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Do Modi's numbers stack up?

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Millions of jobs lost in India… Really?

"There are three kinds of lies – lies, damned lies and statistics."

Mark Twain popularised this saying, which he attributed to 19th century British Prime Minister Benjamin Disraeli. In this Indian election season, statistics are being bandied about by all sides, leaving many voters confused about the truth.

Recently, a controversy has broken out over a report in a financial daily that claimed the government has suppressed a National Sample and Survey Office (NSSO) report that said the unemployment rate in India was at a 45-year high of 6.1 per cent. This closely followed a report by the private sector Centre for Monitoring Indian Economy (CMIE) that claimed, among other things, 11 million jobs had been lost in 2018.

The Opposition latched on to these two reports to charge the government with having failed big time to create jobs.

A DISPASSIONATE LOOK AT THE FACTS WILL SHOW THERE IS NOT ENOUGH MATERIAL TO REACH ANY CONCLUSION ON EMPLOYMENT, LET ALONE ONE THAT PUTS THE FIGURE AT A 45-YEAR HIGH.

How credible is this allegation?

A dispassionate look at the facts will show there is not enough material to reach any conclusion on employment, let alone one that puts the figure at a 45-year high.

For starters, the NSSO report being relied on by the Opposition is not even complete. "The periodic labour force survey (PLFS) report of NSSO is not yet finalised. It's a draft report which has not been verified by the government," Rajiv Kumar, Vice Chairman of Niti Aayog, the government's official think tank, told the media recently.

Then, as Indian Finance Minister Arun Jaitley wrote in his blog, it would strain economic logic to suggest that the world's fastest-growing major economy was simultaneously also grappling with a four-and-a-half decade high unemployment crisis.

Such a high unemployment rate would inevitably have led to serious social unrest and labour militancy across the country. Yet, India remains peaceful and industry is chugging along without any signs of labour unrest or industrial strife.

There is also a counter-view that the Opposition parties have completely ignored. A survey by the Confederation of Indian Industry (CII), India's leading business association, showed 13.5-14.9 million jobs being created every year over the last four years. This survey covered more than 105,000 firms of varying sizes across 28 Indian states and from various sectors.

Provident fund (PF) records corroborate this finding. PF is a corpus to which every employee in the organised sector has to make a monthly contribution, matched by their employer, which they can withdraw at the time of retirement or in case of certain emergencies. Employees Provident Fund Organisation (EPFO) data shows 8 million jobs were created between September 2017 and September 2018.

There's other supporting material as well. Over the past five years as many as 118 new mobile phone factories have come up in India. Is the Opposition trying to suggest that these are manned by robots? Then, apex IT industry association Nasscom's data says India's IT sector has created as many 873,000 jobs over this same period. That's about 175,000 new jobs every year!

But let's not forget: this is election season. I am certain that before the polls are over, more such controversies will surface and you will see more instances of seemingly credible information being used to tarnish opponents.

That's part of the din of battle in every Indian election.

Manoj Ladwa
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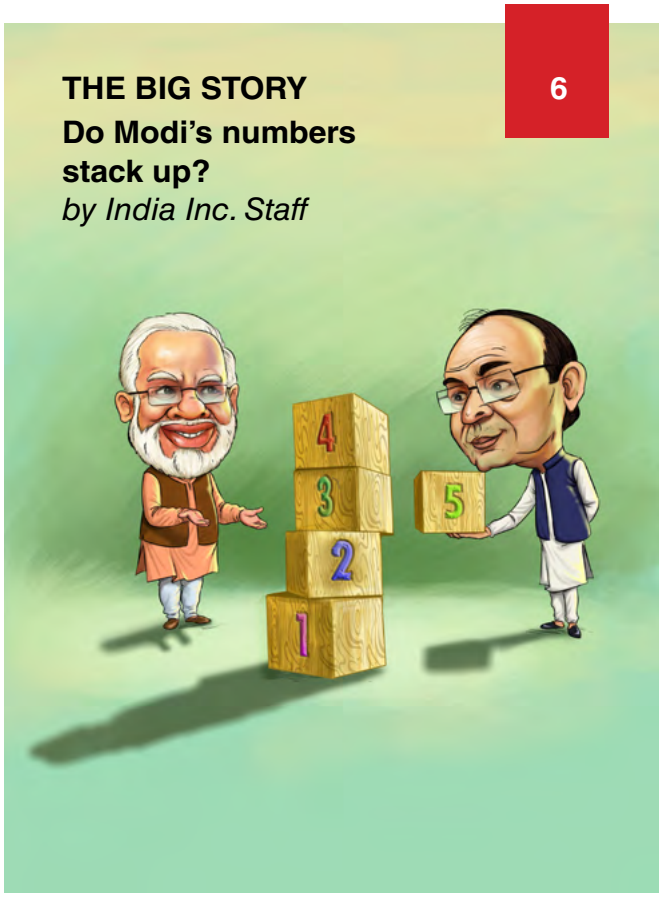
The Global Edition of 'India Global Business' tracks one of the biggest democratic exercises of the world - the upcoming Indian General Election - from the perspective of global investors. A Country Focus on Venezuela and a Region Focus on Saudi Arabia make up the wide subject-sweep this time.



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Do Modi's numbers stack up?

by India Inc. Staff

As India's General Elections get underway, a closer look at Prime Minister Narendra Modi's report card on the economy and the social sector shows he does have a good story to sell to his electorate.

The war drums are reaching a deafening crescendo heralding the start of the greatest show on earth – when 900 million Indians get together to elect the government that will define the destiny of one-sixth of the world's population.

The war drums are reaching a deafening crescendo heralding the start of the greatest show on earth – when 900 million Indians get together to elect the government that will define the destiny of one-sixth of the world's population.

The Bharatiya Janata Party (BJP)-led 30-party National Democratic Alliance (NDA) is seeking another term in office on the basis of its track record of governance over the last five years. Lined up against it a group of Opposition parties that does not seem to have any common agenda apart from a shared dislike of Prime Minister Narendra Modi.

In this article, 'India Global Business' will dissect his report card and judge the Indian Prime Minister and his government on performance.
A few caveats first: for the purpose of this report, IGB has considered only objective parameters, i.e. those that can be judged on the basis of numbers. Hence, subjective opinions, which often depend on individual perspective, have been left out of this discussion.

The picture in 2014

Let us rewind to May 2014 when Modi swept to power in New Delhi. The Indian economy was in the doldrums. The heady feeling of being part of the five emerging BRICS economies had dissipated. Instead, the country was being counted among a less exalted group, the Fragile Five, whose economies were expected to collapse very soon.

The fiscal deficit that year was an unsustainably high level of 4.5 per cent, indicating that the government was living way beyond its means. The current account deficit the previous year had reach an all-time high level of 4.8 per cent, indicating that the country was burning up its dollar reserves at an alarming rate.

Rising deficits meant the government

had to borrow more from the market to meet its expenditure. This crowded out private sector borrowing and had an impact on the rate of investment in the Indian economy, which was critical for creation of new jobs.

Then, ordinary Indians were reeling under the pressure of rising prices as the inflation rate measured by the Consumer Price Index (retail inflation) was at a high 9.49 per cent.

The long hard yards

In his first Budget, Finance Minister Arun Jaitley committed to bring down the fiscal deficit to a more manageable 3 per cent of GDP within five years, cut the current account deficit and rein in inflation.

Foreign investors and global credit rating agencies are particularly sensitive to changes in the first two. And these two important macro numbers have a huge bearing on the third, which directly affects the well-being of Indians.

Modi declared early in his tenure that since it was not possible for a sick person to exercise his/her way back to health, his first priority would be to fix the plumbing of the Indian economy to enable it to sustain higher growth rates in future.

Cutting the slack, curbing leakages

To curb leakages, pilferage and outright loot, Modi launched the Jan Dhan Yojana, the world's largest financial inclusion scheme, which resulted in almost 350 million new bank accounts being opened in the names of poor Indians who had never before entered a bank.

With every Indian having a bank account, the government launched the Direct Benefit Transfer (DBT) programme to deliver subsidies directly into the bank accounts of beneficiaries. Government benefits on account of food, fertiliser, education and gas cylinders, which were earlier provided to companies and departments, are now delivered directly to these bank accounts.

Former Indian Prime Minister Rajiv Gandhi once said a staggering 85 per cent of all subsidies and benefits meant for the poor were lost in transit. The DBT has cut this leakage out completely saving the government about $14 billion, or about a sixth of its total subsidy bill.

The benefits have been two-fold: This scheme enabled the government to significantly rein in expenditure and meet its fiscal goals while at the same time ensuring that the beneficiaries received their dues in full and on time.

Increasing revenues

Cutting expenditure by better targeting was just one end of the spectrum. The Modi government also launched an all-out effort to increase the tax base and bring about greater revenue buoyance.

THE REFORMS PUSH AND THE HARD WORK OF THE GOVERNMENT ARE SHOWING RESULTS ON THE GROUND. FOREIGN DIRECT INVESTMENT HAS SURGED TO AN ALL-TIME HIGH LEVEL OF $62 BILLION IN 2018, FROM $38 BILLION IN 2014. SIGNIFICANTLY, INDIA OVERTOOK CHINA IN FDI INFLOWS FOR THE FIRST TIME THIS YEAR.

A relentless drive to unearth unaccounted income, most notably with the bold decision to demonetise high value currency notes in 2016 led to a dramatic increase in the number of income tax payers, the number almost doubling from 38 million in 2014 to 70 million now.

Then, the most important indirect tax reform in India, the launch of the Goods and Services Tax (GST), brought millions of previously unaccounted transactions to light. This also contributed significantly to this rise in the direct tax base.

Result: India's fiscal deficit is now at 3.4 per cent of GDP and on course to reduce further to 3 per cent in FY 21.

The battle against inflation

Along the way, the government also cracked down against price rise. The retail inflation rate throughout Modi's term in office has been around or lower than the RBI's target rate of 4 per cent. In February this year, the CPI inflation rate was at 2.57 per cent.

This careful nursing of the price situation has prompted the Monetary Policy Committee (MPC) of India's central bank, the Reserve Bank of India (RBI) to finally cut the repo rate to 6.25 per cent and changed its stance to neutral from calibrated tightening, indicating that further rate cuts could be in the offing if the price situation remains benign in the months to come. Commercial banks benchmark their lending and deposit rates against the repo rate. The repo rate cut is good news for businesses and retail borrowers as lending rates are expected to fall after a lag.

Improving ease of doing business

When one used to ask any foreign or Indian investor and you would hear the same thing: India is a very difficult place to do business. Licenses and permits take ages to come through; electricity connections take months; and registering a business is a big headache. These are just a few among a litany of woes facing anyone wanting to start a business in India.

But that was then. It was little wonder that India's rank in the World Bank's 'Doing Business' report was a lowly 142 out of 189 countries. This, by itself, was enough to plant seeds of doubts in the minds of decision makers around the world when considering setting up or expanding businesses in India.

The Modi government, which has set a target of entering the ranks of the Top 50 nations on this list, has completely re-engineered several processes to make India an easier place to do business in.

Several processes were transferred

AFTER GETTING BEATEN DOWN FOR A VARIETY OF FACTORS, THE INDIAN CURRENCY HAS EMERGED AS ASIA'S BEST PERFORMING CURRENCY OVER THE PAST FEW WEEKS.

online, obviating the need for face-to-face interactions. This also cut out corruption and the possibility of rent seeking by officials in charge of giving approvals. Then, several cumbersome steps were done away with, single windows created in several instances and many approvals were made time-bound.

As a result, India's rank has improved dramatically over the past five years – jumping 65 places to 77th place last year. It is expected to show further improvement when some of the reforms undertaken over the past year are reflected in the current year's ranking.

The reforms push and the hard work of the government are showing results on the ground. Foreign direct investment has surged to an all-time high level of $62 billion in 2018, from $38 billion in 2014. Significantly, India overtook China in FDI inflows for the first time this year.

This is important as domestic investment still remains tepid, as a result of the overhang of the bad loan crisis inherited from the Congress-led previous government. So, FDI, along with public spending, has become an important driver of economic activity and job creation.

A recent Confederation of Indian Industry (CII) survey of 105,000 MSME firms across 28 states in the country showed that this sector alone created 13.5-14.9 million new jobs over the past four years.

"The survey establishes a growth of 3.3 per cent (compounded growth rate) per annum. When mapped to the macro level data sourced from Labour Bureau, this works out to an estimated additional job creation to the tune of 13.5 to 14.9 million per annum," CII president Rakesh Bharti Mittal said.

This survey also punctures the certitude with which the opposition parties and a section of academics

are asserting that India has suffered huge job losses over the last five years and especially after demonetisation.

From fragile to fastest

This proactive management of the economy has paid the country handsome dividends. For three years now, India has retained the crown as the world's fastest growing large economy – quite a remarkable change from its "fragile" state five years ago.

Rupee on a roll

This is showing results in the markets as well. After getting beaten down for a variety of factors, the Indian currency has emerged as Asia's best performing currency over the past few weeks. At the time of writing, the value of the rupee stood at 68.82 against the US dollar, with experts predicting that it could rise further to 67/$ by the end of June if Modi wins the elections

Focus on maximising social good

The economy is not the only part of Modi's report card that is showing a good score. The government has racked up impressive achievements in the social sector as well.

Early in his term, Modi announced a flagship scheme to build toilets in order to eradicate the scourge of open defecation, in which, shamefully, India then topped the world.

The government has set a target of at least one toilet per family. This will not only reduce the incidence of communicable diseases and environmental damage but also improve women's safety and provide them with dignity that is currently denied to a large number of them.

It was a Herculean task as only 38 per cent of Indians had access to toilets, according to data put out by the Times of India, India's largest circulated English newspaper. But four-and-a-half years after the flagship Swachh Bharat Yojana was launched by Modi on Mahatma Gandhi's birth anniversary (October 2, 2014), the scheme has succeeded in providing

toilets to 98 per cent of India's 1.3 billion people.

It was equally shameful that almost 70 years after Independence, India, which had become a recognised nuclear power and a leader in space technology, had still not been able to provide electricity to almost 250 million people, or about a fifth of its population.

