

# INDIA GLOBAL BUSINESS

UK Edition



## Ballé Ballé Boris



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### DESPATCH BOX

The 2020s will be the India decade and the UK must act in time  
*Crispin Simon, Britain's Trade Commissioner for South Asia*



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### THE BIG INTERVIEW

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### HOTSPOT

The positives of Indian-Thai investments  
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## Ballé Ballé Boris

**T**he boisterous Boris Johnson is by far the frontrunner in the race to lead a beleaguered Conservative Party and India will have some reasons for optimism around such a proposed elevation. Behind the perceived bumbling persona of the former Foreign Secretary lies a sharp mind and an astute politician, who has been a reliable friend to India.

As Theresa May's party battles it out to pick its new Prime Minister, India is edging towards results day on May 23 when a new government – led by Narendra Modi in all likelihood – will win a mandate for the next five years to ensure the country's growth trajectory carries on unhampered. The race for a new British PM is by no means a foregone conclusion, with Brexiteer Dominic Raab, the wily Michael Gove, Remainer Amber Rudd and the quietly confident Sajid Javid among just some Tory MPs trying to sharpen their bids. The swing factor in favour of any leader for a new Indian government would be his, or her, ability to bring in much-needed certainty for its businesses, and indeed for the entire Brexit-worn UK.

With India set to overtake the UK in the world's largest economy stakes, it is important any new incumbent in Downing Street sets out a clear vision for a truly winning partnership between the two countries. Some recent headline figures on Indian investment into the UK have undeniably come as a welcome respite for the Brexit-battered government. The CII-Grant Thornton 'India Meets Britain Tracker' for 2019 highlights an impressive jump in the number of companies active in the UK, up from 800 last year to 842 this year, creating nearly 105,000 jobs and bringing in £684 million in taxes for the Exchequer. Indian companies clearly remain bullish on the UK market despite Brexit, but some underlying issues of professional mobility and access continue to suppress the true potential of the trade and investment ties. India has never sought any preferential treatment on visa and immigration matters; all it wants is consistency and fairness of policy, which should be high up on the agenda for any new British PM.

As the Big Story in the latest edition of 'India Global Business' points out, the UK and London have managed to retain their pull factors for India. And, the Indian diaspora has had a crucial role to play in the success story so far, operating as a very active "living bridge" christened by Indian Prime Minister Narendra Modi. Incidentally, many have been abandoning their traditionally staunch support for the Opposition Labour Party in the face of exactly the kind of certainty and clarity that has been in short supply across British politics for some time now.

**WITH INDIA SET TO OVERTAKE THE UK IN THE WORLD'S LARGEST ECONOMY STAKES, IT IS IMPORTANT ANY NEW INCUMBENT IN DOWNING STREET SETS OUT A CLEAR VISION FOR A TRULY WINNING PARTNERSHIP BETWEEN THE TWO COUNTRIES.**

It is extremely important that Britain's new leader tackles this deficit head on and is unequivocal on the India-UK alliance on issues such as counter-terrorism and tackling the root causes of terror in the South Asian region. The ongoing Huawei controversy, as the UK grapples with the scale of China's involvement in its 5G network, is a very timely reminder of some of the other major complications of the region and how India offers an unwavering democratic shield in that sphere.

Despite all the upheavals, it does feel like a tectonic shift is at work which should eventually click the India-UK partnership into a more resolute phase. The UK-India Week, organised by India Inc. in June, could not have come at a better time in the bilateral calendar. The programme for the power-packed set of sessions will kick-start with the first-ever India Day at the House of Lords, leading into a Leaders' Summit of key Indian and UK stakeholders and conclude with the annual UK-India Awards to celebrate some of the big successes of the winning partnership.

The timing certainly is perfect but for the dance of success to carry on, a lot will depend on who steps into Downing Street next and the kind of conviction the new leader can bring.

**Manoj Ladwa**

Founder and CEO of India Inc. Group.

[@manojladwa](https://twitter.com/manojladwa)

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This UK Edition of 'India Global Business' comes at a time of a particular spike in Indian investments into Brexit-hit Britain, as it gets thrown into a leadership contest. A series of in-depth analyses and features on the subject as well as the usual insightful interviews and columns make for some great reading.

