's energy needs but China has taken the lead here. In 2017 bilateral trade between the two countries was at nearly $40 billion, four times that of India-South Africa. China's direct investment in South Africa exceeds $25 billion while South African companies have invested nearly $700 million.

India has much catching up to do and it reflected in the talks between Ramaphosa and Indian Prime Minister Narendra Modi. The intent is evident. In the past several years, India has stepped up its engagement with Africa, with 29 visits at the level of the President, Vice-President and Prime Minister to African countries.

"We are in agreement that considerable scope exists for our two countries to grow and extend and deepen our bilateral relations at a number of levels but more particularly at the economic level," Ramaphosa said.

The two countries sealed a three-year strategic programme to boost cooperation in areas like defence and security, blue economy, tourism, IT and agriculture.

INDIA IS TODAY SOUTH AFRICA'S FIFTH-LARGEST EXPORT DESTINATION, AND FOURTH-LARGEST IMPORT ORIGIN AND IS THE SECOND-LARGEST TRADING PARTNER IN ASIA.



"We will be happy to share our experience in policy reforms and setting up ground-level agencies. We encourage even more investment by Indian companies in South Africa and are confident that more South African companies will also enter the Indian market," Modi said.

"We would welcome you to look at all available opportunities, particularly in the food and agro processing, deep mining, defence, fin-tech, insurance and infrastructure sectors. Likewise, we can also partner with South Africa in start-ups, healthcare and pharma, bio-tech, IT and IT enabled sectors," he said.

"Another important collaboration between our two countries could be in the gems and jewellery sector. Both countries could explore avenues for direct procurement of diamonds," Modi added.

Beyond the lip service, a lot rests on Modi's inherent ability to strike a personal rapport with Ramaphosa. Since taking over as the President in February last year, this was Ramaphosa's first visit to India but the two head of states have already met four times in the last 12 months. Last year in July, Ramaphosa had urged Modi to lift the 13-year-old ban on state-run arms-maker Denel. This wish was also granted during his visit to India.

"Trade between India and South Africa is on the upswing, and has crossed the $10-billion mark in 2017-18. However, there is great potential still. I call upon all Indian and South African government agencies, investment promotion organisations as well as business leaders of both countries to work proactively to realise the true potential," Modi said at the India-South Africa Business Forum in Delhi. There has been a significant increase in bilateral meetings between India and the African continent as a whole in the last four years of Modi administration. India's President, Vice-President, and Prime Minister have made more than 25 visits to African capitals during the past four years. Reciprocal political-level visits contributed significantly to mutual understanding and cooperation. India has also decided to open 18 new diplomatic missions in Africa in the next few years, which will take the total number to 47, and aptly reflects its new Afro-centric approach.

The impact of these diplomatic efforts may not immediately bear fruit in terms of increased trade and investment. But Anil Agarwal's Vedanta Resource's announcement of $1.2 billion (Rs 8,500 crore) investment in South Africa to expand its mining operations in the country a day after Ramaphosa's visit indicates a buoyancy in relations that was never seen before.

Companies eye stake in India operations

The recent weeks have seen a steady expansion in Indian branches of global firms.

Petronas may buy a majority stake in Amplus Energy

Malaysia's state-owned oil and gas company, Petroliam Nasional Berhad, or Petronas, is in talks with New York-based I Squared Capital to buy a majority stake in Amplus Energy Solutions Pvt. Ltd, one of India's largest rooftop solar power producers, in a potential deal worth about $380 million (Rs 2,700 crore).

Global oil giants are looking to diversify and invest in India's emerging green economy as the conventional hydrocarbon space undergoes technological disruptions. Norway's Statoil ASA, France's Total SA and Royal Dutch Shell Plc have also shown interest in investing in Amplus that has set up 350 megawatts of capacity across India. Russia's OAO Rosneft, the world's largest publicly-traded oil firm, has also been exploring opportunities in India's solar energy sector.

Distributed renewable energy generation is attracting strong investor interest as the market has few developers with large portfolios. Warburg Pincus LLC, the New York-based private equity firm, in 2017 announced a $100 million investment in rooftop solar developer CleanMax Solar. Of India's plan to add 100 gigawatts (GW) of solar power capacity by 2022, it has targeted 40GW from rooftop projects.

WeWork may increase stake in India operations

New York-based co-working unicorn WeWork is reportedly in talks to buy back stake in its India operations, and take it to 51 per cent, in a deal that could be worth around $1 billion.

WeWork, founded by Adam Neumann and Miguel McKelvey in 2010, has about 20 office spaces in India across Gurugram, Mumbai and Bengaluru. Overall, the office space provider has 400,000 members at 425 locations in 100 cities across 27 countries.

Some of the offerings by the co-working spaces provider include event spaces, brainstorming rooms, wellness rooms, and even pet-friendly areas. It also offers casual meeting spaces, lounges, private phone booths, F&B options, 24X7 WiFi, conferencing facilities.

WeWork had, on January 8, announced that it had received an investment of $6 billion from SoftBank, down from the $16 billion committed earlier. Of this total investment, $5 billion will be infused as primary growth capital and the rest will be secondary capital. The $1 billion will be used to fund share purchases from investors and employees. With the latest fund-raise, the company's valuation has touched $47 billion, news reports said. SoftBank's total investment in the office space provider is around $10 billion.

It has also rebranded itself as The We Company with three business verticals - WeWork, WeLive, and WeGrow. Through these, it is looking to expand its business operations beyond just office spaces to co-living spaces and even education.

Israel's Radware to acquire ShieldSquare

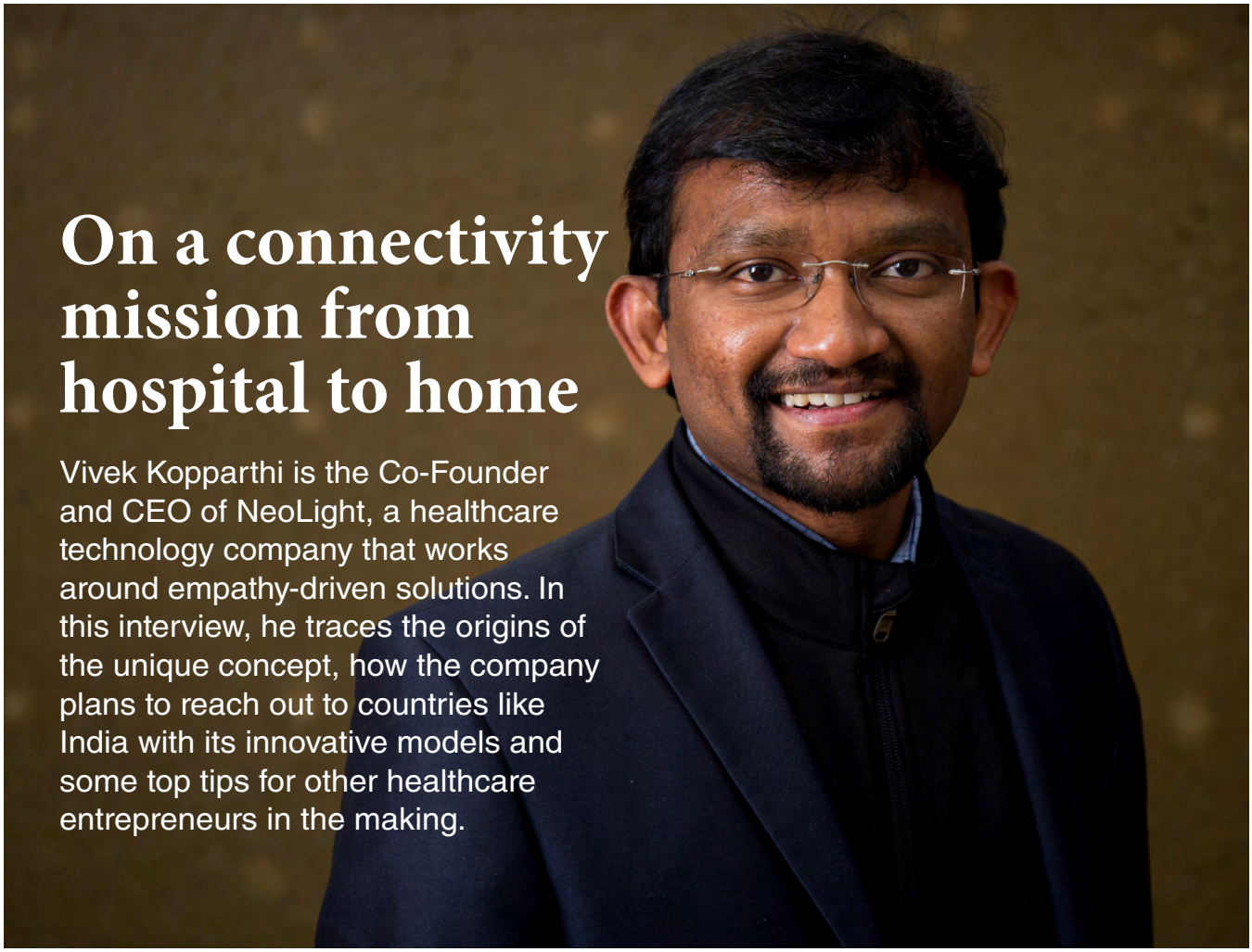
Israeli cyber security company Radware has agreed to acquire Bengaluru-based bot management solutions provider ShieldSquare.

The transaction is likely to close during the first quarter of 2019, subject to customary closing and regulatory conditions, Nasdaq-listed Radware said in a stock exchange filing. It didn't disclose the financial details of the deal.

Owned and operated by Kaalbi Technologies Pvt. Ltd, ShieldSquare offers protection to internet properties against bot attacks and web scraping. Its solutions help online businesses differentiate between human and non-human traffic (bots) on websites and mobile applications. It offers attack detection, threat research, reporting, and analysis services to business.

Roy Zisapel, CEO, Radware, said: "This acquisition allows us to expand our portfolio with robust bot management solutions that strongly fit our strategic goal to continue and deepen our integrated portfolio, organically and inorganically. Bot management can stand alone as product offerings as well as integrate into our suite of attack mitigation solutions."

He also said that, considering ShieldSquare's technology synergy and machine learning capabilities, the acquisition offers an opportunity for Radware to expand its existing cloud security services.



On a connectivity mission from hospital to home

Vivek Kopparthi is the Co-Founder and CEO of NeoLight, a healthcare technology company that works around empathy-driven solutions. In this interview, he traces the origins of the unique concept, how the company plans to reach out to countries like India with its innovative models and some top tips for other healthcare entrepreneurs in the making.

How did NeoLight come about and what has its journey been like so far?

NeoLight started off over a dinner conversation about world plaguing problems with my co-founder Siva back when we were roommates whilst pursuing our graduate degrees at Arizona State University. The journey – oh god, it was enthralling. I did not even know or dream about where we are now, a few years ago. I started the company hoping it would quench the hunger I had... instead, it only quadrupled. I am hungrier now than ever before.

What are the kind of innovations you see coming up within the field of health-tech, in the context of your own company?

Technology and the internet enable consumers to have more buying power and empower them to ask bolder questions. In my life of business, some of the most common questions are: Why cannot you treat Jaundice at home; Why does it take so much time to treat Jaundice?

OUR TECHNOLOGIES CAN WORK ON SOLAR POWER OR A BATTERY, MAKING RURALITY NEVER A DISADVANTAGE.

The innovations that we are coming up with, and the market demands are the same – smart, integrated technologies that let a baby go home faster, that enable connectivity between home and hospital, that enable seamless parallel treatment rather than tandem treatments.

Please give some background to the reach of your products; is India among the many countries they are aimed at?

Our technologies have a global scale – we are currently in a limited market release phase, operating in the southwest United States right now, testing our manufacturing, scaling and supply chain operations. Very soon, we will launch globally.

Of course, India is amongst the countries. My heart yearns to bring it to home. Especially because Jaundice mortalities are very dense but easily solvable in India. For example, 66 per cent of all Jaundice casualties occur in Assam, primarily because of the of stable power – our technologies can work on solar power or a battery, making rurality never a disadvantage.

Do you feel India is fully embracing the concept of technology within the healthcare sector?

Not yet. There is so much for us to grow into, so much for us to change. My disappointment starts with the billing modality we use – there is hardly any incentive for a doctor/hospital to discharge a patient as early as possible, as soon as possible. This is such an impediment to care, to innovation and to progress. We are not alone – while several countries have the same problem, most of them have realised this and currently are focused on solving this. But in India, most of us don't even know this is a problem.

India was a price-elastic market – frugal and cost-effective technologies enter the market faster than innovation. Now, the tide is shifting – globally educated physicians, internet enabled patients and the driving force of competition is changing focus from a cost-game to a technology game.