The Modi government has committed that it will provide electricity to every last Indian home by the end of this month. After completely electrifying every village in the country last year, the Saubhagya scheme, launched by the government, is well on track to achieve its goal of 100 per cent electrification across the country.

Poor women, especially in rural India, and their families face severe health problems while cooking on wood or coal-fired stoves. Thus, was born the Ujjwala Yojana, which aimed at providing a free cooking gas connection to every family that lived below the poverty line.

Three years after the scheme was launched, Ujjwala has improved the liquified natural gas (LPG, also called cooking gas in India) coverage to more than 90 per cent. In the previous 69 years, all the previous governments combined had managed a coverage ratio of 55 per cent.

Then, the Pradhan Mantri Awas Yojana, another flagship scheme to provide brick and mortar houses to every Indian, has also got off to a flying start. Over 25 million houses have been built till date and millions more are being constructed or on the drawing board. The goal is to ensure that every Indian has a roof over his/her head by 2022, the 75th anniversary of India's Independence.

The numbers do stack up

The numbers look impressive by any yardstick. The economy has done well, especially when one considers the precarious condition in which the previous Congress-led government left it. The gains in the social sector are actually making a difference to the lives of a large swathe of Indians. Now, it's over to the voters.

Hyper-local strategy is the key to global success

Ritesh Agarwal is the Founder and Group CEO of OYO Hotels and Homes, one of India's largest hospitality companies. In this interview with 'India Global Business', he explains OYO's global strategy based on localising its model and talks through the company's ambitions to become the number one hotel chain in the world by the year 2023.

What makes the OYO model click globally?

The most essential aspect while trying to make it big globally is to understand the market and innovate accordingly. We believe localisation is key to succeeding. At OYO, we follow a hyper-local strategy. Every region cluster has a local leadership with full autonomy to make decisions required to localise the product and build their own localised version of "OYO" while emulating the best of the OYO model in India. This has helped us to understand what works well for each market.

For example, when we entered the UK market, we realised that the market had immense opportunity and demand in the mid-market category. So, we decided to enter with OYO Townhouse to address that requirement immediately. We have built a strong team headed by Jeremy Sanders who has been a serial entrepreneur himself. We look forward to growing our presence in the UK under his guidance.

EVERY REGION CLUSTER HAS A LOCAL LEADERSHIP WITH FULL AUTONOMY TO MAKE DECISIONS REQUIRED TO LOCALISE THE PRODUCT AND BUILD THEIR OWN LOCALISED VERSION OF "OYO" WHILE EMULATING THE BEST OF THE OYO MODEL IN INDIA.

Do you think OYO's trajectory indicates that Indian hospitality start-ups are coming of age at a global scale?

For us at OYO Hotels, it's still Day 0! With 13,000 assets across the globe, we strongly believe that we have just scratched the surface and there is still so much to be done across hospitality markets in the world. Our mission is to help millions of people worldwide to find a perfect space in every place and we'll continue to move towards it in the years to come.

How is OYO's UK entry shaping up since last year?

We entered the British market with four beautiful OYO Townhouse hotels in London that offer more than 80 rooms. It was the first market for us outside Asia following a swift and strong growth in India, China, Malaysia and Nepal. In a brief period of time, our chain has grown to over 250 exclusive rooms. Our Townhouse at Sussex Gardens runs at 93 per cent occupancy and we've received an overwhelming response to our offerings in London.

In terms of investment, we have committed over £40 million in the UK, where our focus is on upgradation and transformation of existing infrastructure while introducing our proprietary, tech-based solutions for delivering a hassle-free experience to our guests and high yield for asset owners who are a part of OYO's chain of hotels. In addition, we plan to launch in 10 cities to host guests in over 5,000 rooms by 2020.

What made OYO choose the UK market?

The UK offers a huge opportunity from the purview of both the travellers and the hospitality sector. It has been the topmost international travel destination for several years and it was predicted that UK will host over 40 million tourists in 2018. Driven by its booming domestic and international travel and budget hospitality needs, the UK presents a multi-billion-dollar opportunity for OYO. We are thrilled to now be able to offer OYO's affordable, hassle-free and quality living experiences to guests across the UK while ensuring increased and sustainable yields for asset owners.

What are the company's wider international expansion plans?

Currently, OYO Hotels is present across 500+ cities in India, China, Malaysia, Nepal, UK, UAE, Indonesia and the Philippines. Our aim is to become the number one hotel chain in the world by the year 2023. We see an excellent opportunity to achieve this goal and are adding over 64,000 rooms every month to our portfolio staying committed to our mission.

Our expansion across India and international territories is backed by our strong operational capabilities and our ability to use technology to improve efficiencies at every touch point. We are looking at the largest 15-20 markets of the world which are characterised by fragmented inventory and the future looks bright as these are also the all-purpose markets like China, and the UK.

What are some of your top tips for Indian start-ups eyeing the global market?

It is important to understand different markets and fine-tune your approach accordingly. You cannot 'copy-paste' the same approach everywhere. So, study your potential markets and get a thorough understanding before you design strategy.

Your ultimate goal should be to identify a unique problem that is both scalable and significant and solve for it. The focus on expansion is secondary. Identifying the issues unique to each market is important rather than adding more countries to your portfolio or introducing a product or service that has worked well elsewhere.

Moreover, cardinal rule one for every business is to put the customer at the centre of everything you do. The definition of 'customer experience' may vary from region to region, so you must ensure that you are always hungry, always listening.

India-Venezuela relations: A case study in oil diplomacy

A Latin America analyst explains why it would be ill-advised for India to take any political policy position vis-à-vis Venezuela, especially regarding the ongoing political crises in the country.

by Hari Seshasayee

In light of US sanctions imposed on Venezuelan state-owned oil and natural gas company Petróleos de Venezuela SA (PDVSA) in January this year, Venezuelan oil exports to the United States have dried up. It has left a shortfall of up to 500,000 bpd that Venezuela exported to the United States before the sanctions were imposed. In this scenario, the two private Indian oil companies that currently buy Venezuelan oil, Reliance Industries Limited (RIL) and Nayara Energy, have gradually increased their imports from Venezuela.

For India, at least for the short term, Venezuela is only a supplier of oil. Besides oil, New Delhi does not see any other strategic imperative in engaging Caracas — it would be ill-advised for India to take any political policy position vis-à-vis Venezuela, especially regarding the ongoing political crises in the country. For Venezuela, and more specifically the current Chavista regime, India is not an ideological ally and is unlikely to go out of its way to support Caracas in matters of state and foreign policy. India will remain an invaluable commercial partner for Caracas, as a buyer of oil and supplier of priceless foreign currency in a rapidly plummeting economy.

In some ways, it is advantageous for both countries that the relationship is not burdened by ideology. This is unlike Venezuela's allies China and Russia, who remain close to the current administration. But oil will continue to flow from Venezuela to India in roughly similar measures regardless of the party in power in either country.

Oil, or more specifically, crude petroleum oil, is the cornerstone of India-Venezuela ties. The export of crude petroleum oil from Venezuela accounted for 98.54 per cent of all India-Venezuela trade in 2017–18.

RIL is the most important player in India-Venezuela trade, accounting for an overwhelming majority of Venezuelan crude oil imported by India. This is made possible due to

the highly complex nature of RIL's twin refineries, which can process practically any grade of crude oil into gasoline or diesel. In 2012, RIL's Executive Director PMS Prasad flew to Caracas to sign a long-term heavy crude oil supply contract with PDVSA. The terms: PDVSA will supply between 300,000 to 400,000 bpd of crude oil to RIL for 15 years. The RIL 2012-13 annual report notes that "the agreement provides RIL with security of supply and allows it to optimise around that supply while providing PDVSA a material Asian end user market."

Besides RIL, only one other Indian company, Essar Oil, currently buys Venezuelan crude oil, albeit in smaller quantities. Essar Oil, founded in 1989 as part of the private Essar group, was acquired by Rosneft in 2016 for a record $12.9 billion and renamed Nayara Energy in 2018. Despite this new Russian ownership, there is no Russia-India-Venezuela trilateral dialogue or relationship to speak of — India enjoys a strategic and historical relationship with Russia and would be hesitant to bring Caracas into the mix. However, renewed US sanctions on Iranian oil imports could push Nayara Energy gradually to replace Iranian oil with Venezuelan crude in the long run.

The oil exchanges between India and Venezuela go beyond transactional imports and include a strategic imperative from the Indian government to participate in joint exploration and downstream projects in Venezuela's vast oilfields.

ONGC Videsh Limited, or simply OVL, the overseas arm of the Oil and Natural Gas Corporation (ONGC), acquired a 40 per cent participating interest in the San Cristóbal oilfield in the Orinoco region, with PDVSA holding the remaining 60 per cent stake in the joint venture Petrolera IndoVenezolana. OVL agreed to invest $354 million and redevelop the field to increase production. This was followed by a much bigger acquisition: a three-member consortium of Indian public companies invested in Venezuela's Carabobo-1 oil block, including an 11 per cent stake for OVL (for US$1.33 billion), and 3.5 per cent each for Indian Oil Corporation and Oil India Limited (for $454 million each). Since all three are publicly-owned companies, India's Cabinet Committee on Economic Affairs approved an initial investment of $2.18 billion in March 2010. It is difficult to overstate the sheer magnitude of this strategic investment: the Carabobo-1 oil field holds an estimated 31 billion barrels of oil reserves, making it the fourth largest onshore oil field in the world, and the investors have been granted a license term of up to 40 years. In comparison, the United States holds 50 billion barrels of oil reserves.

INDIA IS NOT AN IDEOLOGICAL ALLY AND IS UNLIKELY TO GO OUT OF ITS WAY TO SUPPORT CARACAS IN MATTERS OF STATE AND FOREIGN POLICY.

Despite OVL's earnest and strategic entry into Venezuela, and its nearly $2 billion investment commitment in the country, the company has faced various setbacks, in the form of unpaid dividends and rapidly falling production levels.

Venezuela has reached record low levels of oil production. This has had a temporary impact on India's imports of Venezuelan oil. From 2012 to 2017, India imported on average 424,000 bpd of crude oil from Venezuela each year — which comes down to an average of roughly 35,000 bpd per month. In 2018, as per data available through October, India's average monthly import has decreased to 29,400 bpd, a 16 per cent drop.41 This is a surprisingly moderate reduction in imports, considering that Venezuela's overall production has dropped by 51 per cent in the last three years.

Nevertheless, this decrease in production levels has had a direct impact on Indian investors like OVL. Production in the Carabobo-1 oil block, where OVL has an 11 per cent stake, currently stands at about 24,700 bpd, only 6 per cent of the expected peak capacity of 400,000 bpd. The company's latest 2017-18 annual report notes the following: Venezuela's staggering drop in production, where production has fallen by more than 500,000 bpd in the past one year and is projected to drop by another 600,000 bpd by December 2019, is a more near-term threat to the stability of global oil markets. While the list of countries posing geopolitical risk is largely Middle-East dominant—the biggest risk in terms of significant oil supply disruptions comes from Iran (on account of possible re-imposition of sanctions by the United States) and Venezuela (with its rampant decline in production from its aging fields and state of severe sovereign economic crisis).

In the short term, due to Venezuela's near-total economic collapse — with an economy shrinking by 9.9 per cent in 2018, inflation at 1,365,323 per cent and oil output possibly falling below 1 million bpd in 2019 — India will have to look elsewhere to make up the shortfall in oil supplies. But in the long run, the fortunes of both countries are inescapably tied together. Venezuela's economy is bound to recover eventually, especially if global oil prices rise in the short and medium term. According to a December 2018 report by Oxford Economics, the country's GDP is forecast to grow by 4.6 per cent and exports by 11.9 per cent in 2021.62 This potential economic recovery, coupled with increased oil production, will be favourable to India-Venezuela ties and most likely result in an increase in Venezuelan oil exports to India.

*This article is an edited version of a report originally published by The Wilson Center

Hari Seshasayee [@haricito] is a Latin America analyst specialising in India-Latin America relations.

Indian firms invest in global footprint

Media and software companies are among some of the active ones eyeing an expansion into markets around the world in recent weeks.

Toonz Media group to increase global footprint

Kerala-based Toonz Media group is expanding its global footprint with a proposed acquisition of a European animation company and extension of its academic facilities to Africa.

P. Jayakumar, CEO, Toonz, said the animation content production house in Europe has a base in Ireland and Spain.

The group had earlier acquired Imira Entertainment based in Spain, which has become the group's global distribution activities in Europe, North America, Latin America and Africa.

The group will also start its academic facilities in Africa to train people in animation and special effects.

Jayakumar said Toonz is one of the top five production companies in the world now specialised in creating, producing, and distributing premium entertainment content for kids and family audiences across the globe.

With the expansion, Toonz, which is celebrating its 20th anniversary, is expecting over three-fold increase in its global turnover from the current $70 million. Jaykumar added, "We hope to touch $250 million in three to five years."

According to Jayakumar, the animation industry in India is worth only $1 billion compared with the global estimate of $140 billion.

Mumbai incubator VCats expands to UK

Mumbai-based integrated incubator Venture Catalysts (VCats) announced it plans to expand to the UK and has entered into a partnership with JPIN. VCats, together with the Euro-Asia-focused VC, start-up mentor, and global advisory, will build a Euro-Asia corridor for Angel investors to invest and nurture early-stage Indian ventures.

London is the third-largest tech hub in the world and may prove to be the ideal ecosystem for VCats to expand its robustly expanding network in a market that has a high concentration of capital, international talent, and innovative business ideas.

Nayan Gala, Managing Partner, JPIN Venture Catalysts, UK, said: "We see the Euro-Asia corridor to be indispensable in providing start-up and scale-up collaboration and growth capital across borders. There has been a significant increase in trade between India and the UK in the last few years, currently estimated at £20 billion. We are very excited to partner with VCats to provide the Euro-Asia investor community with vetted start-ups."