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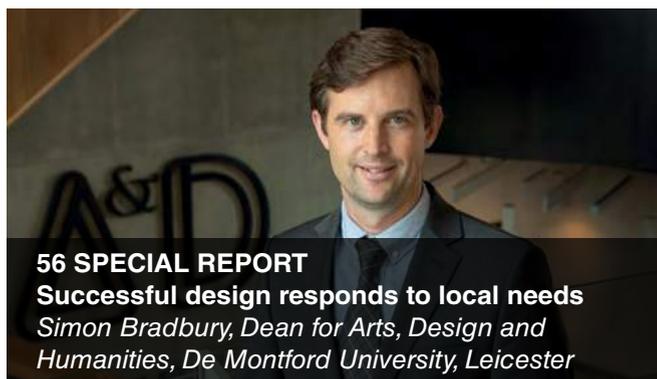
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## Brexit or no Brexit, India on investment spree in the UK

by India Inc. Staff

As the UK continues to grapple with an elusive withdrawal agreement with the European Union (EU), some recent investment figures from India come as a timely boost for Brexit-bound Global Britain.

**I**t all began with a spike in export data from the UK's Office for National Statistics (ONS), which revealed that Britain's exports to India increased at the fastest rate among the country's top trading partners outside the European Union (EU), registering a 19.3 per cent increase in goods and services trade in 2018.

The UK's Department for International Trade (DIT) quite predictably went all out to hail the figures as proof of the post-Brexit Global Britain promise paying off.

"From exports of our Scotch Whisky

to our world-class cars, consumers all over the world are demanding British goods at unprecedented levels," noted Dr Liam Fox, the Secretary of State in charge of the department.

"My international economic department is confident British businesses will continue to excel as we leave the EU and will offer its full support to businesses with the same ambition," he said.

And, there was even more good news for him to celebrate, with the Organisation for Economic Co-operation and Development (OECD)

firmly categorising the UK as the leading destination for foreign direct investment (FDI) in Europe, and the third most significant in the world, behind the US and China, over the previous year.

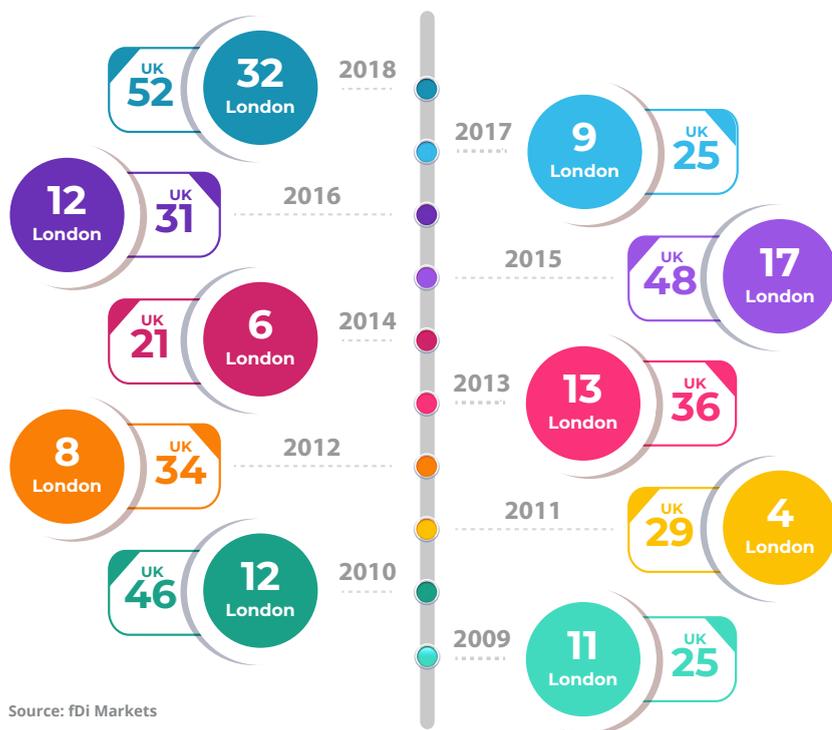
### The Brexit effect

Behind these headline figures for a country still floundering with its exit strategy from the EU, is one country that stood out with some of the most robust statistics.

The Confederation of Indian Industry (CII) and Grant Thornton revealed in their annual 'India Meets Britain

## FDI investment (by number of projects) from India into London and UK 2009-2018

TOTAL  
UK 347  
London 124



Source: fDi Markets

Tracker' that the number of Indian companies investing in the UK jumped over the previous year, despite the ongoing uncertainties around Brexit. According to the 2019 analysis, the number of Indian companies doing business in Britain increased from 800 in 2018 to 842 in 2019, with a combined turnover of £48 billion and employing nearly 105,000 people.

UK minister for investment Graham Stuart was jubilant: "The headline figures in the Tracker are startling. We will always welcome Indian investments and we recognise India's importance as one of our most critical bilateral investors."