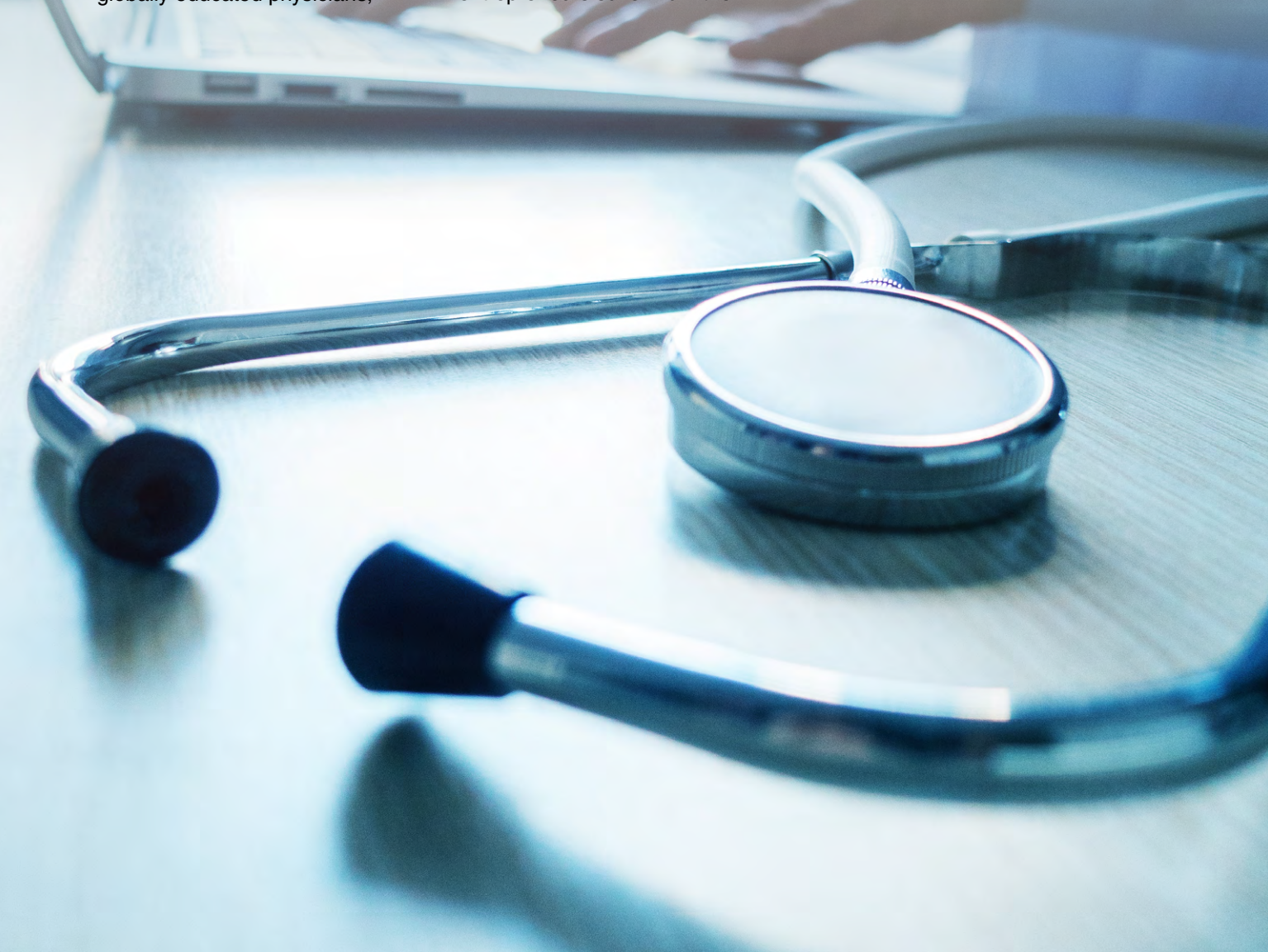
What are some of your top tips for tech entrepreneurs planning on exploring this field?

Firstly, know that healthcare is hard – it isn't for everyone. Stringent regulations, scarce funding, behemoth competitors, and large commercialisation barriers make it a very difficult market to crack. But it is important that you, as an innovator as successful. Because the way it is now, the system isn't working. Like a soldier, however hard the field is, don't give up; acknowledge and work around these obstacles but be at it.

Focus on progress and before you do that, prioritise. Most entrepreneurs suffer from the shiny-object syndrome – a plague that will consume you before even you know it. Compartmentalisation and prioritisation will definitely help – there is a science to this. Look up books on how to prioritise your tasks. Also, having an advisory or a corporate board helps – accountability and performance evaluation will significantly help you focus.

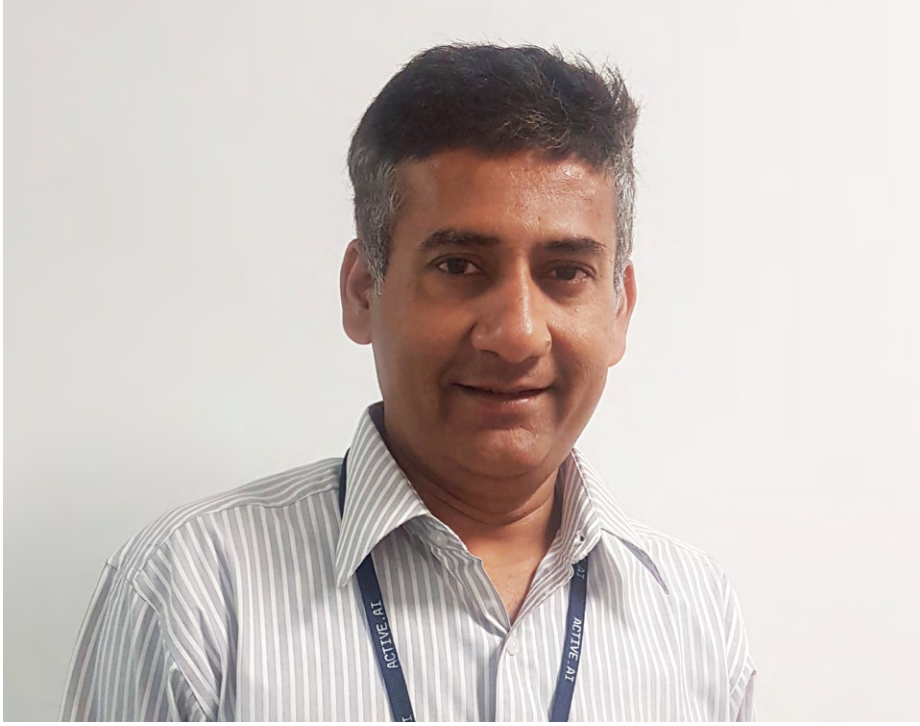
Don't just be an optimist but also a realist. Optimism, passion and excitement could sometimes cloud the realist in us. I get carried away too – which is why I sleep on an important decision before I confirm on it.

Most importantly, remember to have fun. Always be in the pursuit of happiness.



A platform to unleash AI innovation

by Jaymalya Palit



A fintech expert delves into the impact of Artificial Intelligence on the financial services sector.

We are all experiencing the tremendous change that technology is bringing in our day to day to lives. The pace of change was not like this even in the last decade and probably will be way more accelerated in the next decade. Even at the beginning of this decade, most banks and financial services avoided anything open source and vendor viability was one of the criteria for the selection of technology provider which ruled out most start-ups. Fintechs were looked upon with suspicion and were never considered a serious threat or potential partners. Technology decisions were for the IT honchos to make and innovation was never a formal charter for anybody in the bank, be it IT or the business.

The dramatic benefits brought in by digitalisation and the mad scramble to jump into the digital bandwagon has changed all of that. The FOMO [Fear Of Missing Out] effect is driving the enterprise actions in all aspects that are linked to digitalisation and innovation. Chief Digital Officers / Chief Innovation Officers are no longer a rarity. Almost all banks are running their own fintech programs to identify, evaluate and partner with start-ups who they think can give them the edge.

In the last one year, we at Active. AI have participated in more than 20 such programs and have probably passed by an equal number. From the largest global banks to their different lines of businesses, top software vendors, be it the ones developing core products or the ones who are in services, the biggest management consultants, stock exchanges, the biggest of the insurers and so on, all of them are lining up fintechs and start-ups for their businesses to dive deep into the concepts and integrate them into their systems for a differentiated customer experience.

During the same time, the bank customers have also become extremely demanding and are much less loyal to a brand. They know exactly what they want and when and where they want it. The banks and financial institutions have hence been trying to reach out to their customers through channels that are more frequently used by them, like WhatsApp, Facebook Messenger, Skype, Line, Wechat and so on. Banks are also providing products and services which are not necessarily their own products. Be it opening up retail therapy or assistance in local transportation or finding the right home or managing the household budget, the banks want to be present in all life-style decisions of their clients to ensure stickiness.

The third development that happened around the world is that the regulators and the governments also joined the digital party and came out with clear guidelines and country level technology stacks for connecting the various needs of the citizen. Starting from e-governance that lead to on-line payments between various parties interfacing with the government to complete opening up of payments systems like UPI and PSD2 that mandates banks to expose their customer accounts based on

THE FOMO [FEAR OF MISSING OUT] EFFECT IS DRIVING THE ENTERPRISE ACTIONS IN ALL ASPECTS THAT ARE LINKED TO DIGITALISATION AND INNOVATION.

the customers' requirements to third parties.

All the above three developments that are leading to the open API economy need the supporting infrastructure for the financial institutions to try out the hundreds of innovations by the start-ups/fintechs across the world. The need of the hour is to discover a large number of start-ups continuously, rapidly experiment with them to take the collaboration forward if it works, else fail fast and move on to the next idea. APIX is the market place that provides just that infrastructure as the perfect meeting ground for financial institutions and start-ups.

APIX** will drastically bring down the innovation to production cycle for financial institutions and open the largest possible opportunities for start-ups to reach out to their customer base, without which at times can be a prohibitively high investment in proof of concepts. The reach of the platform has no real boundaries and while it started off as an ASEAN initiative, there is nothing stopping it from becoming a global exchange.

As digitalisation and innovation drive banks to offer products and services way beyond conventional banking, no bank will be able to go through the journey on their own. It will be impossible for the largest of the financial institutions to manage such client expectations without the help of fintechs and start-ups that specialise in and constantly innovate in a certain field.

If one were to take a few such examples:

- Customers expect the bank to understand them intimately and be aware of their moods and sentiments and interact accordingly. For the bank to delight, this interaction should ideally be on WhatsApp in a conversational way and probably in the customers native language.
- They do not want pesky loan offering calls at all times but they will appreciate if the loan offer comes when one is deciding on a high value purchase at an e-commerce site.
- Restructuring loan repayments when one hears on social media that she has left her high paying job since she got bitten by the entrepreneurial bug.
- Do away with passwords and allow login based on biometrics or out of band or behaviour-based authentication.
- When the wanderlust hits one of your customers, can the bank package that Hawaii cruise along with currency exchange, travel insurance and a complete holiday plan.
- If the customer wants to do her financial planning across banks and compare all the charges she is paying to her different banks in her own downloaded app, all her banks should be able to comply to her request.

There are thousands of such use cases being worked upon by entrepreneurs across the world at any point of time and another thousand is being thought of as we speak. There are various ways that financial institutions are using to reach out to these entrepreneurs. An APIX kind of platform can get them there way faster. The banks' own APIs also get tested on their ability to scale up for a large number of such collaborations. And for the start-ups, there is no better place to prove their concepts.

Jaymalya Palit is a Senior Vice President – Products at Active. AI, a Singapore-headquartered fintech company.

APIX – Application Programming Interface Exchange

APIX is a platform of the ASEAN Financial Innovation Network (AFIN), funded by Japan, the Netherlands and the United Kingdom. A global consortium led by Virtusa – which included Deloitte, Percipient and Fidor, has been selected by AFIN to develop, implement and operate the APIX platform.

APIX aims to provide easy and seamless connectivity for business across industries via API integrations and a highly secure platform for them to collaborate and create new services that will help enhance customer experience. Bank and other API providers can upload and distribute product and service APIs on the platform, wheel this-party service providers (TSPs) and developers can easily discover and access available APIs and integrate them into their own applications to create new financial or lifestyle products or services for customer. Open API will offer an incredible collaborative opportunity for banks and different industries to launch new services and grow their revenues in a symbiotic manner.

APIX provides a sandbox for users to test and experiment their new idea in a secure environment with just one simple registration. The result is higher operation efficiency and quicker time-to-market.