VCats has developed a detailed blueprint for 2019-20, enlisting its operational objectives to be achieved. In 2019, VCats aims to develop a strong investor network of over 150 members, including HNIs/corporates as well as business families in the UK.

Zoho invests $40mn in Aussie cloud push

Indian software company Zoho Corporation will invest upwards of $40 million to build two data centres and establish a regional office in Australia, as the privately held company rolls out a low-price strategy to take on US giants like Salesforce and Microsoft.

The company provides cloud-based enterprise software and already counts Australian companies such as BHP and Qantas among its customer base, which it claims amounts to 45 million users across 180 countries.

Construction of Zoho's data centres at Tullamarine and Albury has begun and the company expects to hire about 20 people for its office at Byron Bay.

Timothy Kasbe, Zoho MD for Australia and New Zealand, said he believed the lucrative market for enterprise software would soon be "Amazoned" by lower-cost entrants. Zoho offers a $1-a-day per user for its flagship operating system Zoho One, which he said was a precursor to the disruptive arrival of "almost-free software."

Zoho, which has its global headquarters in Chennai, India, identified Australia as one of its top five markets globally, and claims to have tens of thousands of Australian clients already.

Zoho was founded in 1996 and despite its growing size it remains a private company and has consistently said that it has no plans to float any time soon.

India's roadmap to an innovation economy

by Hemal Shah

The world's fastest growing large economy is taking clear steps toward its innovation dividend.

Traditionally, India has embraced a legal framework that viewed intellectual property (IP)-led innovation as a cost attached to foreign investment. However, since the inception of the National IP Rights Policy in 2016, Indian policymakers have begun to acknowledge IP as a tool that could both inspire domestic innovators and help commercialise their ideas — a win-win situation that would even enable foreign innovators to bolster transformative innovation and creativity, sustain the momentum of India's rapidly growing economy, and catalyse its transition into a knowledge-based economy.

Last month, the US Chamber of Commerce 2019 International IP Index charted India's progress, ranking them 36th out of 50 economies, an eight place jump from 44th in the 2018 Index. The seventh edition of the IP Index analyses the global innovation climate in 50 economies, ranking them against 45 unique indicators. Benchmarking activity critical to building an innovation-led economy, the Index reveals that robust patent, trademark, copyright, and trade secrets protections underpin modern knowledge-based economies. It presents an objective, data-driven view of global competitiveness based on criteria used by cutting-edge innovators in the business community when deciding where to invest.

The IP Index shows that economies with robust IP protection tend to see higher rates of economic growth, foreign investment, and employment opportunities. Such economies are 70 per cent more likely to maintain sophisticated environments capable of producing innovative outputs. Additionally, these economies are nearly 40 per cent more attractive to businesses and foreign investors, and 33 per cent more likely to see private sector investment in research and development (R&D) activities. Their workforce enjoys a 78 per cent average increase in the competitiveness of human capital, with 67 per cent more workers employed by knowledge-intensive sectors.

For the second year in a row, India's score represents the largest gain of any country measured on the IP Index, which analyses over 90 per cent of the global gross domestic product. The improvement reflects important reforms implemented by Indian policymakers aimed at building and sustaining an innovation ecosystem for domestic entrepreneurs and foreign investors alike. Particularly, the improved score sheds light on the incremental yet consistent efforts of the Government of India (GOI) to improve the country's innovation ecosystem per the 2016 National IP Rights Policy.
Also demonstrating a greater alignment with the international IP system, India's score on the IP Index was bolstered by its accession to the World IP Organization (WIPO) Internet Treaties, which extended the provisions of copyright protection to the digital environment, empowering artists and owners with economic rights to negotiate with digital platforms and distributors. Moreover, for the first time, India announced a framework dedicated to addressing

INDIAN POLICYMAKERS HAVE BEGUN TO ACKNOWLEDGE IP AS A TOOL THAT COULD BOTH INSPIRE DOMESTIC INNOVATORS AND HELP COMMERCIALISE THEIR IDEAS

patent disputes and expediting patent applications through a Patent Prosecution Highway with the Japan Patent Office. India stands to gain by extending this framework to the UK, the US, and other trade partner as well.

India's score also reflects a growing investment in foundational policies, including consistent consultations with stakeholders on new IP policies and the launch of nationwide educational and awareness programs. In fact, India ties for the top spot with Brazil and Japan for providing targeted incentives for small and medium enterprises (SMEs) and start-ups to create and use IP assets, like expedited reviews of patent filings, reduced filing fees, and availability of technical assistance. With robust implementation, India's IP framework for SMEs and start-ups would enhance its competitiveness in R&D-intensive industries and serve as a model for similar economies to emulate.

Nonetheless, Indian policymakers will need to introduce additional reforms to encourage risk-taking and long-term R&D investors and attract cutting-edge innovation and creativity. Currently, businesspeople remain perplexed by superfluous patentability requirements, including provisions to prove the enhanced therapeutic efficacy e of innovative medicines — an obstacle that Indian innovators will undoubtedly run into in the near future. Patent applications are subject to lengthy pre-grant opposition procedures, and India offers no regulatory data protection.
Further, if a patent is granted, enforcement of its full term of 20 years remains a challenge — either due to the looming possibility of price controls on patented products after a five-year period, or the threat of compulsory licenses at any given time. Barriers to licensing and technology transfer, including strict registration requirements, continue to plague innovators.

In another area of Indian excellence — the cultural arts and entertainment — more must be done to safeguard the creative industry from piracy. India's move to criminalise film piracy is a progressive step, but it remains difficult to pre-determine damages for other copyright infringement, which keeps piracy rates high. The lack of transparency with regard to seizure of counterfeit goods is a source of frustration for IP-intensive businesses. India also has yet to formalise legislation on trade secrets protection, an important piece of a complete IPR framework.

In addition to the specific IP policy reforms that remain unaddressed, Indian policymakers would benefit greatly by using the IP Index as an overarching roadmap in its coveted transition into a knowledge economy. Three policy changes would help: first, Indian policymakers could identify reforms and avenues to strengthen the country's innovation ecosystem by investing more in R&D capabilities, improving the education system, and developing human capital. The growing introduction of IPR education in middle and high school is a welcome step. The GOI could also collaborate with foreign law institutions to adopt IPR curricula in line with global best practices.

Second, Indian policymakers could consider targeted incentives that encourage industry-academia collaboration. A closer working relationship could address the gap between commercial science and market demand to accelerate innovative outputs and enable the commercialisation of those outputs. Both the government and industry can work with the private sector to disseminate the outcomes of any joint collaboration, including, for instance, the Pfizer-IIT Delhi Innovation and IP Program, the Qualcomm 'Design in India Challenge', or Viacom18's partnership with the GOI on anti-piracy awareness.

Lastly, India's peer economies offer valuable lessons on what not to do. In a piece for the Economic Times in 2017, I argued that to sustain its economic growth trajectory, India needed to continue reforming, integrate itself into the global value chain, and adapt to the Fourth Industrial Revolution. This still holds true today; if its economy falters, India risks falling into the 'middle-income trap' — the point when rapidly growing countries lose momentum, stagnating economic growth. At this point, they are no longer low-income, resource-driven economies, but have also failed to make the transition to high-income, high-innovation economies. Brazil and South Africa are cases in point.

Innovation has revolutionised life in India, but it will need to position itself as a disruptive innovator to realise the innovation dividend. Frugal innovation may be a great place to inculcate a mindset of both creativity and efficiency, but a robust IPR framework can attract long-term investments, bringing the current Indian economy closer to an innovation-led, knowledge-based one. The IP Index shows that economies with a robust IPR framework are significantly more capable of transforming their economies through sophisticated, state-of-the-art technologies. India will need to master IPR to prepare for tomorrow's intangible economy and compete in the Fourth Industrial Revolution. Thankfully, it is already on the move.

Hemal Shah is Director for India and Emerging Markets at the US Chamber of Commerce's Global Innovation Policy Center (GIPC) in Washington DC.

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US firms steady on India infusion

Foreign investments into the Indian finance sector continued a robust spree.

Ebix offers to acquire Yatra for $336mn

Software firm Ebix Inc said that it has offered to acquire fellow Nasdaq-listed company Yatra Online Inc for $336 million (around Rs 2,350 crore) in a cash-and-stock deal aimed at boosting its portfolio of Indian travel ventures.

US-headquartered Ebix said in a statement that it intends to merge Yatra Online, which operates travel portal Yatra.com, with its Indian EbixCash subsidiary, which offers remittance services.

Robin Raina, Chairman, President and CEO, Ebix, said: "We believe that Yatra Online's products and services are complementary to EbixCash's travel portfolio of Via and Mercury; and a combination of the two companies would lend itself to significant synergies and the creation of India's largest and most profitable travel services company."

Atlanta-based Ebix offers software and provides e-commerce services for the insurance, financial, healthcare industries. Its unit EbixCash had acquired Mumbai-based Mercury Travels and Delhi-based Leisure Corp last year with an aim to create a travel division focused on luxury, events and sports-related travellers.

Ebix had in October 2017 acquired online-to-offline travel agency Via for $75 million.

CDPQ to invest $250mn in Edelweiss arm

Caisse de dépôt et placement du Québec (CDPQ) has agreed to invest about $250 million (Rs 1,800 crore) in the non-banking financial arm of Edelweiss Group.

The planned investment by one of North America's largest pension fund managers in ECL Finance Ltd will help establish a large and diversified credit platform in India, Edelweiss said in a statement.

This is the second partnership between Edelweiss and CDPQ. In late 2016, Edelweiss had tied up with CDPQ to invest in stressed assets.

Michael Sabia, president and chief executive officer at CDPQ, said: "This new investment capitalises on solid growth in the financing demand from SMEs and residential sectors, both of which being key drivers in sustaining India's future growth."

The investment expands CDPQ's exposure to India, where it has previously also invested in sectors such as power, renewable energy, banking and real estate. In an earlier interaction, Sabia had said that India's share in CDPQ's portfolio would triple in the next few years.

Carlyle picks up SBI Life Insurance stake

Private equity firm Carlyle Group has bought a 9 per cent stake in SBI Life Insurance Ltd for about $652 million (Rs 4,635 crore) in its biggest-ever investment in India.

Carlyle purchased the stake from BNP Paribas Cardif SA, the Indian insurer said in a stock-exchange filing.

The stake sale by BNP Paribas will help SBI Life meet the regulatory requirement of a minimum public float of 25 per cent. Before the sale, State Bank of India and BNP Paribas held an 84.1 per cent stake in the insurer. SBI owns a 62.1 per cent stake in the insurance company.

SBI Life was among a bunch of insurance companies that went public in 2017. Its public offering was covered 3.7 times thanks to strong participation from institutional investors, though demand from retail and high net-worth individuals was low.

Carlyle said in a separate statement that it made the investment via an affiliate of its fifth Asia fund, which had raised $6.55 billion last year for buyout and strategic deal across sectors.

Explaining the rationale behind the investment, Sunil Kaul, MD of the Carlyle Asia buyout advisory team, said that the life insurance industry in India has strong growth potential thanks to favourable demographics and an increasing focus on financial savings.

On a mission to simplify doing business in India

by Dipen Rughani

A specialist on trade and investment within the India-Australia corridor traces the re-energising of this bilateral relationship as part of Indian Prime Minister Narendra Modi's concerted efforts.

Dipen Rughani is the CEO of Newland Global Group and Former National Chairman of the Australia India Business Council (AIBC).

The Australia-India relationship has mostly revolved around the three Cs – cricket, curry and Commonwealth. So, when in November 2014, Indian Prime Minister Narendra Modi visited Australia, a gap of 28 years since an official visit to Australia by an Indian PM, it was a moment to redefine Australia–India relations and rewrite this relationship, which has been largely a case of "a roller coaster ride". PM Modi in his speech to the Joint Sitting of Parliament in Canberra, where I had the privilege of sitting on the Parliament floor with the parliamentarians, stated that Australia was no longer at "the periphery of India's vision but at the centre of its thoughts". Hence, re-energising the bilateral relationship at all levels, simultaneously acknowledging the challenges that both nations face.

It was clearly the beginning of unprecedented new warmth in bilateral relations. As National Chairman of the Australia India Business Council (AIBC) in 2014, I was responsible for organising PM Modi's Melbourne business event, which attracted over 500 business leaders from across the country. I also worked on and participated in the CEO roundtable that was held prior to the business event, the roundtable included 40 of the top CEO's from Australia Inc. The captivating and mesmerising events were filled with excitement, promise, hope and optimism. This reinvigorated the Australian business community's interest in India.

Since 2014, there have been several high-level bilateral government visits to Australia and India, setting a new pace in Australia-India relations. Most recently, in November 2018, was Indian President Ram Nath Kovind's maiden visit to Australia, making him the first-ever Indian Head of State to visit the country. He used a cricket analogy to offer some advice for Australian businesses looking to invest in India.

"The most successful Australian batsmen in India have been those who have shown patience, read the conditions carefully, settled down for long innings, nurtured dependable partnerships – and not fallen for spin," he said.

Several people in Australia feel that Australia needs to move away from the three Cs, but I disagree. I believe that Australia hasn't fully taken advantage of the 3 Cs, particularly with regards to cricket as a form of soft diplomacy. In my many visits to India, I have met several diplomats and business leaders from countries that do not play cricket. They have clearly pointed out that they are very envious of Australians who are able to forge a friendship very quickly with Indians, at all levels, whilst discussing their love for cricket.

Australian Prime Minister Scott Morrison likened the Australia-India relations to cooking a chicken curry. He said: "The two countries were very early on in the cooking process – at the stage of infusing the oil with the cloves and curry leaves. The onion, ginger, chicken and pre-prepared masala were still to come."
He further cautioned: "If you try and do this without a plan, it ends pretty badly."

The strong admission of the missing ingredients in the Australia-India relationship has been obvious for a long time. It was this conscious realisation and a sense of urgency that has led the Australian government to commission the 'India Economic Strategy to 2035' (IES2035) — authored by former Australian High Commissioner to India Peter Varghese.