Three companies in this year's Tracker reported growth of more than 100 per cent, with the fastest growing of these being TMT Metal Holdings Limited, with a growth rate of 649 per cent. This was followed by Route Mobile (UK) Limited, which reported growth of 189 per cent, and BB (UK) Ltd, which achieved turnover growth of almost 129 per cent.

### THE STRONGEST THEME RUNNING THROUGH THE POSITIVE INDIA-UK INVESTMENT SPECTRUM IS QUITE CONSPICUOUSLY THE FINTECH SECTOR.

Some of the stand-out investments in 2018 included Bharat Forge's £10 million investment in Tevva Motors, marking the Indian manufacturing giant's another major move into the electric vehicle (EV) space. Also grabbing the headlines was Indian hospitality firm OYO, which plans to set up across 10 cities in the UK by 2020, and Indian taxi-hailing business Ola, which kick-started with operations in Wales and Manchester.

Jeremy Saunders, head of OYO UK, expressed the company's excitement at its launch in the UK.

"We are very encouraged by our progress so far. This is one of the

most advanced and innovative hospitality markets in the world, and OYO is extremely proud to now be a part of it," she said.

Notably, Grant Thornton found that Indian companies betting big on the UK market came against the backdrop of a dip in the number of FDI projects into the UK from the rest of the world – perhaps reflective of Brexit uncertainties.

As the Indian High Commissioner to the UK, Ruchi Ghanashyam, contextualised the latest Tracker – the data reflected Indian confidence in the UK market in very graphic terms.

"We all wondered how the Brexit process would have affected the investment sentiment from India and now we have the answer – Indian business retains its positive outlook towards the UK," she said.

### London, a pull factor

Besides the wider attraction of the UK market was most definitely a very specific pull factor of London. The British capital emerged as the top choice for Indian investments ahead of other cities, such as Dubai and Singapore, in 2018.

London & Partners (L&P), the Mayor of London's promotional agency, revealed that Indian companies choosing to invest and expand in London hit an all-time high last year, with 32 investment projects – a giant leap from nine in the previous year.

According to data sourced from fDi Markets, L&P revealed that over the past 10 years, Indian companies added £2.49 billion in capital expenditure and created over 5,691 new jobs for London's economy. In 2018, investment into the UK from India grew by over 100 per cent compared to the previous year, with London accounting for over 60 per cent of all Indian investment into Britain. Overall, the UK emerged as the topmost country to attract Indian FDI with 52 projects, ahead of the US (51) and UAE (32).

Laura Citron, CEO of London &



Partners, said: “A record number of Indian businesses have chosen London as a base for their international expansion and we look forward to welcoming more ambitious companies to our city.”

She led a major fintech trade mission to India recently to explore further synergies between the two markets.

“India and London share strengths in financial services and technology, making India a natural market for our international growth,” said Emma Steeley, CEO of AccountScore, one of the companies participating in the trade mission.

The data analytics firm, which has an office in Mumbai and customers across India, said it will be scouting for new opportunities to explore collaborations and meet stakeholders in some of India’s fast-growing fintech hubs.

Nadia Sood, Founder and CEO of Credit Enable, another participating company, added: “India is bubbling over with opportunity, promise and above all, entrepreneurial talent.

“But while there is ample supply and demand for finance, there is far too little connectivity between the



Source: fDi Markets

two. Instead, a dysfunctional credit market means SMEs are borrowing informally at 30 per cent interest. This represents an unparalleled opportunity for financial institutions to lend to them far more competitively.”

While in India, Credit Enable announced a pan-Indian initiative called the Changemakers Programme together with its partner CAIT, the Confederation of All India Traders. The programme is pegged as the largest mobilisation initiative ever attempted to help secure affordable credit for small and medium enterprises (SMEs).

**Fintech focus**

The strongest theme running through the positive India-UK investment spectrum is quite conspicuously the fintech sector.

As the Lord Mayor of London, Peter Estlin, recently noted: “India and the UK have much to gain by increasing ties in fintech, an area seeing significant growth and innovation in both our countries.

“Many Indian firms have expressed interest in setting up in the UK, but market access remains an issue for some, especially smaller companies.”

And, keeping that market access in mind, the City of London Corporation recently hosted a spin-off meeting for Indian fintech companies on the sidelines of the UK Fintech Week in London, with the aim of exploring what support it can provide Indian SMEs embarking on their UK journey.

The participating companies, across sectors such as mobile tech, data analytics and online payment solutions, were among the new cohort to benefit from the Rocketship Awards, set up as part of the UK-India Tech Partnership to collaborate and raise funding for fintech entrepreneurs from the UK and India annually. Some of the latest set of Indian SMEs eyeing the UK market include Nomisma Mobile Solutions, Nineroot Technologies, Chillar Payment Solutions, Rupeepower, Credenc, Lithasa Technologies, CredRight,

Fingpay, Aye Finance, StashFin, Intelligence Node, Safehouse, Zuper, Oro Wealth, Clensta, Zest IOT, Inclov and Mobile Wallet.