Tools offered by the APIX platform:

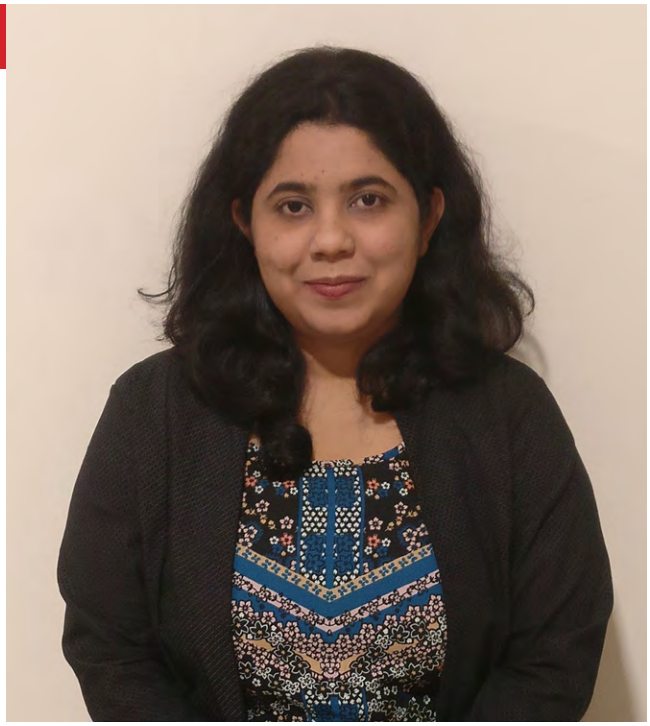
Discovery: An open space for Financial Institutions to find global Fintech; assess their maturity, compatibility, and stability.

Experimentation & Collaboration: Find and try APIs from Fintech within the integrated sandbox and evaluate their technical feasibility before building go-to-market products.

Circular Economy: An alternative development pathway for India

by Pavithra Mohanraj

An entrepreneur delves into the tremendous untapped potential of circularising the Indian economy to accelerate growth and job creation.



In 2010, India consumed close to one-twelfth of the total raw materials extracted globally. Being one of the fastest growing economies globally, with a growing population anchored around an aspirational middle class and unprecedented levels of urbanisation, India will nearly triple its demand for primary raw materials to 15 billion tonnes by 2030 if it follows the current linear economy model of 'take-make-dispose' of resources.

This untenable demand on resources underscores the imperative to build a new economic model – one in which growth is decoupled from resource utilisation and depletion. The Circular Economy model provides a framework to do exactly that, and its rigorous implementation can provide a crucial alternative pathway for India's development. The Ellen MacArthur Foundation's 2016 report identifies three key focus areas for the transition to circular models in India – cities and construction, food and agriculture, and mobility and vehicle manufacturing – with projected annual benefits of $624 billion by 2050.

With the economy primed for strong growth in the coming years, the time to make an accelerated and systemic push towards a circular model is now, before we get locked into the current wasteful linear models that developed economies face. For instance, nearly 70 per cent of the building stock in India in 2030 is yet to be built, pointing to a massive opportunity for circularising the built environment ecosystem.

THIS UNTENABLE DEMAND ON RESOURCES UNDERSCORES THE IMPERATIVE TO BUILD A NEW ECONOMIC MODEL – ONE IN WHICH GROWTH IS DECOUPLED FROM RESOURCE UTILISATION AND DEPLETION.

In addition to addressing resource availability challenges and reducing negative externalities, circular models – for instance, remanufacturing of automotive parts – are also more labour-intensive than making new parts, offering tremendous potential for creating high-skilled jobs. This is particularly important for an Indian economy that faces increasing pressures to create a greater quantity and quality of jobs. Circular activities also offer scope to increase the competitiveness of export-oriented sectors in the country and can help achieve the climate change target of limiting temperature increase to 2 degrees Celsius.

One of the foremost challenges in this transition to what is an appealing alternative economic model in theory, is a lack of comprehensive understanding of what the circular economy really is. Often zealously oversimplified to mean better recycling, the circular economy is actually the antithesis of the current linear 'Take-Make-Dispose' model. It is a model that is aimed at designing out waste, 'closing the loop' of resource flows in our economy, to endlessly regenerate resources and always keep materials at their highest value. Most crucially, it emphasises the need for a systems approach – the need to value interventions in the context of the entire system, to go beyond the idea of doing 'incrementally better' and prevent the unintended consequences that stem from tweaking one component of a system, without consideration for the other components that it will affect.

In practice, these principles translate into a shift to renewable energies, smarter material choices and

better design (modularity, design for disassembly etc.) to minimise waste, product life extension models including reuse, repair, remanufacturing and refurbishment, product as a service models, and end-of-life resource recovery and recycling.

Meaningful measures towards the circular economy are beginning to take shape in India. On the waste management side, while EPR (Extended Producer Responsibility) rules for electronic and plastic waste are already in place, their implementation needs significant strengthening in order to have the anticipated impact. In a major step forward for Resource Efficiency (RE) and Circular Economy (CE) in India, the NITI Aayog, in collaboration with the EU Delegation to India, recently released the Status Paper and Way Forward on Resource Efficiency & Circular Economy. This spells out 30 recommendations for transformation to resource efficiency and circular economy in India, including the formulation of a National Policy on RE/CE, establishment of a Bureau of Resource Efficiency (BRE), and R&D for scalable technologies for RE & CE. Four sector-specific papers on resource efficiency in steel and aluminium, construction and demolition waste, and electrical & electronics sector have also been released.

On the industry side, while several examples of circular models in action exist (particularly in the resource recovery phase), these are primarily interventions that make inherent economic sense in the short-term or at an operational level. Truly transformative and systemic changes that extend over the longer-term and require significant collaborations, capital investment, innovation and R&D (such as remanufacturing or redesign of products for economic viability of repair and recycling options) have been slow on the uptake. With industry bodies like FICCI and CII taking the initiative for knowledge sharing and capacity building in the circular economy space since last year, it is expected that industry-led transformation will start taking shape in the coming years.

On the innovation front, enterprising start-ups are beginning to play a pivotal role in supporting industry transformation towards circularity. Banyan Nation, a Hyderabad-based start-up, has developed technology to produce near-virgin grade recycled plastic from post-consumer and post-industrial waste, and demonstrated its applications in closed loop recycling of automotive bumpers as well as shampoo bottles. However, rapid scaling of circular innovations like these will require a signal change from the linear ecosystems that they operate in. For instance, industry adoption of closed-loop recycling technologies like Banyan Nation's can be accelerated if there is concerted action towards standardisation of materials in products, as well as design for modularity or easy disassembly.

Systems level transition to circular economy models in India is still a long way away. It will require an enabling ecosystem that can create better awareness, nurture disruptive technologies, create robust policy frameworks (including standards and criteria for recognising circular products and services) and innovative funding models.
Particularly important considerations for the circular transition in India would be:

- Enabling a shift in perspective of Indian businesses to understand the Circular Economy as a framework for longer-term value creation, innovation and risk-management to mitigate 'Linear Risks'
- Clearly defining the value proposition from applying the circular economy model by conducting sectoral deep-dives that can evaluate alternate material flows and identify the best models of value creation
- Establishing mechanisms for pre-competitive collaboration amongst industry players and between industry and other stakeholders, similar to the global CE100 programme, that can become vehicles for building stakeholder consensus, spurring material innovation, testing and pilot of new business models etc.
- Building a robust innovation ecosystem for CE that is closely linked to industry, and that leverages on India's advanced digital technology capabilities
- Developing capabilities in the financial ecosystem to create funding models that can adapt to emerging circular business models (which will change corporate risks, cash flows and asset ownership equations) as well as provide patient capital to spur circular innovation.

With its young demographic, entrepreneurial mindset, digital skills and an inherent penchant for jugaad (frugal innovation) that can be tapped and directed towards developing more holistic solutions, India has the potential to lead the circular economy transition and act as an innovation hub for global circular solutions.

Indian firms on a global acquisition spree

From healthcare to edtech, Indian companies are rapidly expanding their global outreach.

Fortis completes acquisition of RHT assets

Fortis Healthcare said it has completed the acquisition of RHT Health Trust (RHT) assets.

In February last year, Fortis had announced that it has entered into definitive agreements with RHT to acquire the entire portfolio of assets of the Singapore-listed entity for an enterprise value of $655 million (Rs 4,650 crore). Fortis Healthcare Ltd said in a regulatory filing, "The company has today consummated the transaction by acquisition of relevant sale securities and payment of required consideration."

Consequently, International Hospital Ltd, Fortis Health Management Ltd, Escorts Heart and Super Speciality Hospital Ltd, Hospitalia Eastern PVT Ltd and Fortis Hospotel Ltd have become wholly-owned subsidiaries of the company, it added.

The transaction was approved by an overwhelming majority of Fortis shareholders with a voting in favour of the transaction in excess of 99 per cent, the company said.

"The transaction is beneficial and will be value accretive for the company and its shareholders as it would save significant clinical establishment fees that Fortis currently pays."

In addition, it provides Fortis full control over all the assets - hospitals enabling direct and more focussed management of the business.

Byju's acquires US-based Osmo for $120mn

Online tutoring startup Byju's (Think & Learn Pvt. Ltd) has acquired Osmo, a maker of educational games, for $120 million in its first-ever purchase of a US company. The acquisition will help Byju's offer learning solutions to children aged between three and eight by tapping into Osmo's physical-to-digital technology and content.
Byju's has aggressive plans for the international market and will continue to make big investments in technology to further personalise learning for students. Byju's is on target to triple revenue to $197 million (Rs 1,400 crore) this year.

The focus at Byju's has been on creating engaging, immersive content offered through personalised learning experiences for students. Osmo's use of mixed reality interactions can help it expand its platform to new audiences and applications, the company said.

Byju Raveendran, founder, Byju's, said in a statement: "Our partnership with Osmo will help kids acquire a love for learning at an early age by introducing 'play-based learning'. Together with Osmo, we have the critical elements needed to build an unprecedented library of engaging and entertaining educational content for a global pre-K-12 student audience."

Osmo will continue to scale on a standalone basis after the purchase and its core team, headed by CEO and co-founder Pramod Sharma, will remain at its helm.

TAKE Solutions to acquire two US-based companies

Chennai-based TAKE Solutions Ltd, a business technology company focused on life sciences and supply chain management, has agreed to acquire two US-based companies operating in the life sciences space, it said in a stock-exchange disclosure.

TAKE Solutions is buying health research firm KAI Research for $27 million (around Rs 190 crore) and clinical research and functional service provider DataCeutics for $45 million (about Rs 317 crore), both in cash.

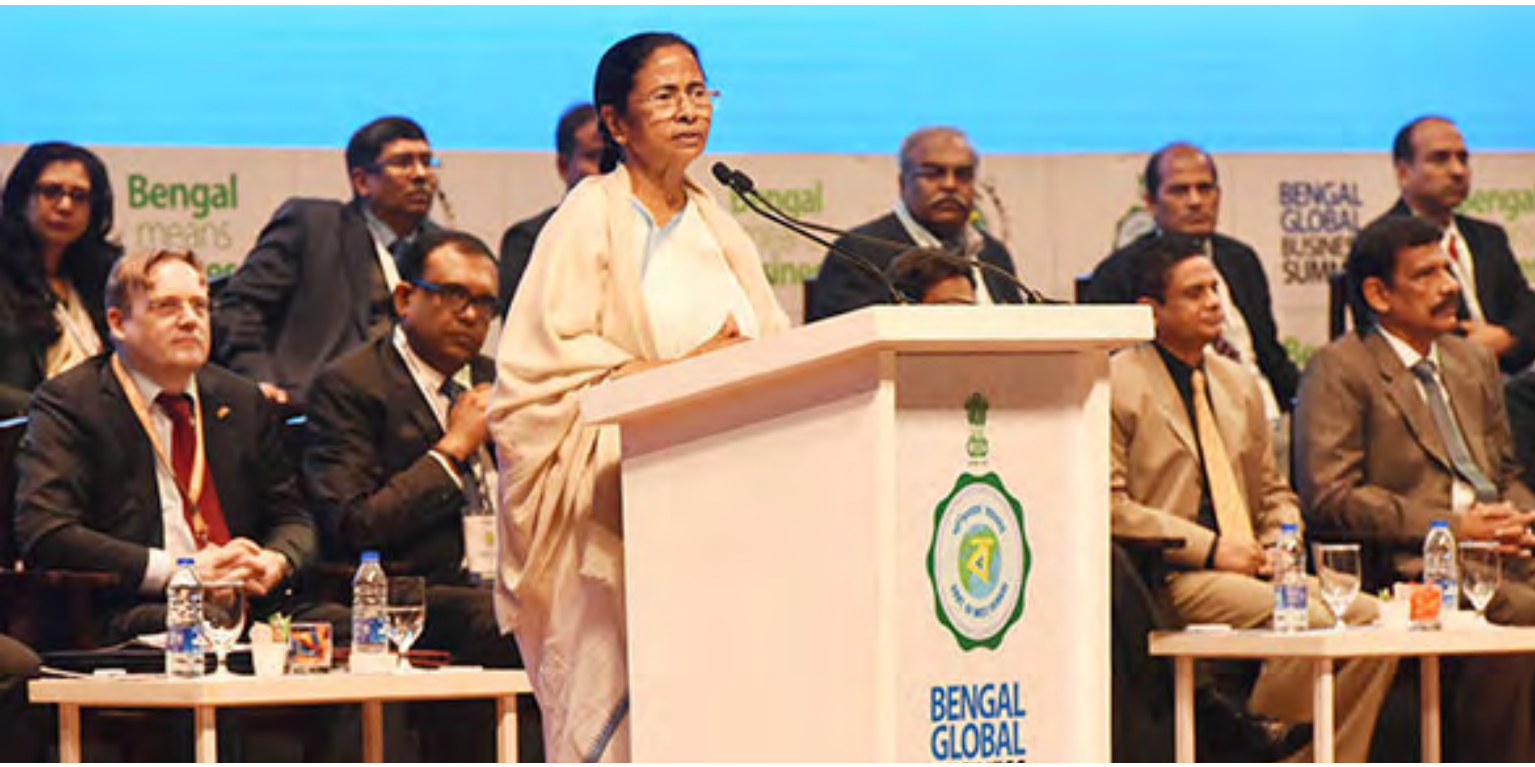
TAKE®
Enabling Business Efficiencies

The acquisition of KAI will strengthen TAKE's therapeutic expertise in mental health, musculoskeletal diseases, neurology, infectious diseases, oncology and medical devices. TAKE will also acquire Phase II and III capabilities in North America adding to its current service offerings in Europe and Asia.
The acquisition of DataCeutics will strengthen TAKE's data science capabilities, particularly in life sciences and will boost its presence in the US. TAKE will absorb DataCeutics's team.