Varghese's 500-page IES2035 is being compared to Ross Garnaut's 1989 report on the economic opportunity in north-east Asia, which helped boost Australia's engagement with China. Varghese's report is very well written and succinctly covers all relevant and important aspects of the Australia-India trade and investment relationship.

IES2035 sets out ambitious targets for growth, including calling for Australia to triple its exports to India by 2035 to about AUD$45 billion, as well as increasing almost tenfold its investment to more than AUD$100 billion. The report identifies 10 sectors and 10 states in an evolving Indian market – where Australian businesses have competitive advantages, and where they should focus their efforts. These are divided into a flagship sector (education), three lead sectors (agribusiness, resources, and tourism) and six

promising sectors (energy, health, financial services, infrastructure, sport, science and innovation). India's appetite for energy, its ambition to upskill 400 million people, its rapidly growing middle class and its shift to a more resource intensive manufacturing sector and a larger service sector all present significant opportunities for Australian businesses.

India will have one-fifth of the world's working-age population by 2025 and 850 million internet users by 2030; why hasn't Australian engagement picked up? Why is sustaining the momentum such a challenge? The urge to answer these questions and to provide a shift in the Australia-India discourse from "Why India?" to "How-to India" led me to write my book 'Simplifying Doing Business in India'.

The book is a how-to, easy to read practical guide, to help potential investors across the world understand the procedural changes and breakthrough reforms that have happened in India over the past few years. It is divided into 14 chapters, with a detailed step-by-step approach to doing business in India. The book also conducts considerable analysis of the changes that have been implemented by the government in India on the Ease of Doing Business.

Researching and writing the book was an enriching experience in terms of educating myself too, with the possibilities that exist and challenges that need skillful navigation.

SINCE 2014, THERE HAS BEEN SEVERAL HIGH-LEVEL BILATERAL GOVERNMENT VISITS TO AUSTRALIA AND INDIA, SETTING A NEW PACE IN AUSTRALIA-INDIA RELATIONS.

A few fundamental realities and highlights from the book are:

1) India is ASPIRATIONAL: By 2020, India is forecast to be the youngest country in the world, with a median age of 29. By 2024, India would have overtaken China as the world's most populous country. By 2035 India's five largest cities will have economies of comparable size to middle income countries today. That means, a large growing pool of globally aware consumers. These contemporary consumers have disposable incomes that make them aspirational buyers of products and services. They are looking for quality, diversity and have high expectations.

2) India asks for ALTERATION of your set business practices: Fine-tune your business agenda with the larger public goal. Innovation is crucial, investors need to modernise their perception of India. Today, the centre of gravity of a large number of companies across the world is shifting to India. The future strategies and innovations of these companies are being invented and developed in India.

3) India is about ADAPTATION: India is a complex market that must be looked through multiple lenses. Businesses must replace the model of a monolithic middle class with a multi-layered model of people. There is no single India. Indian consumers construct their consumption basket in distinctly different ways, depending on access, affordability and quality. Hence, firms are better off in creating their own India, one they wish to serve. A state-based

approach is the key. Within the country, there are large, and often underestimated, regional differences in language, culture, talent, infrastructure, and wealth, all of which lead to wide variations in business landscapes.

4) India is AMELIORATING business policies and procedures: Starting a Business, Dealing with Construction Permits, Getting Electricity, Registering Property, Getting Credit, Protecting Minority Investors, Paying Taxes, Trading across Borders, Enforcing Contracts, Resolving Insolvency, strong E-Governance initiatives to name a few, have all improved considerably in the past few years. These changes have asserted an improved World Bank's Ease of Doing Business ranking for India. Due to these changes, the regulatory environment is more conducive for starting and operating a business in India today.

5) India is ready for ASSOCIATION: India today stands at the cusp of three vital transitions, as it travels the path of transforming itself from an emerging to a developed market economy. These are rural to urban, farm to factory, and informal to formal. It includes international collaboration where the government and businesses are leveraging diplomatic channels through determined policy engagements for enhancing trade and commercial linkages. In the process, India is also carving out an active role for itself in the global geopolitical map.

Structural, institutional, administrative, micro and behavioural reforms have introduced a new paradigm in the evolving Indian business landscape. To embrace India's unpredictability is to embrace its soul. India is where the future will be made. It's no longer "Why India?" it is "Now India". Let's get it right!

Make in India helps balance supply chains

Will yang is the Brand Director of OPPO India and in this interview he explores the Chinese electronics company's Make in India trajectory, plans to nurture the Indian start-up ecosystem and explore the untapped vernacular market in the country.

What are the main driving factors behind a recent Telangana government tie-up?

OPPO has consistently remained dedicated to providing products infused with art and innovative technologies. Through our partnership with Telangana government, we aim to provide technical expertise and mentoring support to start-ups helping the government create a supportive start-up ecosystem. Reinforcing our commitment to the Indian smartphone market, we plan to support budding Indian entrepreneurs in their journey towards developing and growing their respective start-ups.

The Government of Telangana has shown a positive intent in fostering a conducive ecosystem of entrepreneurship in the state. We hope to encourage and together build innovative solutions that will transform the smartphone industry across the country.

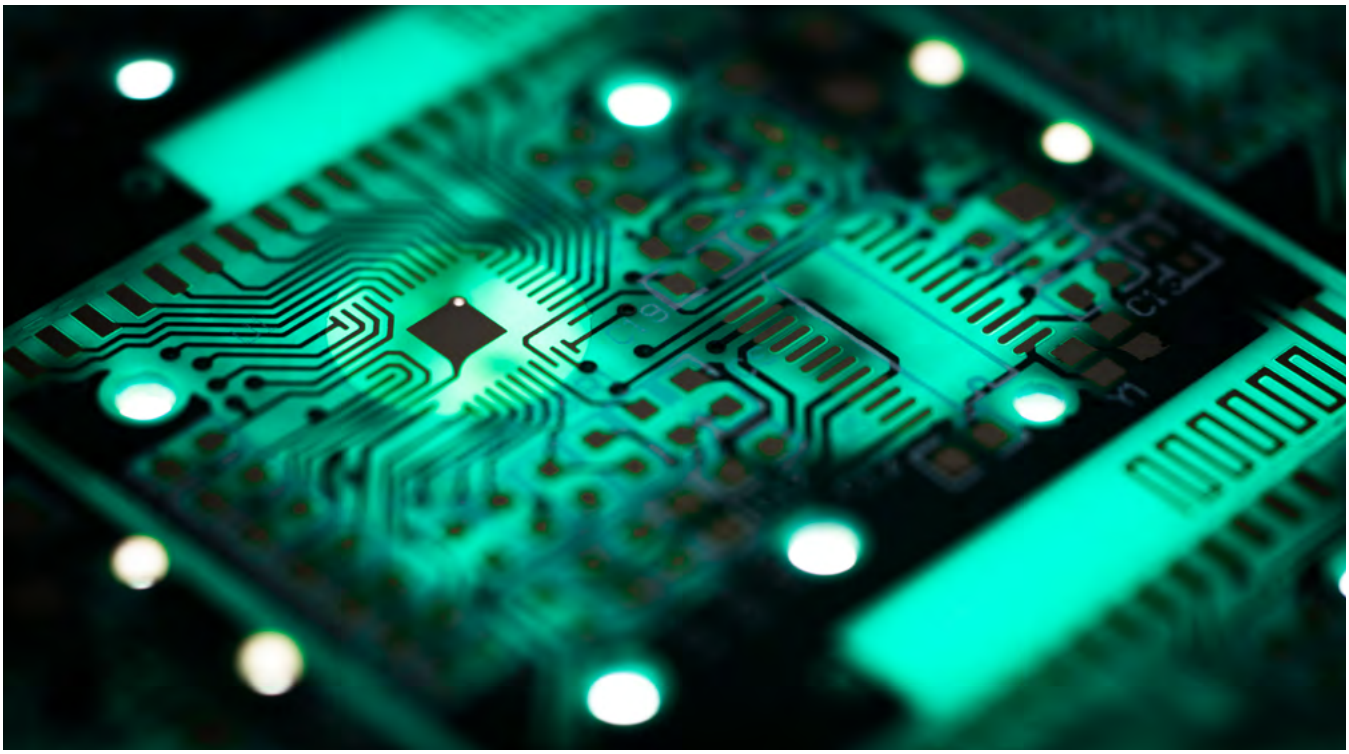
INDIA AS A COUNTRY IS INDEED INCREDIBLE AND MAKE IN INDIA AS A CONCEPT IS ADDING TO THE GRANDEUR OF THE COUNTRY.

What are some of the areas OPPO plans to nurture within the Indian start-up ecosystem?

We want to create a supportive start-ups ecosystem for working in camera and image processing, battery, networks (5G), system performance, payments, Artificial Intelligence (AI) and gaming.
We want to help the start-ups in the above-mentioned areas that are also strategically in line with OPPO as a smartphone first company, to grow by providing technical expertise and mentorship, working as an Accelerator and helping them with Market Access.

How is the company's R&D centre in Hyderabad shaping up?

India as a country is indeed incredible and Make in India as a concept is adding to the grandeur of the country. It's a vast and fast-growing country and one of our priority markets. We are focused towards offering experiences that are relevant and customised. To do that, we need to understand the market in depth and identify the needs of the Indian consumers and our R&D centre in Hyderabad has helped us



gain that knowledge and insights into our young customers

This year, we will be deeply involved in the R&D of AI, 5G and other frontier technologies. We expect to make breakthroughs in 5G soon, aiming to become one of the first manufacturers to launch 5G smartphones in 2019. We will strive to keep innovating technology to give our consumers the best and most advanced products.

How has the Indian mobile phone market evolved in recent years?

India today is the second-largest smartphone market in the world with an ever-evolving customer base across platforms. India's growth trajectory has set an example for new and existing smartphone brands to cater to such a dynamic market like India. As of now, there are 300 million smartphone users in India with technology being a great enabler for the masses and is poised to revolutionise the untapped vernacular market too.

India is a key growing and potential market for OPPO. To cater to our consumers in India, we invested in market research to better understand the trends, consumer demands and behaviour. As compared to the global markets, India has a diverse set of consumers with demands that vary from region to region, but we are gradually progressing the basis of our understanding of the market to fulfil the consumer demands.

INDIA'S GROWTH TRAJECTORY HAS SET AN EXAMPLE FOR NEW AND EXISTING SMARTPHONE BRANDS TO CATER TO SUCH A DYNAMIC MARKET LIKE INDIA.

What has been the trajectory of the company's Make in India journey?

Our Make in India journey has been extremely productive. Our mission is to let our extraordinary users enjoy the beauty of technology and art. India is a key growing market for us and it was imperative for us to invest in market research to better understand the trends, consumer demands and behaviour.

Our R&D centre in Hyderabad has helped us gain important insights to study these demands. We are also assembling printed circuit boards (PCBs) at our manufacturing plant in Noida. We today have two manufacturing plants in Noida which help us manufacture products in India. The advantages for manufacturing units locally has helped us meet high product demands in the country and hence, maintain the balance in the supply chain.

Along with our manufacturing plants in Noida, we have recently made an announcement about setting up a Greenfield Electronic Manufacturing Cluster (EMC) in Greater Noida to manufacture electronics and accessories locally. Being set up by TEGNA Electronics Private Limited (TEGNA) along with OPPO and a few Indian companies, EMC will be used to manufacture electronics and support accessories locally in the country as well as generate huge employment opportunities of around 25,000-30,000 jobs.

Election year impact on the property market

by Deepak Varghese

An expert explains the important developments that are likely to impact the Indian realty segment as the country edges towards its phased-out General Elections from April 2019.

In the past, the annual Budget during an election year in India tends to be reasonably populist, with measures focussed on the mood of the general public to benefit the ruling party.

This year, the national Budget had quite a few measures to ensure support for the realty sector across segments – the developers, the buyers of affordable homes, the buyers of non-affordable homes and even second home owners.

The common man, besides getting an increase in the minimum income slab for taxable income, also got an increase in the exemption amount on income earned from bank deposits. In the Budget speech, it was also assured that the committee of ministers was reviewing the Goods and Services Tax (GST) rate for homes and would shortly be announcing reduced GST rates on new home purchases.

Buying a second home was a reasonable practice among the affluent, which came to a near standstill as one of the earlier budgets taxed second homes at a notional value even if it was vacant. Not only did this segment stop buying second homes but they also started selling off these homes, adding to an already increased supply of homes. This Budget proposed that there would be no notional rent on second homes, thereby not just giving a boost to home buying by the affluent as a savings/ investment opportunity but also preventing extra homes clogging the market.

As a further boost to home buying, when one sold a primary residence and availed of long-term capital gains tax exemption – one could only reinvest the capital gains in a single new home to reduce tax incidence. The current Budget allows individuals to buy two homes from the proceeds as a once-in-a-lifetime opportunity, which is also the creation of a mechanism that helps pass assets to the next generation in a smooth way.

The developer community has been under tremendous pressure since the various measures of demonetisation, RERA and GST implementation reduced their sales and in turn reduced their free cashflow as well as increased the debt burden. They have been crying hoarse for rebates and supports. This Budget extended the tax sops to developments of affordable homes for another year so that more income was retained by developers and also granted them further relief by proposing that their inventory of completed units would attract no notional tax for the next two financial years. Many of the nations' developers were reeling under the burden of unsold stock and also being taxed over and above their cost of carrying inventory. This comes as a great relief as both these measures gives them tax relief in a market where prices have been stagnant but input costs rising at least 7 per cent annually.

The revised GST slabs announcement came just before the

election dates were announced and turned out to be a damp squib, to put it mildly. The committee of ministers ruled that GST payable would be 1 per cent on affordable homes and 5 per cent on non-affordable homes but the developers could not claim input taxes. The buyers were quite ecstatic hearing this news, expecting house prices to fall further but the reality of the situation is that developers typically incurred 7-8 per cent input taxes on affordable homes and around 10 per cent input taxes on non-affordable homes.