“These businesses demonstrate the industry’s ability to attract Foreign Direct Investment (FDI) from all corners of the globe. Just last year we saw a 321 per cent increase from India,” said Graham Stuart, DIT’s Investment Minister, who has been kept fairly busy by some of these Indian tech companies.

He recently also inaugurated a new UK-India Tech Hub in London to promote cross-border technology transfer in early stage businesses between the two countries. The hub, described as a first-of-its-kind collaboration between a venture capital (VC) fund and a business district, has been set up by UK-based VC fund Pontaq at the new Royal Albert Dock business district in East London and is aimed at promoting bilateral investments in the field of financial technology, artificial intelligence (AI), blockchain and smart cities.

“The UK has a consistent track record of producing successful tech companies and has more venture capital investment in tech than anywhere else in Europe. The launch of the UK-India Tech Hub marks a notable milestone in further



sides to overcome barriers to closer cooperation and offer a much-needed springboard for future negotiations.

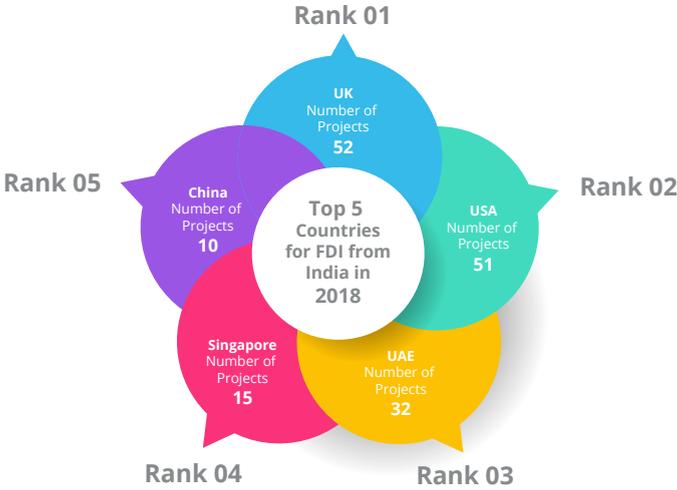
The UK-India Week in June will present an ideal platform once both countries are more geared towards building on some of this groundwork. The UK-India Awards shortlist, inevitably, includes many of the success stories highlighted in

the positive investment spike. Both OYO and Ola are shortlisted in the Market Entrant of the Year category this year, among many of the Indian companies making a mark over the previous year in the UK market. Organisations and consultancies, such as the Manchester India Partnership and PwC, which help facilitate this process are also among some of the shortlisted nominees, with software

giants like Infosys laying out the Indian innovation scenario.

The power-packed programme will set the stage to not only celebrate the successes of the year gone by but also thrash out any hurdles in the way to these figures soaring further. Indian companies have certainly provided the UK with that much-needed vote of confidence amid the persistent uncertainties of Brexit.

It is time the UK showed some vigour in building on that vote of confidence.



Source: fDi Markets

**INDIA-UK FACTBOX**

- FDI from India into the UK increased by 108% from 2017 to 2018
- FDI from India into London increased by 255% from 2017 to 2018
- Since 2009, the UK is the preferred country in Europe for FDI from India

Source: fDi Markets

promoting technology partnership and investment with India,” the minister declared.

**UK-India Week 2019**

With India undergoing a momentous election cycle and the UK edging towards the latest October 31 Brexit deadline, these figures come at a crucial point for both economies. They reaffirm the commitment on both

# The 2020s will be the India decade and the UK must act in time

by Crispin Simon




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Britain's Trade Commissioner for South Asia presents his views on what UK's rapidly growing exports to India mean in the context of global growth forecasts.

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In most of my 30-year career in business starting in 1980, British businesses viewed the Indian economy as a slow, dusty pitch where visitors would be frustrated by the lack of pace and bounce. They could occupy the crease, but it was hard to be a hero. But times have changed. Now, my main task, as Her Majesty's Trade Commissioner for South Asia, is to help British companies to understand that the Indian economy is "full of runs" for anyone with a good plan. Just as the IPL now produces as many runs in 20 overs as would, in the past, have been scored in a day of 80 overs, so Indian businesses now stand astride the world as beacons of innovation and technology. Two Indian companies, TCS and Reliance, were in the Top 5 performers of the World Stock Market Index of Top 100 Companies last year and, as for pace and bounce, the Indian economy contributed more to global growth than any other country after China

and the US. Not surprisingly, last year, British exports to India rose at nearly 20 per cent - faster than to any other G20 market.