TAKE will complete its acquisition of KAI by the end of this month and that of DataCeutics by the end of February.

Boom time in the boondocks

by India Inc. Staff



After decades of industrial decline and economic stagnation, West Bengal is rising again on India's business firmament as an investment-friendly destination. And leading the charge are the big names of Indian and global industry such as Mukesh Ambani, Sajjan Jindal, DP World, Coca Cola and ITC.

A large educated workforce, abundant raw materials, good road, rail and air connectivity with the rest of India and the world and a strategic location as the gateway to the largely untapped markets of the North East of India – Bengal has always had what it takes to become a leading industrial and economic heavyweight among Indian states, as it was till the mid-1960s.

And there are indications that it may be clawing its way back to the ranks of states that mean business, even if it is still some distance away from regaining its glory days of the British Raj and the early decades of Independence.

Ambani leads the charge

At the recently concluded fifth Bengal Global Business Summit, held in Kolkata in early February, Reliance Industries Chairman & Managing Director Mukesh Ambani led the charge, committing to invest Rs 10,000 crore in the state's digital sector through Reliance Jio, disruptive but very successful foray into 4G telephony in the country.

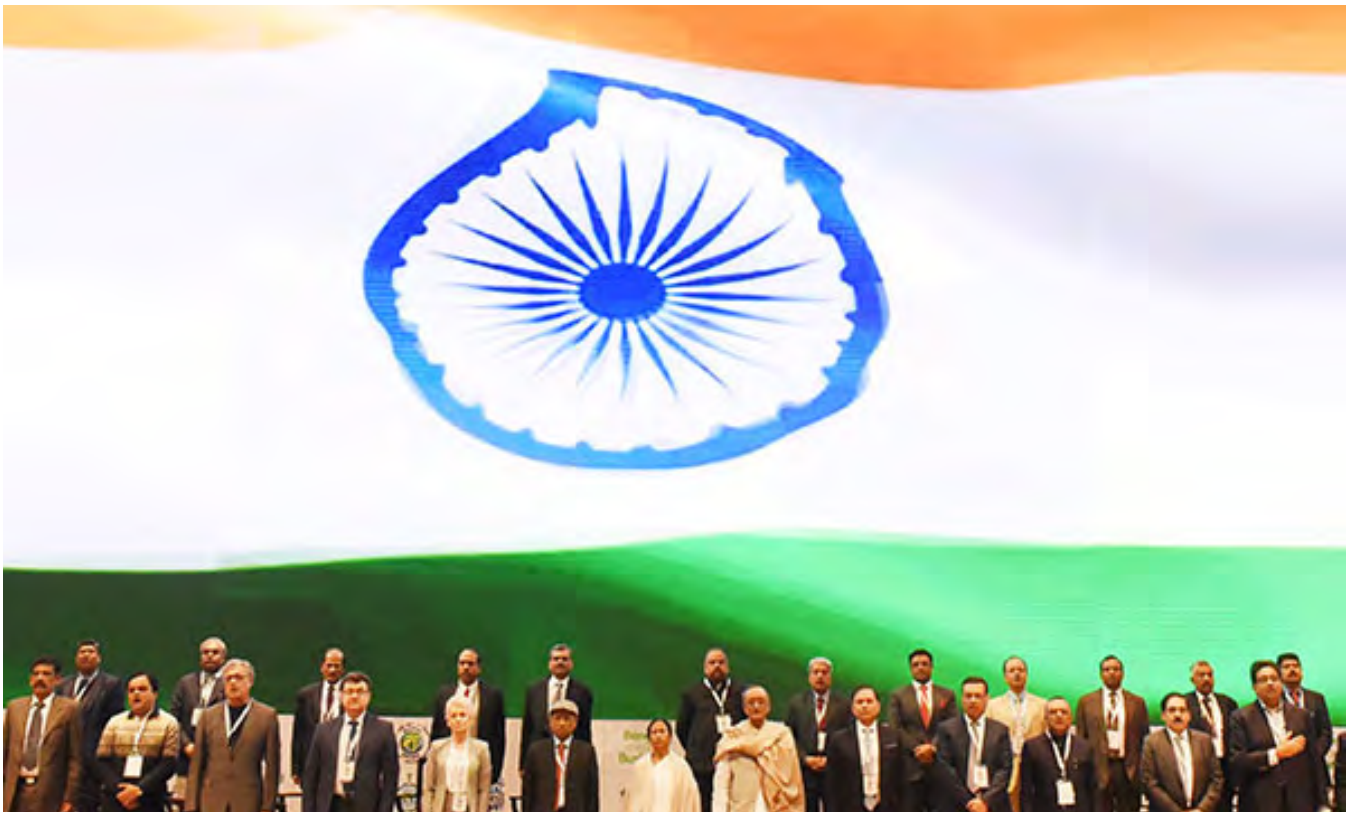
"Today our investment stands at Rs 28,000 crore in West Bengal alone, which is one-tenth of our investment in India. We have planned a further investment of Rs 10,000 crore," he told the summit in the presence of state Chief Minister Mamata Banerjee.

Announcing a new Chair in Calcutta University in honour of scientist Satyendra Nath Bose, of Boson and Bose-Einstein Theory fame, Ambani said Jio will, as a next step, connect small merchants with his retail network and warehouses to increase their reach several folds. His group already has more than 500 retail stores in West Bengal and the fresh investment would increase this presence as well as its warehouse space in the state manifold, he added.

The economic platform

Having shed its image as a state with militant labour unions, West Bengal

is among the fastest growing states in India. According to India Brand Equity Foundation (IBEF), a trust created by the Ministry of Commerce, Government of India, to promote the Indian economy and Brand India, West Bengal's Gross State Domestic Product (GSDP) was $158 billion in 2017-18 while its average annual growth rate from 2011-12 to 2017-18 was about 11.88 per cent.



The state is the sixth-largest contributor to India's manufacturing GDP and fourth-largest contributor to the country's services GDP.

Moreover, West Bengal is also a major producer of petroleum and petrochemical products. Production of natural gas in the state is projected to touch 410.30 million cubic metres in 2018-19.

It is also an increasingly important centre for India's massive information technology sector. Total IT exports from West Bengal is about $3 billion. The state government, in which the Big Three of Indian IT – TCS, Infosys and Wipro – has a large presence, has recently introduced the West Bengal Information Technology and Electronics Policy 2018 to encourage the sector and propel the state into the top league within India in the IT, ITeS, ICT and ESDM silos of this sector.

HAVING SHED ITS IMAGE AS A STATE WITH MILITANT LABOUR UNIONS, WEST BENGAL IS AMONG THE FASTEST GROWING STATES IN INDIA.

Food processing potential

It is also India's largest rice producer, second-largest producer of potatoes and among the country's biggest fish producers. The world-famous Darjeeling tea is also grown in the state, which is India's second-largest tea producer.

This shows that the state has tremendous potential in the high growth food processing sector. Speaking at the summit, Sanjiv Puri, Managing Director of ITC, the tobacco to hotels to FMCG giant, said "We are taking our total investment in Bengal to Rs 1,700 crore (about $240 million)." ITC, which is the largest private sector company based in West Bengal will invest in food processing and a new personal care products plant in the state. Besides, it will also upgrade its existing facilities, which includes, among other things, the expansion currently ongoing at its flagship ITC Sonar five-star hotel in Kolkata.

Crème de la crème in attendance

The summit, which had a tagline of "Bengal means business", attracted almost every A-list industrialist as well as several foreign multinationals, including IKEA, Alstom, D P World, Accor Decathlon, Schneider Electric, P&G, Oerlikon, Capgemini, Metro, IBM, Dell and BT.

The JSW Group, which is doubling the capacity of its cement plant in the state, is also planning to invest Rs 50,000 crore ($7 billion) in a greenfield steel plant in West Bengal.

"You don't have to think twice before investing in the state. We are also setting up a new museum in

Bengal which will depict the history of Partition," said Sajjan Jindal, Chairman and Managing Director of JSW Steel.

Sanjiv Goenka, whose RP-Sanjiv Goenka Group has invested almost Rs 25,000 crore in West Bengal over the last few years said the state offered excellent investment opportunities as "the leadership is clear in decision making and the administration is outstanding and transparent."

"We will invest Rs 15,000 crore in West Bengal over the next five years," announced Y.K. Modi, Chairman of Great Eastern Energy Corporation Ltd.

Niranjan Hiranandani, Managing Director of Hiranandani Group also announced large investments in the state. "H-Energy has completed land acquisition and recently received permission to build a pipeline. The company aims to deliver gas to Haldia by 2022. This will bring down the cost of manufacturing in the state and also provide gas to cities. We have already made Rs 3,000 crore worth investments in the state and we will invest Rs 2,000 crore more over the next two years," he said.

Adani Ports and Special Economic Zones will soon set up a logistics park and a port in West Bengal, said Karan Adani, Chief Executive Officer of the company.

Among the multinationals, Coca Cola committed Rs 500 crore worth of investments in the state while DP World, a large Dubai-based port operator, will invest Rs 3,000 crore to develop the Kulpi port in southern Bengal.

IKEA to enter Bengal

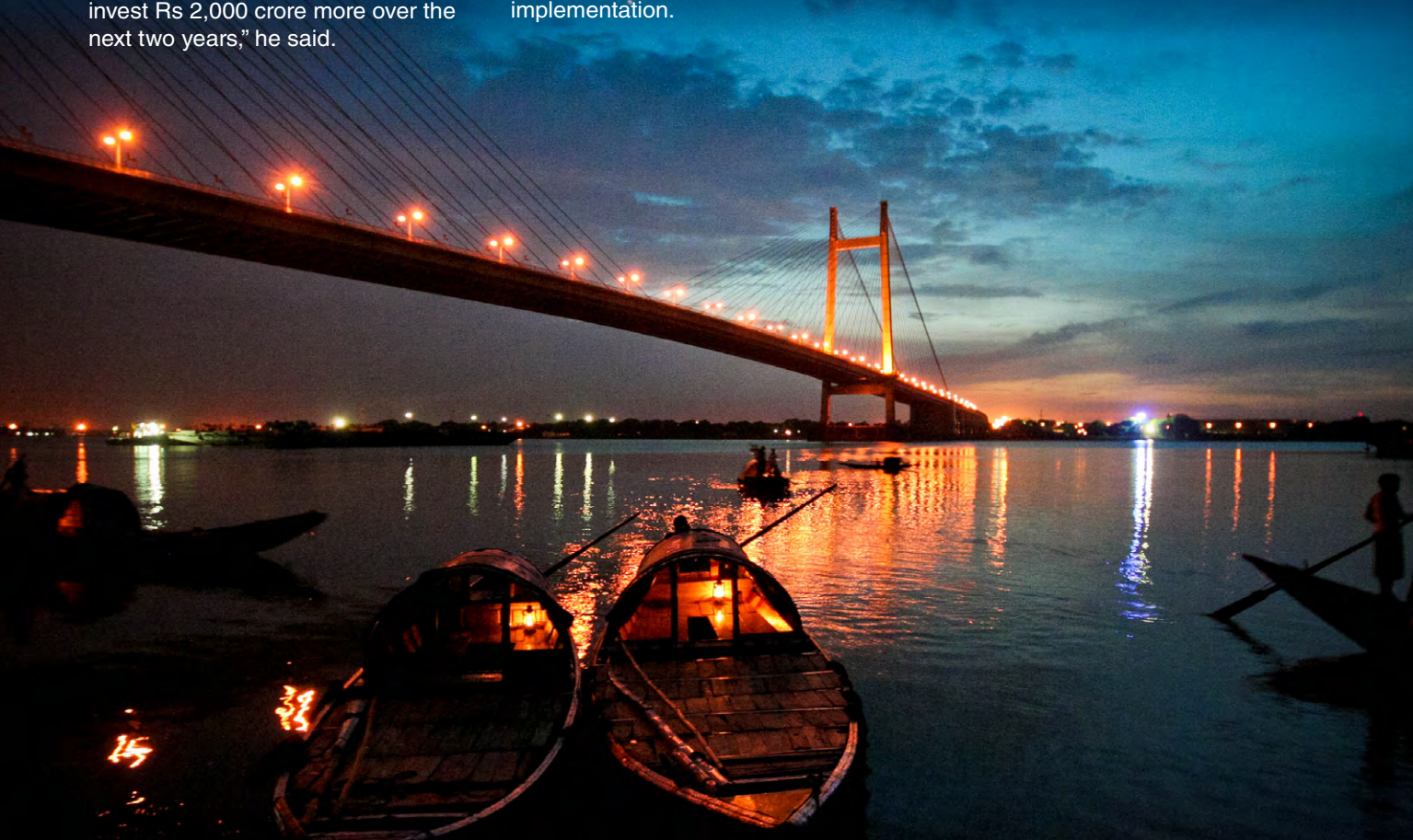
Speaking at the summit, West Bengal Finance Minister Amit Mitra, who is better known outside his home state as the former Secretary General of apex chamber of commerce Federation of Indian Chambers of Commerce and Industries (FICCI), said Swedish furniture giant IKEA is scouting for land in West Bengal and is considering the state for its second store in India.