In other words, the only winner in this was the exchequer, who ensured that they would definitely get 1 per cent and 5 per cent respectively on each of the categories of homes. Towards the end of February, when the revised GST rates were announced (earlier customer rates were 8 per cent and 12 per cent of GST) many of the prospective customers obviously put on hold their buying decision and chose to wait till April 1 to avail the benefits. The realty sector is looking at a bleak March as customers are deferring sales and will probably see an equally flat April, when they may not have an option but to hike prices and disappoint customers. And May being a month of vacation, is normally a slow month for realty sales.

For developers who did commercial developments along with residential developments, the series of events is pushing them into the path of putting their assets in a real estate investment trust (REIT) and listing it. Embassy Developers, which was the first to announce its REIT a year ago, is now the first of the block to list it at a target yield of 9.25 per cent. This is higher than expected and thereby sets the benchmark. The company intends to use the proceeds by and large to reduce its debt.

THE REALTY SECTOR IS LOOKING AT A BLEAK MARCH AS CUSTOMERS ARE DEFERRING SALES AND WILL PROBABLY SEE AN EQUALLY FLAT APRIL, WHEN THEY MAY NOT HAVE AN OPTION BUT TO HIKE PRICES AND DISAPPOINT CUSTOMERS.

Quite a few commercial developers will be forced to walk this path quickly to infuse liquidity into their companies.

The sector closely linked to the realty sector is the non-banking finance company (NBFC) sector and since the IL&FS crisis in October last year, this sector has been struggling with liquidity issues. It has quite badly impacted the realty sector, which was quite reliant on NBFCs for bridging its liquidity mismatch where the banking sector was not keen in lending.

Looking back and then forecasting into the future, the general view around is that the existing government has made quite a few structural changes in the past five years – hard decisions which are the right steps to a more stable future. If these changes are to have an impact going forward to a better place, the hope is that the present government wins the people's mandate and stabilises the sector to a more compliant one, with fiscally strong players rather than a fragmented cottage industry.

In conclusion, if it was any other year, all the above manoeuvres would have been just a hiccup. But the Indian realty sector has been going through two very difficult years and, with a majority of developers waiting for the proverbial light at the end of the tunnel, it may just be staring at even higher levels of non-performing assets. We are probably also witnessing the beginning of some form of consolidation in the sector, which will take us well into 2020 before we see a stable period.

Deepak Varghese is an india-based Real estate finance specialist.

Indian tech sector in the forefront

Innovation hubs and partnerships offer a strong outlook for technology companies.

IBM to train 200,000 women in STEM skills in India

IBM said it would train 200,000 women in science, technology, engineering and math (STEM) skills across India. The company said each collaboration between IBM and Indian state governments is part of a three-year programme to increase the participation of girls and women in STEM careers.

IBM signed agreements with states of Karnataka, Telangana and Andhra Pradesh and has plans to take this programme to other states in the next few months.

The increasing use of emerging technologies such as artificial intelligence, cloud computing has created demand for a highly qualified workforce across the country.

The company said its commitment in India comes as part of a multipronged global initiative to close the STEM skills gap and prepare the workforce worldwide for "new collar careers" and the collaboration with states to train women is one of the several initiatives announced at the IBM India Skills Forum in New Delhi this week.

Other initiatives include a two-year Advanced Diploma Programme in emerging technologies created in collaboration with the Ministry of Skill Development & Entrepreneurship, which will be available to 100 Industrial Training Institutes (ITI), including 50 all-women ITIs, over the next three years; supporting math teachers across India with Teacher Advisor With Watson in collaboration with the Kendriya Vidyalaya schools network; making Teachers TryScience resources accessible to four million teachers in the Indian Open Educational Resources community for STEM.

Infosys to open innovation hub in Romania

Bengaluru-headquartered Infosys said it would open a digital innovation centre in Bucharest, Romania to work on offerings in emerging technology areas.

The company said the facility at southeastern European country would focus on developing offerings for clients based on digital technologies including cloud, big data, artificial intelligence and machine learning.

Infosys would invest in training programmes in key competencies including user experience, cloud, big data, digital offerings, core technology skills and computer science skills for both its current and new employees.

The company has also announced that it is entering into an agreement with the University of Bucharest and the University Politehnica Bucharest to form a strategic partnership for technology innovation and Romanian workforce development; including joint training courses, scholarships and research.

The company also plans to open a Cyber Defence Center in Bucharest this summer and the facility will provide end-to-end 24/7 cybersecurity services to help European and global clients progress on their digital transformation journey. Services include cyber forensics, ethical hacking, security analytics, threat detection and response.

India launches 3rd IT corridor in China

India has launched its third IT corridor in China that will facilitate partnerships between Indian and Chinese companies.

The National Association of Software and Services Companies (NASSCOM) entered into a partnership with China's Xuzhou city from Jiangsu Province in China to help develop the IT corridor.

In line with this collaboration, few local companies from Jiangsu province have pledged their support by signing as early adopters of this match-making platform, a press release said.

The primary aim of this IT corridor will be to facilitate partnerships between Indian and Chinese companies, it said.

Xuzhou, as the centre of the Huai Hai economic zone, is an important comprehensive national transportation hub and its proximity from major industrial and economic hub like Shanghai, Beijing, Hangzhou, Nanjing and Suzhou.

Through this partnership, the platform will be launched that will facilitate match-making between Indian companies wanting to collaborate with companies in Huai Hai economic zone looking to adopt digital transformation from verticals such as manufacturing, retail, automotive, healthcare and utilities and help them create innovative product and solutions in the co-create mode.

Saudi Arabia's delicate balancing act in the Indian Subcontinent

by India Inc. Staff

Against the backdrop of a recent visit by Crown Prince Mohammed Bin Salman, India can be assured that Saudi Arabia's importance as an influencer in the region is clearly not restricted to Pakistan alone.

Indian Prime Minister Narendra Modi created quite a flutter within diplomatic circles when he went out of his way breaking protocol to receive Saudi Arabia's Crown Prince Mohammed Bin Salman on his recent visit to India.

In his maiden visit to India, Salman, who is also popularly referred to by his initials of MBS, touched down at the Indira Gandhi International Airport on February 19 for one day. Normally, a Prime Minister of a country does not receive a foreign dignitary at the airport and that task is delegated to a senior government official or a junior minister. Modi's gesture highlighted not only the importance that his administration bestows upon India's ties with Saudi Arabia, but also the underlying tension in the region. The visit came in the backdrop of a super-charged atmosphere after 40 Central Reserve Police Force (CRPF) jawans were bombed in Pulwama district of Jammu and Kashmir on February 14 by Jaish-e-Mohammad, a terrorist outfit based in Pakistan. Just before visiting India, the Crown Prince had made a two-day trip to Pakistan where he had signed deals worth $20 billion for a refinery and petrochemical complex in Gwadar. His original itinerary had him travel straight to India from Pakistan before continuing eastwards to China. Though planned much in advance, given the sensitivity of the matter, MBS sought to de-hyphenate India and Pakistan by breaking the trip and returning to his native land from Pakistan before starting out for India a day later.

It is this policy of de-hyphenation or treating India and Pakistan as standalone entities with no bearing on each other, that makes Saudi Arabia a friend of both countries and an enemy to none. It has held firm even at a time when Indo-Pakistan relations are at their lowest point in more than a decade. As two Islamic nations, Saudi

Arabia and Pakistan are traditionally close to each other. Saudi Arabia has for long been among Pakistan's main patrons helping it out financially for the security that the Pakistan Army provides to the royal family.
That has, however, never come in the way of its ties with India. Accounting for 19 per cent of India's crude imports, Saudi Arabia is India's largest and most trusted oil supplier. With bilateral trade worth $28 billion, Saudi Arabia is India's fourth-largest trading partner and India is its fourth-largest market for exports. Further, there are more than 2.7 million Indians working in Saudi Arabia. Clearly, both need each other and cannot afford to displease one another. The strength of the economic ties, or rather the inter-dependence of it, has resulted in greater cooperation between the two countries on a host of mutually important matters including global terrorism. While condemning the Pulwama terrorist attack of February 14, MBS said terrorism and extremism were a common threat for the two countries. Further, in the joint statement, Pakistan was mentioned twice, and for the first time in 13 years, when MBS praised the Indian Prime Minister for his consistent efforts to have friendly relations. In another significant diplomatic shift in Saudi Arabia's position, the Crown Prince, on India's behest, also stressed on the need to create conditions necessary for the resumption of a comprehensive dialogue between Indian and Pakistan.

IT IS THIS POLICY OF DE-HYPHENATION OR TREATING INDIA AND PAKISTAN AS STANDALONE ENTITIES WITH NO BEARING ON EACH OTHER, THAT MAKES SAUDI ARABIA A FRIEND OF BOTH COUNTRIES AND AN ENEMY TO NONE.

The diplomatic parleys were rounded off with a clutch of deals being signed – MoUs worth a potential investment of $100 billion, five times more than Pakistan, in the next few years. Aramco and the Abu Dhabi National Oil Company (ADNOC) are investing $44 billion to set up the Ratnagiri oil refinery in Maharashtra — the largest greenfield refinery in the world to be implemented in one phase – and SABIC, a Saudi Arabian diversified manufacturing firm, is on the verge of acquiring a major share in a petrochemicals plant in India.

"We are looking to make India a hub (for crude oil supply) in the region. We are looking to build storage facilities in India, we are looking at refineries and downstream assets in India. We are investing in infrastructure that will help India boost its ability to import and export of petroleum products," said Adel bin Ahmed Al-Jubeir, the foreign minister of Saudi Arabia.

"We are building the largest refinery complex in the world with India's participation at a cost of $ 44 billion. We are looking at India as a rising economic power and as a country of stability and an opportunity. So, we want to have the best and strongest possible ties with India."

Saudi Arabia's importance as an influencer for India does not restrict to Pakistan alone. As the Crown Prince's itinerary suggests, his next

stop at China and the kingdom's close ties with it means India can use the Saudis for diplomacy with its other bigger neighbour as well. China is Saudi Arabia's largest trading partners with imports worth $46 billion for China in 2018 far outstripped those into Europe or even the US. Both countries are mutually aligned on big signature schemes — China's Belt and Road Infrastructure Plan would mean a massive amount of Chinese goods would pass through the Red Sea bordering Saudi Arabia, while the kingdom believes China will play a big role in MBS' vision for 2030 that seeks to reduce Saudi Arabia's dependence on its oil for its economy.

It is in the interest of Saudi Arabia that the larger Indian subcontinent region and China remains peaceful with no change in status quo. Any major battle in the region will likely see the involvement of all three countries, which would only end up harming the kingdom's own business interests in the region. It is this, along with the timing of MBS' visit, that led to speculation that Saudi Arabia may act as a negotiator to de-escalate tensions between India and Pakistan. Though a bit fanciful, the speculation was not fully scotched by the Saudi delegation in India, though they maintained it will not interfere unless both countries want it to mediate.

"The sense is they wouldn't want it to do it themselves but if the two countries want, they are not averse to opening up diplomatic channels," said a senior Indian diplomat.

"Saudi Arabia and Pakistan are Islamic countries, so they share a lot in common in terms of culture and belief while with India and China, it shares a friendly economic relationship. It does not want to upset any of these three equations and while it understands the three will not ever be friends they don't want them to be sworn enemies either."

Deep down, scarred by the Jamal Khashoggi affair that has made him unpopular in the West, the peacemaker's role in South-East Asia may actually appeal to MBS even if it may not sit very well on him. It is not something that is entirely new to the kingdom either. Just last year, the leaders of Ethiopia and Eritrea met in Jeddah to sign a deal to set aside their differences, with King Salman, MBS' father, acting as the referee.

Replicating it in the Subcontinent may be a bit too far-fetched but Saudi Arabia's increasing economic footprint in the region lends it heft as a foreign policy influencer as well. It is also something that may end up in favour of all the parties involved as well.

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India-Pakistan: Brinkmanship of a new era

Our strategic expert traces the recent India-Pakistan face-off to analyse what it means for geopolitics in South Asia.

by Rahul Roy-Chaudhury

In my last column I had written that with India's electoral season approaching, foreign policy would take a back seat, but added: "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". Sadly, such a terror attack took place on February 14 in Pulwama, killing 40 Indian paramilitary personnel, making it the deadliest attack in Jammu & Kashmir in three decades. Carried out by a radicalised Indian Kashmiri, the suicide bomb attack was publicly claimed by the Pakistan-based Jaish-e-Mohamed (JeM) terror group.

India's strike against Pakistan

While the Modi government was widely expected to retaliate, the nature of its retaliation 12 days later was bold but risky. From what we know so far, several Indian Mirage aircraft crossed into Pakistani airspace on February 26 to strike at a JeM terror camp in Balakot in Pakistan's Khyber Pakhtunkhwa province. India stated this "non-military", "intelligence-led", "pre-emptive action", aimed at punishing and preventing a further terror attack, had not targeted the Pakistani military and sought to avoid civilian casualties.

Yet, by this single move, India abruptly ended two decades of self-imposed restraint on conducting military retaliation beyond Pakistan-administered Kashmir, as well as on the employment of combat aircraft in this task. During the 1999 Kargil conflict with Pakistan, India's armed forces were specifically ordered not to cross the Line of Control (LoC) dividing Kashmir.

THERE IS A MAJOR DIPLOMATIC OPPORTUNITY FOR THE INTERNATIONAL COMMUNITY TO PRESSURISE PAKISTAN TO TAKE VISIBLE ACTION TO PHYSICALLY DISRUPT THE ACTIVITIES ON ITS TERRITORY OF ANTI-INDIA TERROR GROUPS SUCH AS THE JEM OR THE LASHKAR-E-TAIBA (LET),

This shifted with several covert special forces attacks during the Manmohan Singh government and the much-publicised "surgical strike" of September 2016 by the Modi government across the LoC into Pakistan-administered Kashmir (taking place alongside regular exchanges of cross-LoC artillery fire).

But, for the first time since both India and Pakistan became nuclear powers in 1998, India had now retaliated not only across the LoC, but beyond Pakistan-administered Kashmir against mainland Pakistan. India's "red line" on targeting had not only significantly shifted but notably expanded.

Moreover, all of India's earlier retaliation across the LoC had taken place with special forces. This was the first time that combat aircraft had been employed. Also, this was the first aerial engagement between the Indian and Pakistani air forces in nearly 50 years. During the Kargil conflict, for example, no kinetic action took place between the two air forces in a show of mutual restraint.

Military 'action-reaction' cycle

Nonetheless, this quickly led to a counter-retaliation by Pakistan's fighter aircraft against targets across the LoC in Jammu & Kashmir on February 27 morning. In language similar to that of India, the Pakistani government stated that its actions were "non-military", not targeting India's military and "avoiding human

loss and collateral damage". The Pakistan foreign ministry stated that the Pakistan Air Force undertook strikes across the LoC from within Pakistani airspace. In the aerial engagement that occurred, an Indian Mig-21 Bison aircraft was shot down (by an air-to-air missile fired by a Pakistani fighter aircraft) and its pilot Wing Commander Abhinandan Varthaman was captured by Pakistan. His subsequent safe release and return to India as a hero helped de-escalate the crisis.

However, despite Indian official and quasi-official statements, questions remain over the actual number of casualties in the Balakot strike (with Pakistan and the international expert community disputing unofficial Indian estimates of terrorists killed or targets struck); the damage by the Pakistani strike in Jammu & Kashmir (with India denying the media access to any such site); and whether or not a Pakistani F-16 aircraft was also shot down by an Indian aircraft.

There is also some mystery surrounding the threat of a missile attack by India, "nuclear signalling" by Pakistan and the role of Indian submarines close to the Pakistani coast. Also, questions remain over any facilitatory role played by countries such as the US, UK, China, Saudi Arabia and the UAE in ensuring the return of the Indian pilot and the de-escalation of tensions, even as India has denied any mediation by third countries.

Worst tensions in two decades

Nonetheless, from what we do know so far, this sharp and sudden escalation of tensions between the two nuclear powers was the worst in nearly two decades, and brought the two countries almost to the brink of war.

Although neither India nor Pakistan wanted war, the unprecedented military "action-reaction" cycle increased the high risk of unintended escalation amidst the prospect of misperceptions, miscalculations and misunderstandings at a time of minimal communication and diplomatic relations. Alongside, the sharp emotional rhetoric by the mainstream and social media on both sides, with only a few exceptions, imposed greater public pressure on both governments to be tough on each other. Yet, the presence of nuclear weapons on both sides may well have ensured that nuclear deterrence worked and that the two countries did not go to war.

Although the crisis has currently de-escalated, tensions with Pakistan continue to remain high. There is regular and intense shelling across the LoC, reports of Unmanned Aerial Vehicles (UAV) being shot down, restricted closure of airspace, and harassment of diplomats in both countries. The start of India's General Election process will ensure a continued high level of defence preparedness alongside minimal diplomatic communication with Pakistan.

Diplomatic and military options in the future

Almost immediately after the Pulwama attack, India withdrew its Most Favoured Nation (MFN) status to Pakistan (initially granted in 1996 but never reciprocated by Pakistan). In effect, basic customs duty on all goods exported from Pakistan to India has been raised to 200 per cent with immediate effect. However, this will have minimal impact on Pakistan, with total bilateral trade at only $2.4 billion. In the interim, therefore, there is a major diplomatic opportunity for the international community to pressurise Pakistan to take visible action to physically disrupt the activities on its territory of anti-India terror groups such as the JeM or the Lashkar-e-Taiba (LeT), both of which the Indian security establishment considers to be "semi-state" actors in view of their links to the Pakistani security establishment.

The Pakistan government has formally banned the JeM as a terror group since January 2002, and the UN Security Council's 1267 Sanctions Committee since October 2001. Yet, it continues to openly operate within Pakistan, including fundraising through its operational front, the religious and social charity, the Al-Rehmat Trust, as well as through its weekly online magazine and an active website. Unfortunately, the post-crisis diplomatic effort by the US, UK and France to designate JeM chief Masood Azhar as a global terrorist under the UN Security Council 1267 committee failed when China blocked it on March 14 for the fourth time. Such a move has been attempted for nearly a decade now, with no success.

As a result, India will now renew its diplomatic efforts to place Pakistan on the "black list" of the multinational

Paris-headquartered Financial Action Task Force (FATF) in terms of terror financing. In June 2018, Pakistan was placed on its "grey list" and put on notice to be "blacklisted" by October 2019 if it did not curb money laundering and terror financing. However, China currently chairs the FATF.

A key Indian policy priority of seeking to isolate Pakistan from the international community will be difficult to achieve. Even though all major countries condemned the Pulwama attack, the UN Security Council's press statement could have been stronger; in the title and introductory paragraph, it referred only the "suicide bombing" in Jammu and Kashmir, as opposed to "a terrorist attack" in relation to earlier events in Iran's Sistan-Baluchestan province and northern Afghanistan.
Also, the Organisation of Islamic Cooperation's (OIC) political resolution, emanating from their Foreign Ministers meeting in Abu Dhabi on March1-2, is strongly critical of India's position on Jammu & Kashmir, including an affirmation that "any political process/elections held under foreign occupation cannot be a substitute to the exercise of the right of self-determination by people of Jammu and Kashmir as provided in the relevant Security Council Resolutions and reaffirmed in the Millennium Declaration of the UN General Assembly" And, the joint Russia India China (RIC) Foreign Minister's statement of 27 February "strongly condemned terrorism in all its forms and manifestations", but without mentioning the Pulwama attack or Pakistan.

Also, China continues as Pakistan's single-largest investor, by far, through its ambitious plans for the China Pakistan Economic Corridor (CPEC). While the UAE has recently provided Pakistan a $3 billion deposit, Saudi Arabia has announced a $20 billion investment in Pakistan.
But, what happens if/when there is another terror attack in India by Pakistan-based terror groups? Militarily, India's air strikes will continue to have an impact on the next Indian government. Whatever its political ideology, there will be no going back. No Indian National Security Advisor (NSA) can from now on take-off another retaliatory strike against the Pakistan mainland from the menu of options presented to any prime minister in the future.

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

The many reasons to invest and grow a business in Winnipeg

by Ryan Kuffner

A senior representative of the Canadian city's economic development agency lays out a series of attractive factors for Indian companies to consider as part of their expansion plans.

Trading ties between Canada and India have been mutually beneficial for investors in both countries for many years. When it comes to the best place in Canada to maximise investment opportunities, there is one city that is being increasingly recognised as a world-class commerce hub, well-positioned to help businesses flourish.

That city is Winnipeg, Manitoba – a bustling and industry diverse city that is located in the longitudinal centre of Canada. Thanks to a welcoming business community and affordable corporate costs, Winnipeg's appeal as a destination for investment and trade has never been brighter.

Winnipeg's population is approximately 749,500, making it Canada's seventh-largest metropolitan centre. The city has a longstanding economic base in several industry sectors including agribusiness, advanced manufacturing, information and communications technology, and transportation and distribution, among others. These industries have created a highly diversified economy, leading to market stability and a reliable talent pool for jobs of all skill levels. Research and innovation is readily accessible in Winnipeg, which houses Canada's only Level 4 bio-containment laboratory and about 40 additional R&D institutions across various sectors.

Another Winnipeg advantage is the city's affordability and cost of doing business. In 2016, the accounting firm KPMG recognised the city as being the most cost-competitive of any jurisdiction in the US and Western Canada. These advantages are realised across a variety of indicators, including some of the continent's most affordable utility rates, inexpensive commercial and warehouse leases, and some of the country's most attractive home ownership costs of any major city.

Winnipeg is well-connected to global markets, and its geographic location is a particular advantage for companies looking to trade with the rest of North America. Located only

100 kilometres away from the fourth largest Canada/US border crossing, Winnipeg is one of the closest major Canadian municipalities to Mexico City. Transportation and distribution routes also exist through fibre-optics, air, road, and rail.

Multiple Winnipeg transportation and shipping solutions can be found at CentrePort Canada, North America's largest inland port and Canada's first dedicated foreign trade zone. This tri-modal inland port includes access to three Class 1 rail carriers, a "5 minutes to 55mph" trucking expressway, and proximity to Canada's busiest cargo airport with the most dedicated freighter flights. When it comes to getting goods to market quickly acrossNorth America, CentrePort Canada provides a central-point commerce hub that businesses can take advantage of to scale up their North American operations.

Indian companies looking to invest in Winnipeg have access to an international workforce, including a sizable Indo-Canadian population. Immigration into Winnipeg from India has been steadily increasing in recent years, with over 9,500 people emigrating here from India since 2011 alone.
Nearly 80 per cent of these immigrants arrived through the Manitoba government's Provincial Nominee Programme, an innovative program designed to attract economic immigrants to build their careers in the province. Since the program's inception in the 1990s, over 11,500 individuals have settled in Winnipeg from India – creating one of the fastest-growing ethnic communities in the city.

Canada is an ideal place for investment from India, as the country has a sterling pro-business reputation. Recognized by the World Bank as the easiest place in both the G7 and OECD to start a business, and highlighted by Forbes as being the second-best country in the G20 for doing business, Canada is a prime location for Indian investment.

Indian companies investing in Winnipeg have seen success here. Integrated travel solutions provider Riya Group established an office in Winnipeg in 2013, its first Canadian footprint. Even today, Riya Winnipeg office is one of only a dozen found anywhere in North America – a testament to Winnipeg's ability to demonstrate a successful business outcome. Another global company, Hinduja Global Systems (HGS), recently expanded into Winnipeg to grow its contact centre operations. Headquartered in Bangalore, HGS saw that creating jobs in Winnipeg allowed the company to scale up quickly and cost-effectively, while taking advantage of the city's diversity to offer a multilingual global service.

Winnipeg is also a successful centre for foreign acquisitions, creating additional investment opportunities for investors to diversify their portfolio with Canadian companies. Mumbai-based Avantha Group Company CG is one of the city's best examples of this practice in recent years. The Avantha Group, one of India's leading business conglomerates, recognized the opportunity for market growth in Winnipeg's manufacturing sector through its CG group company. CG established itself in Winnipeg in 2005 through acquiring the Pauwels group, where it took on the role of manufacturing medium-and large-scale power transformers for utilities across Canada. In 2015, Avantha Group Company CG announced the sale and divestiture of the same manufacturing plant to PTI Holdings Corporation, for an enterprise value of CAD$20 million.

If you're thinking of investing in Winnipeg, there are many opportunities and resources that can help you find success. Export Development Canada offers financing

support for inbound foreign direct investment, including flexible financing loan options for foreign buyers of Canadian goods and services, as well as lines of credit for foreign companies who are purchasing from Canadian companies. Greenfield and brownfield investment (with or without CAPEX) are provided support through EDC's programmes.

Companies looking for more information about opportunities in Winnipeg can contact the Canadian Trade Commissioner Service, which has offices in eight Indian centres. Businesses looking to do business in Winnipeg should take particular note of the variety of industry-specific tax incentives that exist within the province, including:

- Scientific Research and Experimental Development (SR&ED) Tax Incentive, and Manitoba Research and Development Tax Credit: combined tax credit rate of 32 per cent of eligible R&D expenses for foreign-controlled companies, subsidising research costs for innovative research
- Manufacturing Investment Tax Credit: 9 per cent provincial credit applied against corporate income tax payable
- Interactive Digital Media Tax Credit: up to 40 per cent of remuneration to Manitoba employees working on eligible projects, to a maximum of $500,000
- Small Business Venture Capital Tax Credit: 30 per tax credit rate on Manitoba-owned and operated companies acquiring equity capital

Entrepreneurs looking to build their business in Winnipeg can also access the Start-Up Visa Program, giving them an opportunity to establish a new business or grow in a new environment with support from Winnipeg's business development experts. Qualifying entrepreneurs will have access to a temporary work permit in as little as eight weeks, and permanent residence in as little as 12 months. Other benefits include an office space, networking, accounting, and mentor support through the Manitoba Technology Accelerator.

Finally, YES! Winnipeg is a local private sector-driven team whose focus is to help attract foreign direct investment. The YES! Winnipeg team continually brings in new companies to the city while assisting existing businesses to succeed and expand thanks to its close relationship with the city's business community, access to market data, and personalised research for companies looking to expand or locate in the city. If you want to know more about how Winnipeg is the right fit for your company, contact us today.

Flourishing industry sectors, geographic and time zone advantages, and transportation assets make Winnipeg an exceptional draw for businesses of all types and sizes. When looking for your next space to invest or grow your business, consider Winnipeg – we would be excited to show you our city's advantages, and how Winnipeg can be a part of your success.

Ryan Kuffner is the Vice-President of Sales and Business Development for Economic Development Winnipeg (EDW), and the leader of the YES! Winnipeg business attraction initiative.

Indian market all set for a good growth curve

Adeeb Ahamed is the Managing Director of LuLu Financial Group, Tablez and Twenty14 Holdings. In this interview with 'India Global Business', he talks through his entrepreneurial vision, worldwide expansion plans and the impact of his Indian ethos on his decision-making.

Twenty14 Holdings recently announced a major hospitality tie-up in Switzerland. Please give some details and other worldwide plans of the group.

We have entered into a forward purchase contract with Swiss real estate developer Necron AG to develop a brand-new Intercity Hotel Zurich Airport in Rümlang, Switzerland. This is Twenty14 Holdings' first property in mainland Europe and joins a portfolio of $750-million worth of luxury property across the UK, the Middle East, and India.

Our vision is to create a billion-dollar hospitality investment firm by 2020. We ensure that each of our hotels is unique in its approach, making guests feel that they are at a home away from home. We currently own the Steigenberger Hotel Business Bay in Dubai, UAE, Sheraton Oman in Muscat and the Waldorf Astoria Edinburgh – The Caledonian in Scotland.

The Great Scotland Yard is Twenty14 Holdings' first project in the UK and work is in progress at the site. It has been great working alongside Galliard Homes to create this boutique luxury hotel in London. We have further enhanced the project by adding another £20 million on top of the £110 million deal. We aim to open the property in the second half of 2019.

In addition to the Great Scotland Yard hotel in London, we also have three properties in India, under various stages of development, while in mainland Europe we are currently pursuing two properties, details of which will be revealed soon.