He added that since 2015, when the first Bengal Global Business Summit was held, the state has a conversion rate of about 40 per cent and that investments worth more than $14 billion are at various stages of implementation.

So what is driving this nascent economic resurgence?
Experts and analysts feel a combination of factors, including fatigue and disillusionment with trade unionism, the emergence of the younger, less ideologically-motivated generation that is not particularly politically inclined and a realisation amongst the intelligentsia and the political leadership that industrial rejuvenation was the only sustainable path to political longevity, have contributed to the change in mood about and in Bengal.

This change is evident from the fact that after many decades, three completely homegrown first generation national level players have emerged in three separate and highly competitive sectors – SREI in infrastructure and equipment finance, Emami in FMCG and Bandhan Bank in banking.

Are these the early harbingers of what, if it succeeds, will surely be India's biggest turnaround story? It's too early to predict but all indications point to the fact that Bengal is once again open to doing business without letting politics come in the way.



India gets ready to outpace China

by Amrita Sen

An expert analyses the factors behind India set to overtake China as the biggest source of oil demand growth from the mid-2020s.

Amrita Sen is the Co-Founder, Head of Research and Chief Oil Analyst at Energy Aspects, an independent research consultancy providing analysis of energy markets.

One of the biggest stories to impact oil markets over the medium-term (i.e. the next five years) will be India supplanting China as the biggest source of demand growth from the mid-2020s. Modelling each sector of their respective economies, in our recently published 'Long-term Energy Market Outlook, November 2018', Energy Aspects projects that total Indian oil demand growth will consistently exceed China's from 2024.

Underpinning this switch will be a combination of more supportive demographics, stronger economic growth, less-developed charging infrastructure for alternative-fuel vehicles (compared to China), an explicit desire to raise the (more energy-intensive) manufacturing share of the economy and a lower base of per capita oil consumption in India than China.

All else being held equal, stronger economic momentum tends to support additional oil demand growth. The consensus view is that India's economy will outpace China's over the medium-to-long-term. The International Monetary Fund recently updated its World Economic Outlook, citing that it expects the Indian economy to expand in the high 7 per cent per annum ballpark over the next couple of years (7.5 per cent in 2019 and 7.7 per cent in 2020), roughly 1.5 percentage points above the predicted pace of the Chinese economic expansion (6.2 per cent per annum Chinese GDP growth forecast in both 2019 and 2020). This underlying difference in growth could be even wider as many wise macroeconomic sages claim that the true pace of the Chinese economic expansion is currently much closer to 5 per cent (possibly sub-5 per cent), whereas the commonly held belief is that the misquotation on India is far lower. With similarly sized income elasticities calculated for both China and India (0.63 between 2002 and 2018), we conclude that the higher underlying macroeconomic outlook for India should certainly prove a decisive primary driver behind the impending switch in the leader of oil demand growth.

THE SIGNIFICANCE OF THE PROJECTED CHANGE IN THE LEADING CONTRIBUTOR TO OIL DEMAND GROWTH IS MAGNIFIED AS TOTAL INDIAN OIL DEMAND STARTS FROM A MUCH LOWER BASE COMPARED TO CHINESE OIL DEMAND.

Not only are the medium-to-long term projections for the pace of the Indian economic expansion much more upbeat than those for China — the annual GDP growth gap in our models widens towards 2 percentage points over our long-term time horizon to 2040 — but the underlying population statistics are also much more supportive of stronger Indian oil demand growth. The United Nation's 2017 edition of its 'World Population Prospects', for example, suggests (in its central 'medium variant' scenario) a little changed Chinese population between 2018 and 2040 (+2.4 million), whereas 251 million more people are envisaged in India. Over this period, the average per annum increase in their respective populations is 0.01 per cent for China and 0.78 per cent for India — small but significant differences. On a related front, the UN's base-case 'medium variant' forecast also foresees the Indian population exceeding that of China's in 2024.

The simple addition of more people is not a certain determinant of higher oil demand alone, although it plays a very important role. However, the strength of the argument for higher oil demand growth improves when a country already features lower per capita consumption. Per capita oil demand in India stood at just 0.004 b/d in 2018, less than half of China's corresponding metric (0.009 b/d) and seventeen times lower than the US's (0.062 b/d). The potential upside in Indian demand growth (compared to China) is, hence, enhanced by the lower pre-existing demand in India. One of the best examples of where this potentially pent up demand resides is the road transportation sector, as the level of vehicle ownership in India is much lower than that for China. Figures for 2015 (the latest comprehensive data series available) from the International Organization of Motor Vehicle Manufacturers showed vehicle ownership at 22 vehicles per thousand in India vs 118 per thousand in China. As India is forecast to experience faster wealth growth, relative to China, through our long-term time forecasting

time-horizon—a consequence of the more rapid economic uptick—more vehicles will be purchased. These vehicles will often be two-wheelers at first, particularly benefiting Indian gasoline demand growth. Gradually narrowing gaps, in both the levels of vehicle ownership and per capita oil demand, fundamentally underpin the projected handover in 2024 from China to India of the title of biggest contributor to oil demand growth.

Whereas a significant uptick in Indian gasoline growth is forecast over the next five years —supported by a large expansion in the Indian vehicle fleet, particularly two-wheelers—the Chinese vehicle fleet is already migrating rapidly towards electric vehicles (EVs), driven by rigorously enforced government policies, with the Chinese uptake of electric two-wheelers already very high and far ahead of that in India. P&S Intelligence, in two separate papers, estimated that the electric scooter and motorcycle market in China already stood at $7.7 billion in 2017, whereas the corresponding metric for India would only reach $0.6 billion by 2025. Only in December 2018 did the Indian Ministry of Power publish detailed plans for public EV charging stations. Under these plans, cities with a population of 4 million or above will eventually be required to have at least one EV charging station in a grid of 3 km, while an EV charging station will be required every 25 km on Indian highways. Impressive as these plans are, they remain to be built, whereas China already had 0.2 million public charging points as of 2017 (energy conglomerate NTPC put the Indian estimate at 222). Although the Indian government is similarly keen to support a rapid migration towards EVs, without comparable levels of infrastructure spend the next five years will predominantly see oil as the main beneficiary from the booming Indian road transport sector.

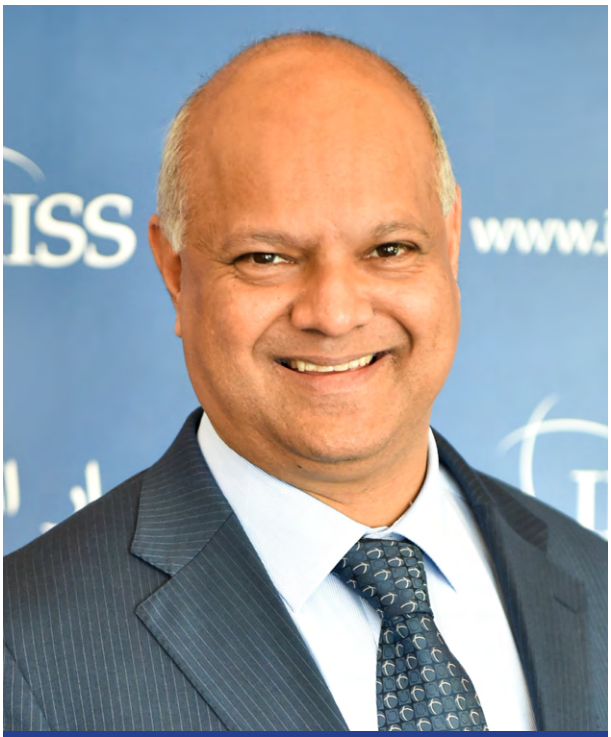
The surging Indian oil demand story is not just a pure road transportation story either. We also forecast strong gains in oil demand in the industrial, aviation, building and shipping sectors. Of the rough 1.6 mb/d that we project (Long-term Energy Market Outlook, November 2018) being added to Indian oil demand by 2024—raising Indian demand by a third vs 2018 (double the percentage point gain from China)—roughly 31 per cent of this growth will come from gasoline (the road transport story), with a similar-sized gain projected for diesel (benefiting from strong gains in industry and shipping demand, as impending shipping legislation will see bunker fuel increasingly switch to marine diesel from 2020). We also forecast sizeable additions for LPG—as residential buildings continue to switch over to LPG for cooking—and jet/kerosene, respectively adding 0.2 mb/d and 0.1 mb/d between 2018 and 2024. Further supporting more robust Indian demand growth vis-à-vis China—particularly for diesel, LPG and bitumen—will be India's increased focus on more energy-intensive manufacturing, with an explicit government target to raise the manufacturing share of the economy to 25 per cent by 2025, from 15 per cent in 2017.

The significance of the projected change in the leading contributor to oil demand growth is magnified as total Indian oil demand starts from a much lower base compared to Chinese oil demand. Oil demand in 2018 averaged 4.8 mb/d in India and 12.6 mb/d in China. For Indian oil demand growth, in b/d, to first exceed the corresponding Chinese metric (by 2024), the percentage-point growth from India in our models needs to be more than double the percentage point expansion for China. A final important caveat, however, is that even with consistently much stronger Indian demand growth foreseen throughout our long-term models, total Chinese oil demand continues to exceed India's out to 2040.

India renews influence in its neighbourhood

by Rahul Roy-Chaudhury

A strategic expert analyses what India's foreign policy highlights were in 2018 and where things are headed in 2019.



Although the year 2018 was not marked by any major foreign policy developments – unlike previous signature events including India's sponsorship of the UN's International Yoga Day (2015), the surgical strikes across the Line of Control (LoC) in Kashmir (2016) and the first Indian prime ministerial visit to Israel (2017) – India's ability to effectively navigate through the uncertainties and disruptions of the year were notable.

Ironically, the significant achievement for India's security leadership in 2018 was the abil-ity to retain and renew India's influence in key parts of its immediate neighbourhood, despite a difficult regional security environment and stiff challenges emanating from the expansion of Chinese influence. I deliberately use the term ironic, as for most of the year it appeared that the opposite was true and that India was fast losing out in terms of influence vis-à-vis China first in the Maldives, then Nepal and Sri Lanka, and finally in Bangladesh.

Yet, India's cautious approach and the leverage of long-standing diplomatic and high-level political contacts with these countries, alongside outreach to key members of the international community, paid off. This finally ensured that free and fair elections were held in the Maldives and the first foreign visit of new president Ibrahim Solih took place to India; that Sri Lanka's 'ousted' prime minister Ranil Wickremsinghe returned to power despite the opposition of president Sirisena; Bangladesh's elections took place as scheduled and prime minister Sheikh Hasina was re-elected as prime minister for the third time; and the first foreign visit of Bhutan's new prime minister Lotay Tshering was to India. In effect, India's security leadership managed to take a 'strategic' view of neighbourhood developments with a 'cool head and warm heart'. But, what if the reverse were true and India's security leadership was guided instead by a 'hot head and cold heart' and driven only by short-term 'tactical' considerations? Would the outcomes have been the same?

The most significant challenge to India's security continued to originate from China. Despite the Wuhan informal summit in April 2018 between India's prime minister Narendra Modi and Chinese president Xi Jinping, India remains concerned over Chinese assertiveness on its land borders and expansion of its influence in the Indian Ocean (the previous year was marked by the Sino-Indian military stand-off at the India-China-Bhutan trijunction on the Doklam plateau). This is marked by India's continued strong objections to China's Belt & Road Initiative (BRI) as well as its flagship China Pakistan Economic Corridor (CPEC). New Delhi perceives the BRI/CPEC as a strategic, not simply an economic, initiative.