What is Twenty14 Holdings' driving force when it comes to the Indian market? What are some of the key projects

The tourism and hospitality sector in India is poised to become one of the major contributors to its flourishing economy. A slew of projects including those on the lines of development of infrastructure, transport and attractions, are slowly changing the face of India, which further translates to sustained growth in tourism.

THE TOURISM AND HOSPITALITY SECTOR IN INDIA IS POISED TO BECOME ONE OF THE MAJOR CONTRIBUTORS TO ITS FLOURISHING ECONOMY.

The steps taken by the state governments clubbed with initiatives of the central government have been crucial to this growth and the sector's long-term outlook looks very promising. In line with the same, we believe there is great opportunity for us to extend our portfolio of hotels, in view of the current market scenario. We are looking to invest in both greenfield and brownfield projects.

Twenty14 Holdings will be introducing India's first 'Tribute Portfolio by Marriott' in Kochi as well as the first 'Residence Inn by Marriott' at Electronic City in Bengaluru, which will be a 150-room property. Bengaluru will also have another Marriott near the Kempegowda International Airport while a 150-room hotel will be constructed near the Kannur International Airport in Kerala. Feasibility studies are also underway for a 225-room project in Hyderabad and a resort project in Kerala.

The group has been exploring newer investments under your leadership. Please give us an insight into your vision for the group.

Taking into consideration increased spending on retail brands, brand awareness, supply side getting stronger and more players coming into the market, India is on its path to become the world's largest retail market in the coming few years. With higher disposable income in the hands of consumers, the India market is set for a good growth curve.

In line with the same, our organised retail arm Tablez has launched the brands of Cold Stone Creamery, Toys R Us, Babies R Us, Springfield and Women'secret in India. All brands have been met with great reception in the cities we have launched across India. The year 2019 will see more outlets of our existing brands as well as new ones like Build-A-Bear, GoSports, Yoyoso and other brands opening up in major cities across India.

Our financial services arm, LuLu Financial Group, has expanded to 11 countries, with more than 200 branches till date. In 2018 alone, we opened more than 30 branches worldwide and also launched our money transfer mobile app LuLu Money in the Middle East. The evolving landscape of financial services depends on the demands of the customers and their involvement with technology. The convenience of digitalisation will eventually enable us to move slowly away from the brick and mortar setup as well as the physical need for cash. It will also bring down the cost of operation, creating a more sustainable turnover margin.

We have a number of plans chalked up for the coming year, including expanding our business across the Asia Pacific region and also strengthening our digital presence. Going forward, we hope to maintain the same momentum and growth rate, leveraging through our well spread out branch network and technology-driven innovation.

How would you describe your management strategy and getting the desired results from your team?

People are the soul of our company. No matter the business success, our first priority is to retain our talent and only then to spread our wings into untapped business segments. I constantly tell my fellow associates to challenge the status-quo and not get comfortable with market acceptance.

My employees are my 'think-tank', and our average employee age across our three companies is 35 years old, highlighting the energy and vitality needed to excel. Infusing the attitude of taking ownership across 3,000+ people was a significant challenge. But, over the years, this culture has percolated through and has been indoctrinated into the company.

How does being a Global Indian influence the company's ethos and how would you define your connect with India?

As a Global Indian, I take great pride in the immense growth of India over the years. In a global economy that is seemingly slowing down, India has held its head high by charging ahead as one of the world's fastest growing economies.

Over the next decade, India can utilise technology to raise productivity, improve efficiency, and alter the services sector. This growth drive can be disseminated into new areas of India and can be sustained in the long-term. With the help of policy-makers, realising these challenges can give a boost to India's economy.

As we identify new growth and partnership areas between government and industries, we can make India the leader across all fields.

Living the American Dream: A possibility or not?

by Vivek Tandon

An expert explores some of the alternatives to the harsh H1-B regime in the US open to talented Indian investors.

The IT revolution expanded the golden American dream beyond science professionals and brought it within the grasp of millions of young ambitious Indians seeking a better future for themselves.

However, changes to immigration rules over the past two-three years in the US has brought this dream to a grinding halt.

Slew of adverse H-1B changes in the US

The United States Citizenship and Immigration Services (USCIS) has begun interpreting speciality occupations very narrowly by focusing only on the first criterion — whether a Bachelor's degree is required for the job or not — without considering the other three criteria laid down in the Department of Labour's Occupational Outlook Handbook.

This has led to a surge in denials of new and renewal H-1B petitions. Since Indians account for 75 per cent of all H-1B visas, this move, which seems to be aimed at denying entry to Indian professionals, has hit Indian IT companies hard.

Secondly, companies sponsoring H-1B petitions are now required to share more internal information as part of the application process. In a charged political climate, employers fear the introduction of the New Labour Condition Application form (LCA) is aimed at discouraging the hiring of foreign workers in the first place.

THE IMPACT OF A SLEW OF REGULATORY CHANGES COMBINED WITH THE CLEAR INTENT TO DISCOURAGE INDIAN H-1B PETITIONS IS BEGINNING TO SHOW IN THE NUMBERS.

Thirdly, applications deemed incomplete or containing errors are being simply rejected by USCIS without applicants being offered an opportunity to redress the issue. This change is particularly troublesome for renewal applicants because rejection of the application places the applicant at risk of deportation. Further, employers of such applicants face increased uncertainty as their business may see the exit of key talent without the option of remedial measures like rectification of the error in the petition.

Another significant change, which is likely to be finalised soon, is the withdrawal of work authorisation for spouses of H-1B visa holders. This means tens of thousands of skilled individuals may be forced to sit idle at home and Indian families in the US will have to manage with just one earning member.

Finally, there have been suggestions that the practice of granting one-year extensions to H-1B visa holders with pending Green Card applications may be terminated. With Green Card processing times varying from 20 years to 158 years, this move may force millions of H-1B workers in the US to compulsorily move back to their native countries.

Impact of the H-1B chaos

The impact of a slew of regulatory changes combined with the clear intent to discourage Indian H-1B petitions is beginning to show in the numbers.

Denial rates for Indian IT companies

range between 20 per cent to 40 per cent while it is just 1 per cent for American companies like Amazon, Google, Facebook, and Microsoft.

There has been a surge in Requests for Evidence (RFE) issued by USCIS, which delays approval until additional evidence is submitted and puts the applicant at risk of even rejection of the petition.

In the Fiscal Year 2017 – between October to September 2017 – USCIS issued RFEs for 21.4 per cent of all applications. This rose to 38 per cent in 2018. Now, this has surged to 60 per cent of all H-1B applications filed in the first three months of FY 2019 – between October and December 2018.

It is unclear whether USCIS' narrow interpretations and numerous rejections will stand the test of judicial review. However, the net effect of these changes is for young Indian students and professionals to look for alternatives to the H-1B visa.

Alternatives available to Indian Professionals

Nearly half of Fortune 500 companies were founded by first or second-generation immigrants. US tech giants like Amazon, Microsoft, Google and Intel are among the top 10 employers of approved H-1B applicants. Amazon itself was the second highest guarantor of H-1B visas in 2017.

Yet, there is a widespread perception that Indian professionals are merely stealing jobs from American workers. NASSCOM has begun lobbying with the US government to change the perception that Indian IT companies and professionals from India don't really add value to the US economy. However, this may be a case of too little too late.

This is probably why Indians have begun exploring alternatives like the EB-5 visa.

This investor visa offers a possible three-four years or so route to a Green Card in the US through investment in a US commercial enterprise.

The requirements of this visa include:

- An at-risk investment of $1 million ($500,000 only for projects in Targeted Employment Areas) in a commercial venture in the US
- Investments can be made directly into an own project or by pooling funds with other investors into a Regional Center project.
- Creation of 10 permanent jobs in the US.

For a professional planning to settle in the US, investing $500,000, which may well be recovered if the commercial enterprise is well managed, is a small price to pay for freedom from the existing uncertainties.

The H-1B visa is a non-immigration work permit. The EB-5 visa, on the other hand, leads to conditional permanent residence in possibly three-four years of filing of the I-526 petition.

With a Green Card in hand, one can work, study, set up a business, or even retire in the US without any restrictions. Children can study as an in-state student and can begin their careers as permanent residents free from the restrictions imposed by H-1B or other non-immigrant work permits.

The H-1B impact is clearly visible considering India exceeded its per-country cap of 700 EB-5 visas for the first time ever in 2018.

Business-friendly immigration policies — not anymore

Ostensibly aimed at promoting Trump's Buy American and Hire American policies, tough new H-1B rules and narrower interpretation of existing rules are likely to have an adverse impact on US businesses over the long run.

This is primarily because the US does not have the infrastructure to replace millions of foreign skilled workers in a span of a few years. The perception of Indian professionals stealing jobs from US workers is plain wrong.

US companies need foreign talent as much as foreign workers need challenging opportunities abroad.

Ambitious young individuals from India, Vietnam, and other developing nations sought to study in the US as the first step towards post-study practical training, job opportunities in the US, and, ultimately, the US Green Card.

These youngsters served as a ready pool of talent for US business and companies and contributed to the competitive edge that American companies held over their global peers.

With foreign talent being discouraged from working in the US, students and professionals are likely to explore alternative destinations like Canada, with US companies being the ultimate losers in this process.

Further, the recent immigration changes mark a paradigm shift in the way immigration was managed in the US. American employers are facing government intervention in what is essentially a business decision — that of hiring foreign talent.

With USCIS exercising wider discretionary power to interpret the rules narrowly, employers are likely to find themselves in violation of immigration rules without ever intending to do so. This brings up prospects of stringent audits followed by tough penalties.

Conclusion

It would be naïve to expect things to go back to status quo on the H-1B front. Hence, Indian professionals would do well to explore EB-5 and other less-controversial options to increase their chances of living the American Dream.

Vivek Tandon is the Founder & CEO, EB5 BRICS – a leading EB-5 firm in India – and a US-licensed lawyer and an investment banker.

Trump's US vs Brexit-hit UK: Indian professionals can take control

by India Inc. Staff

The US imposing increasingly stringent visa norms is in stark contrast to moves across the Atlantic, with the UK gradually moving towards a quota-free system for skilled professionals.

The ease of movement of skilled professionals across borders lies at the heart of globalisation but remains one of the most contentious issues when it comes to striking trade deals or any cross-country alliances. Indeed, it was the concept of free movement of people that is believed to have swung the vote in favour of Brexit in the June 2016 referendum. The spectre of sheer numbers inundating a nation and piling pressure on finite resources has dominated the political agenda of most developed economies.

In the United States, it has taken the form of the infamous wall that brought an entire administration to a standstill and in the United Kingdom, it manifested itself in the vote in favour leaving the European Union (EU). In both scenarios, the one crucial missing link is the failure to strike the right balance between control of borders and a fair visa regime for skilled professionals.

While the UK is showing some signs of trying to meander its way towards acknowledging that important distinction with its post-Brexit Vision 2021 strategy, the US seems to be taking a few steps back by imposing ever-stricter caveats on the popular H1B visa.

THE UK HAS EFFECTIVELY TAKEN THE FIRST STEP TOWARDS THE COMPLETE REMOVAL OF A CAP ON VISAS FOR SKILLED WORKERS IN 2021, WHEN A NEW IMMIGRATION SYSTEM COMES INTO FORCE.

Vision 2021

As a first step leading up to a consultation period for its post-Brexit visas and immigration regime, UK Chancellor Philip Hammond used his Spring Budget statement in March to announce that the government would be removing PhD-level jobs from its current cap on skilled work visas.
"[A] key pillar of our plan is backing Britain to remain at the forefront of the technology revolution that is transforming our economy. And to support that ambition, from this Autumn we will completely exempt PhD-level roles from the visa caps," Hammond said in his speech in the House of Commons.
"From Autumn 2019, PhD-level occupations will be exempt from the Tier 2 (General) cap, and at the same time the government will update the immigration rules on 180-day absences so that researchers conducting fieldwork overseas are not penalised if they apply to settle in the UK," he noted.
According to the most recent UK Home Office data, Indians form the largest chunk of highly-skilled professionals within the Tier 2 (General) category of work visas, accounting for 54 per cent of all such visas granted in 2018. Indian nationals also marked the largest increase in the grant of Tier 2 visas last year, up by 6 per cent at 3,023 more visas compared to the previous year.
The UK government's latest PhD-level visa exemption was welcomed by UK

universities, who are key employers of international researchers.

"This is fantastic news for Indian researchers who would like to work in the UK, and for UK universities – who thrive on bringing together a diversity of brilliant minds from around the world," said Vivienne Stern, Director of Universities UK International, the main representative body for UK higher education institutions.

"Many of the UK's leading researchers, in fields ranging from biomechanics to gender politics, come from India. Outside of Europe, India is the third-largest country of origin for academic staff in the UK," she said.

Global skills impact

Universities UK International said that despite making up only 0.9 per cent of the global population, the UK is responsible for 15.9 per cent of the world's most highly-cited research articles. These achievements are made possibly as a result of the international community of researchers that work at and with UK institutions, it acknowledges.

The new announcement came soon after doctors and nurses were removed from the Tier 2 cap to address shortages in the state-funded National Health Service (NHS) last year. Currently, only a limited number of visas are issued every year under the Tier 2 skilled worker section of the visa system.

The UK has effectively taken the first step towards the complete removal of a cap on visas for skilled workers in 2021, when a new immigration system comes into force.

"We already issue more skilled worker visas to Indian nationals than to the rest of the world combined, and I am delighted to see many Indian students coming to study at our world-class universities," UK immigration minister Caroline Nokes had said following a Migration Dialogue with Indian government officials in January this year.

"Under the new system, operating from 2021, we will always be open to the brightest and best from India, who wish to come to live and work in the UK," she said.

British Prime Minister Theresa May is also on record claiming that the aim of the new system is to ensure parity for professionals from anywhere in the world.

"As we leave the European Union, free movement will end… This will be a system where it is workers' skills that matter, not which country they come from," she said last year. "We are taking a skills-based approach to ensure we can attract the brightest and best migrants to the UK," added UK home secretary Sajid Javid, making a reference to his own Pakistani origin as the "son of immigrant parents".

The US Counter-point

Now, it would seem that as the UK is taking steps to prove that "Global Britain" is more than just a catchphrase, the more inward-looking approach of the US might result in offering skilled Indian professionals a clear alternative in the coming years.

Indian professionals have historically been the largest beneficiaries of the H-1B visa programme in the US, getting over two-thirds of the non-immigrant work permit issued to technology workers. However, with rising protectionism, Indian IT firms have been forced to reduce their dependency on these visas and last year got just 16 per cent of the 65,000 visas issued.

The ultimate losers in the wider scheme of things would be the US companies who rely on this crucial talent. A study by the US think tank National Foundation for American Policy found that Amazon, Microsoft, Intel and Google were among the top 10 employers who got H-1B visa for employees in 2017. These companies, which typically pay higher salaries than the Indian ones, attract more high-skilled talent.

However, if the perception builds up of an unwelcome scenario in the US, Indian skills will naturally gravitate towards a more welcoming global market.

A Swedish initiative for quality education in India

by Ingrid Eelde Koivisto

The Founder of the Swedish chapter of India-focussed educational organisation Pratham traces its origins and the impact the initiative has had on the ground.

If you're reading this, then you're one of the lucky ones. You can read! Consider how different your life would be without that basic skill you take for granted.

While India enrols more children in school today than ever before, increasing actual learning outcomes remains a challenge. Only half of the children in 5th grade can read a text meant for a child in 2nd grade. With 40 per cent of India's population being under 18, improving the quality of education is fundamental to the country's ability to realise the potential of its large population.

In line with this argument, improved quality of education would also have large effects in other fields, such as the empowerment of girls, fighting of climate change, reducing inequality and eradication of poverty.

In 2017, Pratham Sweden and a group of Swedish companies with operations in India started a partnership based on this common recognition of the value of education.

WITHIN THE PARTNERSHIP, THESE 10 SWEDISH COMPANIES AND PRATHAM AIM TO ENSURE 30,000 CHILDREN HAVE IMPROVED BASIC READING AND ARITHMETIC SKILLS BY 2020.

The project, "Swedish Industry for quality education in India", was first initiated by Swedish industrialists Carl Bennet and Marcus Wallenberg. With their support, a consortium of 10 companies joined forces to finance a large-scale project shaped to have long-term effects in the area of education. The project is being evaluated independently by the Stockholm School of Economics.

Pratham Sweden is the Swedish fundraising chapter to Pratham Education Foundation, an innovative education-oriented NGO established to improve quality of education in India. Since the establishment of Pratham Education Foundation in 1995, it has grown to become one of the largest NGOs in India (and hence also in the world). The organisation focusses on quality, low-cost education programmes, designed to be implemented at a large scale. Addressing the gaps in India's education system, the methods have been developed through years of research and iterations.

Within the partnership, these 10 Swedish companies and Pratham aim to ensure 30,000 children have improved basic reading and arithmetic skills by 2020. In the longer term, the project aims to increase the awareness of the value of education among parents and local communities in the targeted villages, as well as to influence government, all the way from school teachers to officers at sub-district, district, state and national level.

This is done by the implementation of two main activities: First, intensive and short-burst 'Learning Camps' that are implemented inside government schools during school hours and second, 'Community Based Activities' that happen after school hours. While the Learning Camps are conducted by Pratham-trained staff, the Community Based Activities also engage local stakeholders, such as mothers and siblings. Aside from advancing the reading and math skills of the children, the activities also work to improve social skills such as collaboration, self-confidence and critical thinking.

The choice of location for the project was needs-based. It is implemented in North-East India, in the mountainous state of Assam. Out of the 31 million people living in the state, 32 per cent are below the poverty line. According to the World Bank, this is also one of the states in India that are experiencing the slowest economic growth.
Due to its geographic situation, Assam has a small corporate presence, which has led to low social investments in the region, hampering large-scale expansion of effective education programs. In line with this, learning levels in Assam are worryingly low. Pratham's ASER report shows that the percentage of children in 5th grade that can read a grade 2 text is currently at 34 per cent in the state (2018).

The partnership has an initial time-span of three years and is financed by 10 of the largest Swedish corporates with operations in India: Alfa Laval, Arjo, Autoliv, Carl Bennet AB, Elanders, Ericsson, FAM, Getinge, SAAB and SKF. Half-year into the project, we have seen learning levels in the targeted schools improve substantially. Out of the children in Grades 3-5 reached by Learning Camps and Community Based Activities, the percentage of children being able to read easy paragraphs increased from 33 per cent to 79 per cent in the first project year. Number recognition and math operations saw similar increases. While these numbers do indicate a positive impact, the rigorous evaluation that will be conducted by the Stockholm School of Economics will show the isolated effect attributable to the project. Not only is this an important addition to the project, since it will provide an impact estimate from an independent researcher, but it will also give Pratham and other NGOs insights that can be used to improve this and other projects in the future. For example, it will help us understand potential synergies between the two programme activities, which we can apply to ensure an effective use of resources in the future.

As part of the project, all participating companies and Pratham Sweden gather semi-annually. These meetings form a platform for the companies where they can stay informed about the ongoing programme and learn about successes and challenges in the field. In addition, this has proven to be an appreciated arena where the companies can also connect around their sustainability work.

To summarise, I would like to emphasise four key points. These are the pillars on which we have built the project, in order to shape a strategic project that will generate a large-scale impact where it is needed the most:

1) Collaboration: This is an example of a project where some of Sweden's largest companies – in partnership with civil society and academy – take responsibility in countries where they operate.

2) Innovative methods: Pratham's work is rooted in innovation and designed to have a large-scale, high-quality effect. All the methods used in this project are either scientifically based or now being studied in the impact evaluation.

3) Measurement: The independent evaluation will give an actual estimate of the impact of the project and will provide insights that we will use to improve the efficiency of our work.

4) Local ownership: This project operates in an area chosen by the implementing partner, Pratham Education Foundation. This is to ensure that the project is done where it is needed the most.

Ingrid Eelde Koivisto is the Secretary General and Founder of Pratham Sweden, the Swedish fundraising chapter of the non-governmental organisation (NGO) Pratham Education Foundation.

India's testimony helps Chagos Islands case at the United Nations

by India Inc. Staff

The Indian government had taken a decisive stand in favour of Mauritius in the International Court of Justice (ICJ) at The Hague, reflecting strong regional leadership.

The United Nations' International Court of Justice (ICJ) recently dismissed the UK's right to govern the Chagos Islands in the Indian Ocean and called on the government to withdraw from the archipelago.

Mauritius had filed a claim in the ICJ demanding its right over the islands, an assertion which was backed by India during the legal proceedings in September last year. In its advisory opinion in February, which is not legally binding, the ICJ concluded that the archipelago had not been lawfully separated from Mauritius, a former British colony which gained independence in 1968. Chagos Islands, which includes the strategic US airbase of Diego Garcia, has been therefore unlawfully operated as a British Indian Ocean Territory.

"The UK has an obligation to bring to an end its administration of Chagos archipelago as rapidly as possible," ICJ President Abdulqawi Ahmed Yusuf said at The Hague.

INDIAN AMBASSADOR VENU RAJAMONY SAID THE HISTORICAL SURVEY INDICATES THAT THE CHAGOS ARCHIPELAGO THROUGHOUT THE PRE- AND POST-COLONIAL ERA HAS BEEN A PART OF THE MAURITIAN TERRITORY.

The ICJ concluded that the process of separating the Chagos Islands from Mauritius during decolonisation in the 1960s constituted an "unlawful detachment" and was a "wrongful act". In its submission to the ICJ last year, Mauritius argued it was coerced into giving up the Chagos Islands, while the UK government had told the court it did not have jurisdiction to hear the case. In his submissions on behalf of the Indian authorities at the time, Indian Ambassador Venu Rajamony said the historical survey indicates that the Chagos Archipelago throughout the pre- and post-colonial era has been a part of the Mauritian territory.

India had taken a firm stand to highlight that the legal aspects should root themselves in the historical facts, behaviour of the nations concerned, and the consideration of the issue by relevant administrative and judicial institutions. Rajamony maintained that

The ICJ majority ruling in favour of Mauritus, 13 votes to one, is expected to be referred back to the UN General Assembly, where it will be debated.

the UK is legally bound by a ruling of the Arbitral Tribunal, constituted in 2015, to return the archipelago to Mauritius.

"The process of decolonisation of Mauritius remains incomplete both technically and in substance as long as the Chagos archipelago continues to be under UK's colonial," he told the court.

The ICJ majority ruling in favour of Mauritius 13 votes to one, is expected to be referred back to the UN General Assembly, where it will be debated.

The dispute involves around 1,500 native islanders being deported so the largest island could be leased to the US for an airbase in 1971. Many of the evicted islanders were sent to Mauritius and the Seychelles but eventually resettled in the UK. They have fought in British courts for years to win the right to return to their homes.

Welcoming the ruling, the Mauritian government said it was a "historic moment in efforts to bring colonialism to an end, and to promote human rights, self-determination and the international rule of law".

Pravind Jugnauth, the Prime Minister of Mauritius, said: "Our territorial integrity will now be made complete, and when that occurs, the Chagossians and their descendants will finally be able to return home."

The UK Foreign Office dismissed the judgment, accusing the UN General Assembly of a "misuse of powers" and setting a "dangerous precedent". Foreign Office Minister Alan Duncan said that "the defence facilities on the British Indian Ocean Territory help to protect people here in Britain and around the world from terrorist threats, organised crime and piracy".

Diego Garcia became an important US base during the Iraq and Afghanistan conflicts, acting as a launchpad for long-range bombers. The US lease lasts until 2036.

Britain has opened itself up for global criticism by holding on to this colonial legacy. Almost 50 years after most of the British Empire was dismantled, the ICJ ruling effectively concludes a decades-long political and legal fight by Mauritius and the former residents of the Chagos Islands to return sovereignty over the islands to Mauritius.

Despite international legal guidance to the contrary, Britain had detached the Chagos Islands in 1965 during the decolonisation process and declared it British Indian Ocean Territory.

In highlighting the long struggle for justice by the Chagossians, the ICJ addressed the longer history of colonial oppression to which the islanders have been subject. Passed from colonial power to colonial power – Holland then France – the islands fell under British control in the early 19th century. During this time Britain brought several hundred people from Mozambique and Madagascar to the islands to work on British-owned coconut plantations.

Britain continued its administration of the islands – as part of the greater colony of Mauritius – until the 1960s, by which time the decolonisation process had begun to gain momentum.

The ICJ hearing was seen as a critical test of Britain's diplomatic clout in the Brexit era, after it failed to rally enough support to prevent the UN General Assembly adopting the June 2017 resolution that led to the court hearing.

Xiaomi must be set a tight deadline to store data on Indians in India

The Chinese electronics giant's recent injection of $507 million into the Indian market comes with some data security strings attached.

XQiaomi has just invested half a billion dollars in India. That's a ringing endorsement of Prime Minister Narendra Modi's Make in India initiative.

This massive investment is expected to help it fight the challenge from Samsung, which has launched a determined effort to wrest back the crown it lost to Xiaomi as India's top selling mobile phone brand last year. International Data Corporation, which tracks cell phone shipments around the world, says Xiaomi has a 28.9 per cent share of the Indian market… and counting.

On the face of it, Xiaomi's success looks like a win-win situation for India, for Xiaomi and for the Indian consumer. India gets massive foreign direct investment (FDI) inflows and this generates jobs for its youth and tax revenues for the government. Xiaomi gets a dominant position in the world's second-largest mobile phone market and Indian consumers get a value proposition – both in terms of technology as well as price – that is currently not matched by any of its rivals.

But at a time when data privacy has emerged as a prime concern in this country – with the government and the Reserve Bank of India (RBI), India's central bank, mandating the storage of data on Indian citizens in India – and security analysts have raised red flags about Chinese companies getting access to copious amounts of data of Indian users, the fact that Xiaomi accounts for three out of every 10 cell phones sold in India does raise questions.

So, what is the kind of data that Xiaomi has access to?

According to Xiaomi India website, it collects a vast array of personal information about its users. Given that some people have taken the government of India to court over the issue of personal information stored in the Aadhaar servers, the amount of data collected by Xiaomi is bound to make many people uncomfortable. Aadhaar is a 12-digit unique identity number that can be obtained by residents of India based on their biometric and demographic data.

THE FACT THAT XIAOMI ACCOUNTS FOR THREE OUT OF EVERY 10 CELL PHONES SOLD IN INDIA DOES RAISE QUESTIONS.

Xiaomi collects, among many other things, information such as its customer's name, email address, delivery address, ID card, driver license, passport details, mobile phone number, bank account and credit card details (if the customer has made a purchase at Xiaomi online), the entire list of contact store on the phones, photos and other content stored on the phone and a host of other personal details.

That's a humungous amount of personal information. To be fair, most other phone makers, including Apple and Samsung also require access to similar information. But the key difference is that India does not have any strategic concerns about the home countries of these brands.

And although no one in the government will say this in public, it remains a fact that China is, arguably, India's biggest strategic challenge.

Since transparency levels are extremely low in China – and there are very real concerns about ties between Chinese corporations and its security establishment – this is a very real security concern for India.

Xiaomi's cloud storage service Mi Cloud has all its servers in China, where all data is stored. So, it is possible for the Chinese security apparatus to keep tabs on influential Xiaomi users and then use it for unauthorised purposes.

In fact, towards the end of 2014, the Indian Air Force had issued a warning against the use of Xiaomi phones, which, it said, posed a national security challenge as they sent user data to a Chinese government agency. This is a delicate situation for the Government of India. The country obviously welcomes the huge investments being made by Xiaomi in this country. At the same time, the security-related red flags are too serious to be ignored.

But there is a way out: Quickly enforce the government's diktat on storing data of Indian users in India. It may be a good idea to give Xiaomi a tight deadline to implement this diktat and then hold it strictly to this timeline.

That will address the security concern without killing the hen that is laying golden eggs.

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