Indeed, the year was also marked by closer China-Pakistan ties, as publicly stated by Pakistan's new prime minister Imran Khan. Arguably, with hindsight, it may turn out that India was unnecessarily critical in public of Khan being close to the Pakistan army. Following the brutal killing of Indian security personnel and the cancellation of the India-Pakistan foreign ministers meeting on the sidelines of the UN General Assembly in September 2018, India's Ministry of External Affairs released a statement that said: "The evil agenda of Pakistan stands exposed and the true face of the new prime minister of Pakistan Imran Khan has been revealed to the world." This led to a personal Twitter outburst by Khan against Modi and, arguably, served to further deepen Khan's relations with the army. As a result, even the inaugural ground-breaking ceremony for the Kartarpur corridor was marked by controversy over India's concern of Pakistan's support to Sikh extremists around the world. However, with Khan widely expected to be prime

minister for his full five-year term, any future improvement in India-Pakistan relations would require Khan's full support.

There was also a great degree of uncertainty in India's relations with the US and its mercurial President Donald Trump. During the year, India signed the much-delayed Communications, Compatibility and Security Agreement (COMCASA) with the US and held the much postponed '2+2' meeting of both foreign and defence ministers. And, in November, India was granted a six-month waiver from the re-imposition of US sanctions against Iran; its commercial operations in part of Iran's Chahbahar port also remained unaffected as it served as a transportation corridor for land-locked Afghanistan. However, unless India is granted an extension of the waiver, it would be forced to reduce oil imports from Iran as payments would become difficult. And, there was pressure on India from the Countering America's Adversaries Through Sanctions Act (CAATSA), which it defied to order the S-400 air defence missiles from Russia.

India was also unhappy over the unilateralist approach of the Trump administration to multilateral trade and security issues. The latter was most visible with president Trump's sudden intention to halve the number of US troops in Afghanistan at a time when the US was talking directly to the Taliban. This change in US policy in Afghanistan raised considerable concern in New Delhi over Pakistan's influence over the Taliban in negotiations with the US and its implications for India's security if/when a reconciliation process with the Afghanistan government was completed. The prospect of any form of Taliban representation in an Afghan government remains unacceptable to India, which continued to stress on a peace process that was 'Afghan-led, Afghan-owned and Afghan-controlled' and took place with the participation of the Afghan government. This was exacerbated by Trump's mocking of India's 'soft power' approach to Afghanistan during his New Year press meet, resulting in India's public refusal to send Indian troops to Afghanistan.

Despite Modi's visit to the UK in April for the Commonwealth Summit and bilateral talks, where he rhetorically stated that post-Brexit bilateral relations would improve, the reality appears quite different. As I have written in a previous column in this series, the uncertainties of Brexit have resulted in the loss of momentum in bilateral relations, with irritants magnified at the cost of prospective cooperation.

INDIA'S SECURITY LEADERSHIP MANAGED TO TAKE A 'STRATEGIC' VIEW OF NEIGHBOURHOOD DEVELOPMENTS WITH A 'COOL HEAD AND WARM HEART'.

For 2019

For the first six months of the New Year, foreign policy will take a back seat to the more pressing requirements of India's General Elections. It is now unlikely that Modi will travel abroad till the elections, even as the visits of foreign dignitaries will reduce. It is also highly unlikely that foreign/defence policy will become an electoral issue in Indian politics, with the single exception of the ongoing raging controversy over the Rafale combat aircraft deal that continues to occupy front page news in India and has generated more heat than light. The single major exception could be in relation to terrorism, and thereby Pakistan, in the event there is another deliberately timed Pakistan-based terror attack against India. Perhaps, the box office success or failure of a major Bollywood movie 'Uri: The Surgical Strike' will be indicative of the evolving national mood.

Once the next central government is formed by the end of May 2019, it will take at least four to six weeks for its new foreign minister and the national security leadership to begin to formulate their priorities and objectives for the next five years, amidst a constant inward stream of foreign ministers and others. In the interim, the central government will continue with the policies of the previous government. In this respect, it will be crucial to see where the first few bilateral foreign visits of the next prime minister will be; although we should, once again, expect this to take place within India's immediate neighbourhood.

In effect, the key foreign and security policy priorities of the next Indian government will be the following:

- To stabilise India's influence in its immediate and extended neighbourhood to counter Chinese expansion, with special continued focus and engagement in the Indian Ocean. This will require India to prioritise its policy directives within the 'Indo-Pacific' region, which formally entered India's official lexicon in June 2018 with Prime Minister Modi's keynote address at the IISS Shangri-La Dialogue in Singapore.
- To confidently navigate the complexities of the Trump White House and leverage its influence with Congress.
- To seek to stabilise relations with Pakistan without compromising on countering terrorism and seeking the 'democratisation' of Afghanistan's polity.
- And, finally, to resume the momentum in relations with the UK post-Brexit through convergence on international affairs, including cyber and maritime security as well as cooperation on defence technology and production.

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

A wide scope of Indian expansion in Malaysia

by Roswaidin Mohd Zain

The Malaysian Investment Development Authority (MIDA) runs through ways Indian investors can capitalise on business opportunities in Malaysia.

Malaysia is no stranger to the Indian business community. The relationship has been dynamic, evolving in the rapidly changing international environment. The Malaysian Investment Development Authority (MIDA), the principal investment promotion agency for the country, set up its overseas office in Mumbai in April 2008.

This office is responsible for the promotion of quality Indian investments into Malaysia, to provide potential investors with the latest information on policies and opportunities in the manufacturing and services sectors, as well as providing the necessary assistance to potential Indian investors interested in seeking joint venture partners or technology collaborations in Malaysia. MIDA Mumbai office works closely with all other chambers and business associations in major industrial regions. Areas of collaboration include providing feedback to the government on issues or challenges faced by Indian investors, informing the Indian business community on existing investment opportunities and continuously participating in trade and investment missions to India.

INDIA IS AN IMPORTANT SOURCE OF FOREIGN DIRECT INVESTMENTS (FDI) IN THE MANUFACTURING SECTOR IN MALAYSIA.

India is an important source of foreign direct investments (FDI) in the manufacturing sector in Malaysia. The involvement of Indian investors is strong in the textiles & textile products, chemical & chemical products, petroleum products (inc. petrochemicals), pharmaceutical products, non-metallic mineral products and food manufacturing. Malaysia is proud to host notable Indian companies such as Reliance Group, Biocon, Ranbaxy, JG Containers, Forte International and Tamco Switchgear.

The presence of Indian investors is also evident in the services sector in Malaysia. These include ICICI Bank Limited, Wipro, Infosys, Tata Consultancy, and Manipal International. The sustained inflows of Indian investments into Malaysia are a reflection of the country's continued competitiveness for businesses.

Given the speed of change today, clearly, there is much scope for expansion for Indian investments in Malaysia. With the rise of the industrial revolution or better known as industry 4.0, business opportunities are widely available in various sectors in Malaysia. The country has also been developing its capabilities to adapt quickly and embrace smart technologies and processes.

Malaysia's industrial ecosystems are fully integrated into the global supply chain. With the launched of the Digital Free Trade Zone (DFTZ), the country is moving full speed into the knowledge and digital economy.

The Zone will benefit entrepreneurs by offering a conducive environment for digital companies to carry out businesses.

The ongoing economic transformations, which are well-supported by Malaysia's long term comprehensive plans have increasingly made the country a more profitable place for businesses. Indian investors can tap into the country's deep understanding of the region, multi-lingual talent pool and extensive network of free trade agreements with ASEAN. With Malaysia's unmatched connectivity and its business friendly policies, Indian companies have much to gain in terms of capturing growth opportunities and immediate market access. More investments from India are certainly welcomed particularly in the areas of electrical and electronics, chemical, pharmaceutical, textiles, ICT, e-commerce and other emerging growth areas.

Malaysia has been recognised as an attractive investment destination by a multitude of independent international institutes and organisations.

Malaysia was ranked 2nd in terms of Global Competitiveness among ASEAN countries. Bloomberg's 2018 Emerging Market Scorecard ranked Malaysia as the most attractive emerging market in Asia and the 5th most attractive in the world. The country was also ranked 2nd in Ease of Doing Business within ASEAN in the World Bank's 2018 Doing Business Report.

History has proven that Malaysia is a resilient nation, despite multiple challenges faced by the global economy. The country has a well-diversified economy resting on the back of its solid economic fundamentals. With its pro-business, prudent and pragmatic policies, Malaysia is the profit centre in Asia.

MIDA looks forward to continuously working together with Indian investors to capitalise on the opportunities that are present in the ASEAN region.

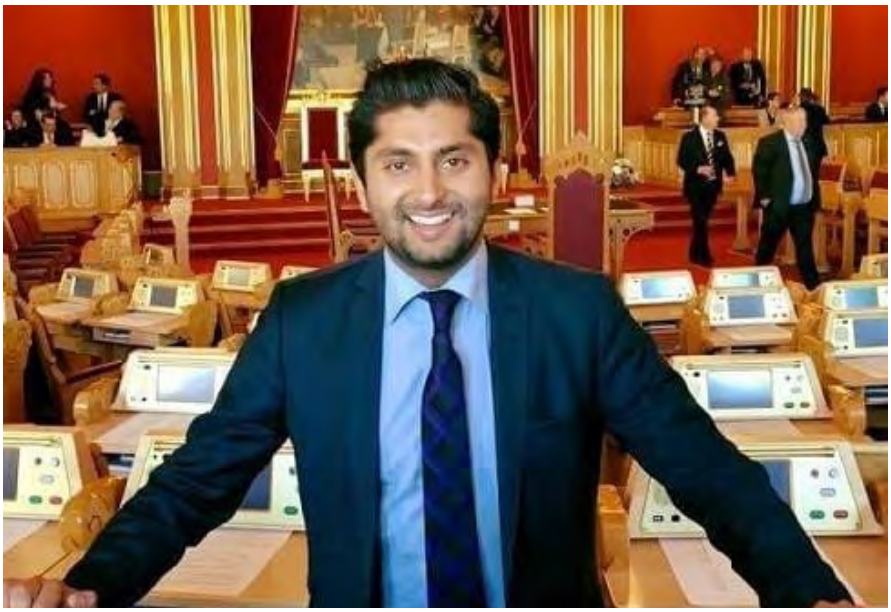
***CASE STUDY**

Tata Consultancy Services (TCS) has been operating in Malaysia since 2003 with a workforce of 1,200 employees, armed with a proven track record of executing large scale transformational initiatives around Cloud, Big Data and Automation with the most prominent Malaysian brands within the Aviation, Telecom, Oil & Gas, Utility and Banking sectors. The presence of world class infrastructure enabled by skilled manpower with multi-lingual capabilities makes Malaysia a key choice that offers competitive cost effectiveness catering to our customer needs.

Roswaidin Mohd Zain is Consul (Investment) at the Consulate General of Malaysia, Mumbai, cum Director, Malaysian Investment Development Authority (MIDA) in Mumbai since July 2017.

India-Norway ties: Mutual admiration, but below potential

by India Inc. Staff



Himanshu Gulati is a prominent Norwegian politician representing the country's Progress Party. In this interview, he delves into his political interests, the strength of India-Norway ties and what being a Global Indian means to him.

What attracted you to join Norwegian politics?

As a youngster I always had strong opinions, and I wished to impact the world I live in. I believe one should take the responsibility upon oneself to change society in the direction one believes in.

How would you categorise India-Norway ties?

Mutual admiration, but with an enormous potential for growth. India and Norway share many common values, and I truly believe that the sky is the limit when it comes to trade and increased people-to-people ties. Norwegians admire India for its culture, yoga, cuisine and Bollywood, while most Indians I have met wish to see the Northern Lights and midnight sun.

What is the strength of the Indian diaspora in the country and what is the kind of role played by them in bilateral ties?

People of Indian origin are making their mark in many fields in Norway, despite the modest size of the community. They represent a soft power of enormous importance, and serve as Indian ambassadors in Norway and vice-versa.

INDIA AND NORWAY SHARE MANY COMMON VALUES, AND I TRULY BELIEVE THAT THE SKY IS THE LIMIT WHEN IT COMES TO TRADE AND INCREASED PEOPLE-TO-PEOPLE TIES.

What are some of the sectors you would like to promote in terms of greater two-way investments?

In terms of green technology, energy, education and increased tourism, I believe the Norway-India Partnership can create wonders.

What is the role of Norway within the wider India-EU context?

Being outside the EU but still part of the European Economic Area, Schengen and the inner market, Norway has in many ways been enjoying a strategic position similar to what Britain is attempting post-Brexit. Many are therefore looking to Norway for answers to a constructive British-EU relationship after their exit from the EU.

How does being a Global Indian help shape your political and personal decisions?

Being both Norwegian and of Indian heritage has shaped me into who I am and defines me. India is also in my DNA.

I am ever grateful for the uniqueness of knowing and understanding the culture, people, language, perspectives and heritage of two such distinct and great countries. It also gives me a sense of purpose to connect these two countries closer together.

Why companies are planning a UK exit over Brexit

by India Inc. Staff

Latest figures from an Institute of Directors (IoD) study show that nearly one in three of its members could be forced to shift operations out of the UK as the March 29 deadline of Britain's exit from the European Union (EU) nears.

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

Nearly one in three (29 per cent) UK-based businesses could be forced to shift operations abroad due to Brexit, a new report by an influential lobby group made up of business leaders warned in its latest analysis.

The Institute of Directors (IoD) conducted a member survey of over 1,200 company directors and found that 16 per cent had already pressed the button on relocation plans or are planning to in connection with Britain's impending exit from the European Union (EU) next month, while a further 13 per cent are actively considering doing so.

IoD revealed that the trend was not restricted to big business. While more large companies had already moved operations, small firms were almost twice as likely to be now actively considering the prospect as the Theresa May led UK government reopened negotiations with the EU in an attempt to avert a chaotic no-deal Brexit.

"It brings no pleasure to reveal these worrying signs, but we can no more ignore the real consequences of delay and confusion than business leaders can ignore the hard choices that they face in protecting their companies," said Edwin Morgan, Interim Director General of the Institute of Directors.

"Change is a necessary and often positive part of doing business, but the unavoidable disruption and increased trade barriers that no-deal would bring are entirely unproductive," he said.

The new survey found that two-thirds of exporters to the EU were looking to relocate overseas, and four in 10 IoD members who are engaged with contingency planning have explored moving operations. The EU was by

The EU was by far the most commonly-identified destination for firms looking to move or set up operations abroad to deal with Brexit.

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"While the actions of big companies have been making headlines, these figures suggest that smaller enterprises are increasingly considering taking the serious step of moving some operations abroad. For these firms, typically with tighter resources, to be thinking about such a costly course of action makes clear the precarious position they are in," added Morgan.

The Dutch government has admitted it is in talks with more than 250 companies about moving their operations from the UK to the Netherlands before Brexit. While Mark Rutte, the Dutch Prime Minister, recently said he did not see Brexit as a business opportunity, countries including Ireland, France, Germany, Belgium and Luxembourg have been actively looking for opportunities to capitalise on Brexit ever since the EU referendum in June 2016.

IoD called on the British government to "stem the flow" by providing enough certainty to the firms that are considering moving but haven't yet done so. Many Indian companies using the UK as a base for their European operations are also likely to be hit.

According to the most recent CII-Grant Thornton Report, 'India Meets Britain 2018', almost 800 Indian companies operate in the UK, recording combined revenues of £46.4 billion.

"Several major Indian companies that have invested in the UK are concerned about post-Brexit developments especially around their supply chains. Some of the companies have decided to 'wait and watch' the developments before proceeding with their investment plans," the Confederation of Indian Industry (CII) recently warned in its written evidence to the UK Parliament's ongoing 'Global Britain and India' inquiry.

"Several Indian companies having their European HQs in the UK have expressed concern over the ease of doing business with the UK leaving the EU. The concerns vary from attracting and retaining talent in technology companies to passporting rights for financial services companies," the CII notes. The latest IoD survey comes as large international companies such as Sony and Panasonic have already relocated their European headquarters out of the UK. Since the referendum to leave the EU in June 2016, business groups have been lobbying ministers for greater certainty over post-Brexit plans and ensuring a tariff-free regime.

In the context of India, a Reserve Bank of India (RBI) report published in January had noted that "the likelihood of Brexit in March 2019 could offer opportunities for Indian exporters if bilateral trade agreements are renegotiated".

"Brexit is a factor that has repercussions for India's external sector. There are consequential policy challenges for India which enjoys strong trade and investment relations with the UK and the EU," said RBI governor Shaktikanta Das.

However, Britain's Trade Commissioner to South Asia, Crispin Simon, told a recent summit in Kolkata that Indian companies will not be adversely affected and that bilateral trade between Britain and India was growing at a "nice momentum" at 17 per cent per annum.

India strengthens ties in neighbourhood

From aviation to food security, Asia and the Middle East in focus for India.

Etihad plans to raise stake in Jet Airways

Etihad Airways plans to hike its stake in debt-laden Jet Airways, further driving up shares of the Indian airline.

Jet shares had already spiked following a CNBC TV18 report that, apart from flagging the capital infusion from Etihad, also said Jet's founder and chairman, 69-year old Naresh Goyal, was likely to step down from the board and give up majority control.

Etihad putting more cash into Jet is conditional on Goyal diluting his stake. The Abu Dhabi carrier currently owns 24 per cent in Jet. Even so, Etihad's stake will be capped at 49 per cent given foreign ownership rules in Indian airlines.

Once its stake goes past 25 per cent, under the country's capital markets regulations, Etihad will have to make an open offer to shareholders for a majority of the shares, unless it obtains a rare exemption from the market regulator.

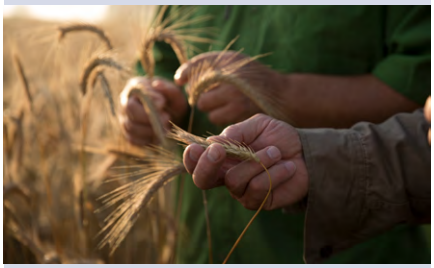
The 25-year-old airline is facing financial difficulties and owes money to pilots, lessors and vendors. Intense pricing competition, a weak rupee and rising fuel costs weighed on Indian airlines in 2018.

UAE, Saudi to make India a food security hub

United Arab Emirates and Saudi Arabia have decided to make India as a base for food security for the countries and plan to invest in both organic and food processing industries, minister of commerce and industry and civil aviation Suresh Prabhu said.

Speaking to media at the Partnership Summit organised by the Confederation of Indian Industries (CII) held in Mumbai, Prabhu said that the development comes at a time when India has recently announced an agricultural exports policy.

He said, “India is already the largest producer of milk and the second largest producer of fruits which gives it a huge potential to export.”



He added that the government has identified which product will be exported from which district and each district will be divided into clusters for that. For example, Nasik has been identified for grapes, Nagpur for oranges, Ratnagiri for mangoes etc. It is working with states to facilitate this arrangement.

Prabhu, however, did not disclose details about the potential investment.

The export policy has removed restrictions on the export of both organic and horticultural products and UAE and Saudi Arabia wants to invest in both kinds of products.

India is expected to produce 290 million tonnes of agricultural products along with 310 million tonnes of horticultural products, according to advanced estimates.

India invites Chinese participation for EV expansion

India plans to achieve electric mobility by 2030 and welcomes Chinese industries participation and investment in the expansion of Indian Electric Vehicles (EV) Market, NITI Aayog Principal Advisor Anil Srivastava has said.

Srivastava, who led an industry delegation from India and addressed summit forum 'Global Zero Emission and All Electric Vehicle' held from January 11-13, met Chen Qingtai, President of China EV100, and invited China's participation in India's ambitious plans to go for full electric mobility.

He mentioned that for India's ambitious objective of achieving electric mobility by 2030, we see a very substantive role for the Chinese EV players

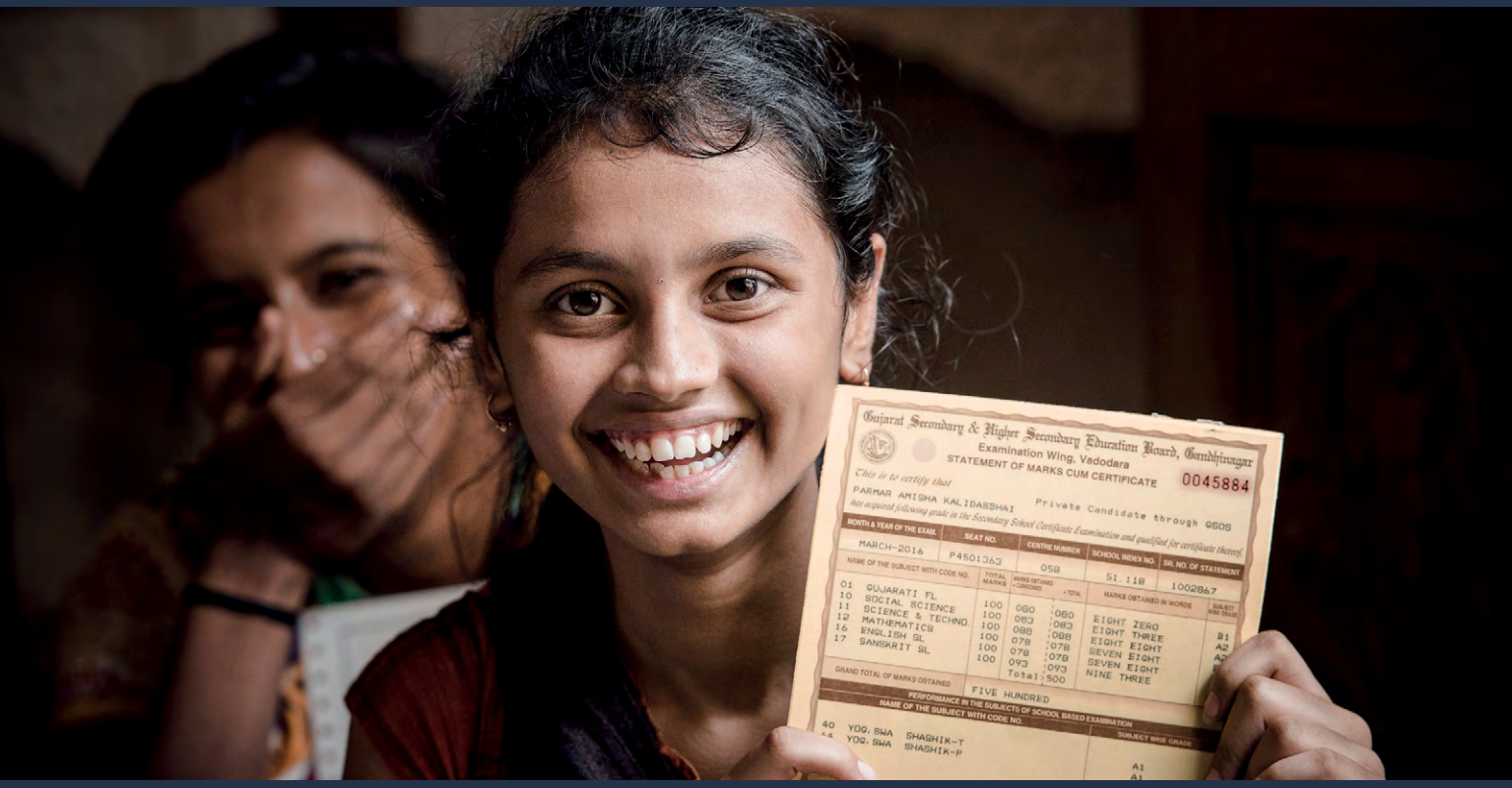
In his meeting with Chen, Srivastava said that given the market size of India and China together, there is huge cooperation potential for EV industries of both countries.

He said EV industries of both countries should have more interaction and proposed to establish a formal interaction mechanism between an Indian EV Industry association, supported by NITI Aayog, and China EV100, which can meet periodically.

He proposed to organise an industry meet of players of two sides in the first half of this year in Beijing or a suitable venue to explore cooperation possibilities between EV Industries of two countries.

Creating lasting change in India through diaspora-giving

The British Asian Trust works with business to tackle poverty and build brighter futures



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By combining innovative finance with diaspora giving and traditional philanthropy, we are committed to achieving maximum social impact to help reduce poverty in India. Our work is geared towards education, anti-trafficking, livelihoods, disability and mental health, with an emphasis on children, young people and women.

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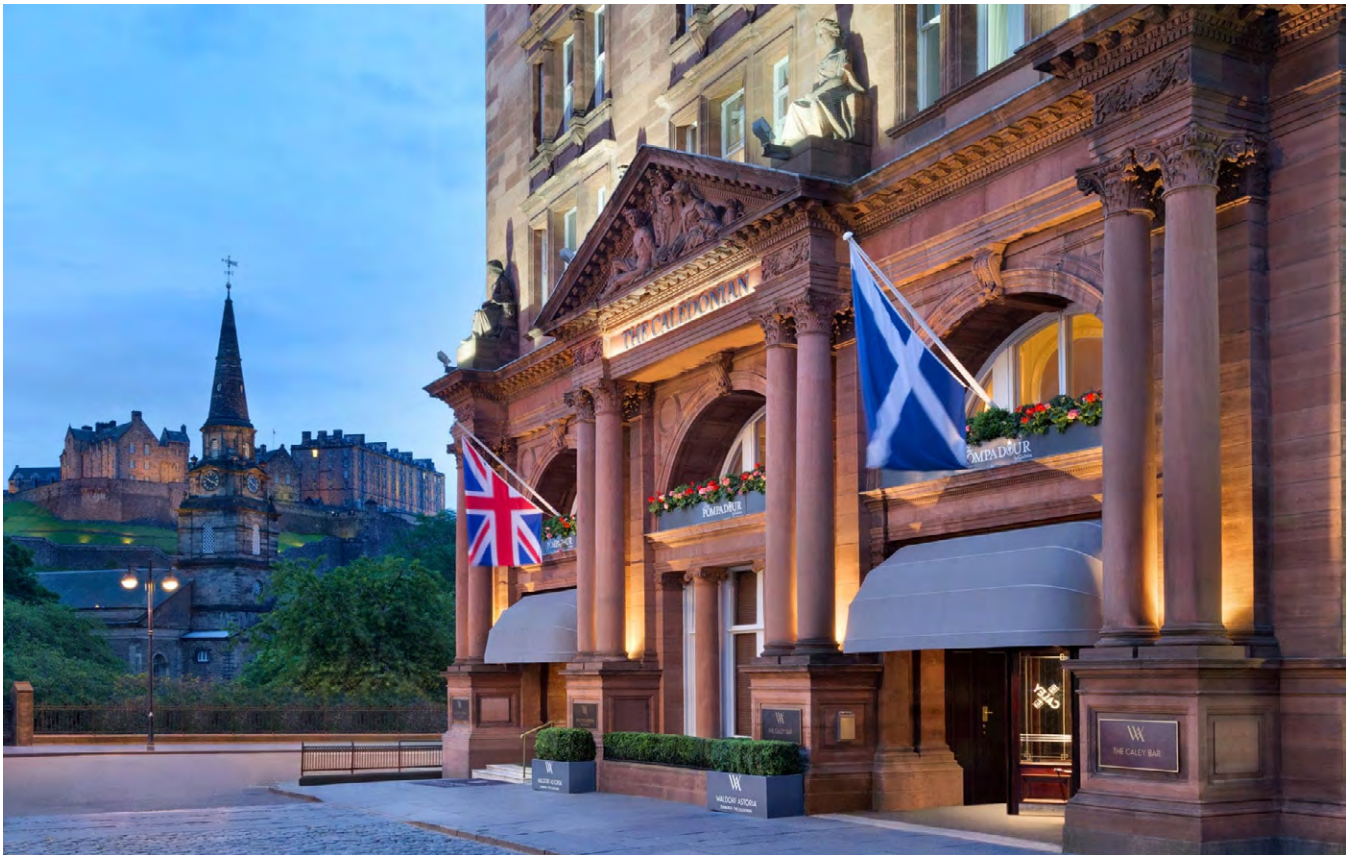


LuLu Group strikes Switzerland hotel deal

by India Inc. Staff

Indian business group LuLu, headquartered in Abu Dhabi, recently made its European entry with a hospitality deal in Zurich.

The LuLu Group has announced its entry into mainland Europe with a new agreement with a Switzerland-based real estate company to develop a new four-star hotel in the Swiss city of Zurich. Twenty14 Holdings (T14H), the hospitality investment arm of Abu Dhabi based LuLu Group International, said that it has entered into a forward purchase contract with Necron AG for the upcoming IntercityHotel Zurich Airport in Rümlang municipality of Zurich. The company said its new purpose-built, 260-room hotel, set to open in 2020, will be located close to Rümlang station and offer good transport links, including access to Zurich International Airport in 10 minutes and the city centre in 15 minutes.

THE NEW SWISS PROPERTY WILL INCLUDE MEETING AND EVENT SPACES, A RESTAURANT, AN INDOOR FITNESS CENTRE, AND SPA AREA AS WELL AS UNDERGROUND AND OUTDOOR PARKING FACILITIES.

"We are excited to mark our entry into mainland Europe with our first property in Zurich. It is an important milestone in our group's portfolio as we work towards becoming a billion-dollar investment firm by 2020," said Adeeb Ahamed, Managing Director of T14H.

The latest hotel joins a portfolio of $750-million worth of luxury property across the UK, the Middle East, and India led by T14H, the hospitality investment arm of LuLu Group, headed by Indian-origin businessman Yusuff Ali M.A.

In the UK, the group owns the Waldorf Astoria Edinburgh, The Caledonian in Scotland and has struck a £110-million agreement with property developer Galliard Homes to create a luxurious five-star hotel at 1-5 Great Scotland Yard, the former headquarters of Metropolitan Police in London.

THE LATEST HOTEL JOINS A PORTFOLIO OF $750-MILLION WORTH OF LUXURY PROPERTY ACROSS THE UK, THE MIDDLE EAST, AND INDIA LED BY T14H, THE HOSPITALITY INVESTMENT ARM OF LULU GROUP.

The new Swiss property will include meeting and event spaces, a restaurant, an indoor fitness centre, and spa area as well as underground and outdoor parking facilities.
It will be operated by Deutsche Hospitality (Steigenberger Hotels AG) under a 20-year lease contract and is the first of many development projects planned by Necron AG's in cooperation with Deutsche Hospitality.
"This is an exciting hotel development and we are delighted to be working in partnership with both Twenty14 Holdings and Deutsche Hospitality. We very much hope this is the start of a successful long-term partnership with both," said Gerard van Liempt, CEO, Necron AG.

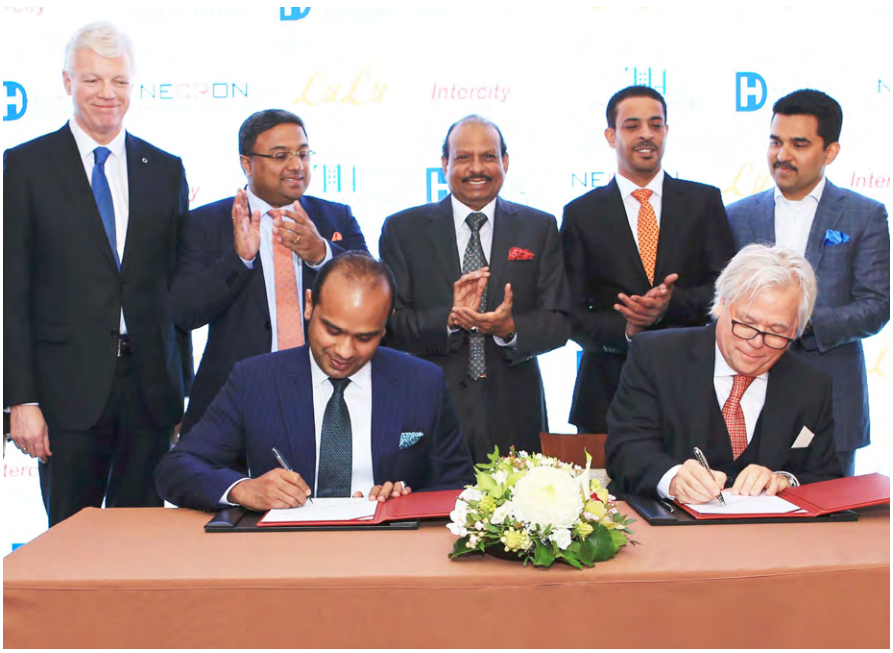
The companies involved said the design of the property will be based on the new Intercity Hotels Matteo Thun design standards, and keeping in mind business travellers and tourists, the property will feature modern guestrooms and public spaces.

Thomas Willms, CEO, Deutsche Hospitality, added: "The IntercityHotel Zurich Airport launches our brand in Switzerland and adds a highly attractive location to the portfolio.

"This hotel is symbolic of our growing international presence at strategically important locations and we are delighted to have such a reliable partner as the Twenty14 Holdings on our side."

Twenty14 Holdings said the new hotel is its second property to be operated by Deutsche Hospitality. The German hospitality firm currently operates T14H's Steigenberger Hotel Business Bay in Dubai.

Twenty14 Holdings is the hospitality investment arm of LuLu Group International, founded in 2014 to capitalise on the growth in the global hospitality industry. The company currently has assets worth more than $750 million spread across Europe, Middle East, and India.



In Europe, the group owns the historic Waldorf Astoria Edinburgh – The Caledonian in Scotland and has also made a £110 million agreement with property developer Galliard Homes to create a luxurious five-star hotel at 1-5 Great Scotland Yard, the former headquarters of London's Metropolitan Police. The firm co-owns the landmark Sheraton Oman Hotel in Muscat, a 230 room five-star architectural marvel, which was re-opened in 2016. The company also owns the Steigenberger Hotel Business Bay in Dubai and three properties in India.

Deutsche Hospitality brings together four separate hotel brands under a single umbrella. Steigenberger Hotels and Resorts has 60 hotels housed in historic traditional buildings and lively city residences and also offers health and beauty oases set at the very heart of nature. MAXX by Steigenberger – is a new and charismatic concept which places the focus on the essential in accordance with its motto "MAXXimize your stay". Jaz in the City branded hotels reflect the metropolitan lifestyle and draw upon the local music and cultural scene. And IntercityHotel offers 40 upper mid-range urban hotels, all of which are located within an easy walking distance of railway stations or airports. A further 30 hotels are currently at the development stage. This means that the Deutsche Hospitality portfolio currently encompasses a total of over 130 hotels on three continents.
The hotel is the first of many development projects planned by Necron AG's in cooperation with Deutsche Hospitality.

Necron AG (Necron) is a Swiss-based real estate Development and Investment company with a focus on commercial real estate in Switzerland, Netherlands, and Germany. Necron's strategy is to secure plots and or buildings for the development of Hotels, Offices, secured storage, and commercial buildings. Necron is currently working on the development of four hotels for the Deutsche Hospitality Group.

Re-balancing the trilemma: Reserve Bank of India bats for growth, at last

Keeping the currency stable, inflation muted and growth high is an unenviable three-way challenge faced by India's banking chief.

The Reserve Bank of India (RBI) governor has an unenviable job. Apart from being India's chief banking regulator, he has to ensure that the Indian currency remains stable, inflation muted and growth high. These last three have often been referred to as the Indian central banker's trilemma.

On the face of it, all three are highly desirable outcomes and ideally, the RBI should strive for all three goals. But economic policymaking is often a zero-sum game and the RBI has to choose any two of these three options.

In recent times, first Raghuram Rajan and then Urjit Patel, in their role as former RBI governors, decided to privilege the first two. The report card is mixed: The rupee has depreciated about 5 per cent over the last five years but inflation has come down from double digits to a little more than 2 per cent.

But keeping a hawk eye on prices and the currency market has meant the RBI has had to lower its gaze on growth. And this has led to increasing regulatory tension between the government of India and its central banker.

Although India's case differs from those of other countries, there has been a recent trend of governments and central bankers often being on different pages of the regulatory roadmap. In the UK, Bank of England Governor Mark Carney is not the most popular man among the country's politicians and in the US, President Donald Trump has been carrying on a long campaign against Federal Reserve Chairman Jay Powell.

The issue in India stems from a structural mismatch between the autonomous role envisaged for the RBI Governor and the Finance Minister's position as its appointing authority.

NEWLY-APPOINTED RBI GOVERNOR SHAKTIKANTA DAS' FIRST MONETARY POLICY LOWERED INTEREST RATES BY 25 BASIS POINTS

Since the government of the day is ultimately responsible for the state of the Indian economy, many are of the view that in case of a divergence of opinion on the growth versus inflation debate, the government's priorities should prevail.

That's not the 'India Global Business' point of view. In a book titled 'Strictly Personal: Manmohan and Gursharan' written by his daughter, former Prime Minister Dr Manmohan Singh, who is also a former RBI Governor, says: "The Governor of RBI is not superior to the Finance Minister. And if the Finance Minister insists, I don't see that the governor can refuse, unless he is willing to give up his job."

Recent RBI governors and the Monetary Policy Committee they head have erred on the side of caution when it came to setting benchmark interest rates. As a result, the real interest rate (the difference between the nominal interest rate and the rate of inflation) rose to 4 per cent a few months ago. Many economists consider this too high to support the growth momentum that is slowly gathering pace in the Indian economy.

It is nobody's case that the RBI Governor simply carry out the orders of the government. But it is also not advisable for the RBI to undermine the elected government's push for higher growth rates by stubbornly maintaining interest rates at levels that make business expansion, and, hence, job creation, unviable.

RBI's oft-repeated argument in favour of its hawkish stance on rates is that inflation is a tax that hurts the poor the most. Equally true is the counter-argument that equitable growth resulting from lower interest rates in a low inflation regime is the balm that helps the most.

Newly-appointed RBI Governor Shaktikanta Das' first monetary policy lowered interest rates by 25 basis points (100 basis points= 1 percentage point) and, thus, aligned the central bank slightly better with the government's priorities. This does not mean that he has diluted RBI's jealously guarded autonomy. It only means he has realigned his priorities within the trilemma he faces and will likely focus more on growth-inflation rate and foreign currency market permitting.

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