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**IN COLLABORATION WITH NITI AAYOG, THE INDIAN GOVERNMENT'S INFLUENTIAL POLICY UNIT, THE UK GOVERNMENT IS BRINGING ITS TECH HUB MODEL, PIONEERED IN ISRAEL, TO INDIAN CITIES TO PROMOTE TECHNOLOGY TRANSFER, INVESTMENT AND COMMERCIALISATION.**

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So, the Indian economy is globally-relevant, growing faster and more open to British exporters than in previous eras. How should British companies respond? My answer is "Quickly". Very roughly - in the 1980s,

British boardrooms were focused on the US; and in the 1990s, the EU. In the decade from 2000, Boards required a strategy for China and now, twenty years on, most of them have one. But the 2020s will be the India decade – when UK Boards move from discussions, late on the agenda, about the sixth largest economy in the world, to a recognition that it is not an option to ignore what will be the third largest economy and a tech leader of the free world, by the end of the decade. The pressure is on.

In 2015, Prime Minister Modi used the expression the Living Bridge, to illustrate the depth of the relationship between our two countries. The Living Bridge passes over many countries with which we are both friendly but there is nothing that comes close to the flow of ideas, values, investment and people that pass over our Living Bridge - 24/7. The UK Visa Service reports that the average length of



stay in the UK for a visitor from India is 21 days, compared with three days for the rest of the world. The ties of business and family call for more than a fly in-and-out.

Technology Partnership is a central plank of HM Government's Regional Trade Plan for India and builds on the concept of the Living Bridge; or, channelling the best of Californian entrepreneurialism, a Silicon Bridge. This Silicon Bridge will carry partnerships between both private and public sector enterprises. In its landmark 2018 study "the UK and India: Bilateral Innovation Collaborations," the UK India Business Council argued that India's investment in the UK and the UK's investment in India is already far stronger than the headline numbers would suggest. The report described collaborations that included the £150 million joint venture between Tata Motors and the Warwick Manufacturing Group (part of the University of Warwick) to establish the National Automotive Innovation Centre, to focus on developing electrified and autonomous vehicles; and how the University of Birmingham and the National Centre for Cold Chain Development have designed a more sustainable supply chain network for farmers, called "clean cold" which will drive a substantial reduction in food waste and help

cut costs for local farmers. The programme has the potential to double farm incomes – so even partial success could transform the lives of half of India's population.

And work has started for the inter-governmental Technology Partnership announced at the time of Prime Minister Modi's visit to the UK in April 2018. In collaboration with NITI Aayog, the Indian government's influential policy unit, the UK Government is bringing its Tech Hub model, pioneered in Israel, to Indian cities to promote technology transfer, investment and commercialisation. And with the Healthcare Artificial Intelligence programme, the partners will introduce low cost diagnostic triaging for people with very limited access to healthcare. We expect the pilots in lung cancer and diabetic retinopathy to start in the next few weeks.

What all these programmes have in common is a commitment to benefit the economy and society in both communities and a determination to resist the false choice between development and sustainability. Low carbon mobility and Artificial Intelligence in healthcare are as important in the UK as they are India; and technology and know-how flow both ways across the Living Bridge.

India has been the world's low cost back office, but on that foundation, has become a leader in data analytics and artificial intelligence. The UK recognises the importance of the UK subsidiaries of TCS, Wipro, Infosys, HCL, Tech Mahindra and many others, not just as employers, but more generally, as sponsors of technology entrepreneurialism in the UK. In its 2018 #IndiaMeetsBritain Tracker, developed in collaboration with the Confederation of Indian Industries, Grant Thornton reported that there are now 842 Indian business operating in the UK (up from 800) employing 104,000 people, with a combined turnover of £48 billion. India and the UK have long been Top Five investors in each other's economies and these successful investments provide secure foundations on both sides of the Living Bridge.

I worked as a teaching assistant in a school in West Bengal for three months before I went to University; and I fondly remember April 12th 1976 when Sunil Gavaskar, Gundappa Viswanath and Mohinder Armanath led India's chase to become the first side in Test Match history to score more than 400 in the fourth innings to win the match. At every break, we would look at the chalked update on the blackboard as India got closer and closer until we were able to cheer the final score – India won by six wickets. 40 years later, I'm back here in India and looking forward to this summer's Cricket World Cup. Ball-by-ball smartphone messages have replaced hourly updates on blackboards; but I will be enjoying the far-off drama, across the Living Bridge, the Jeevit Pul, as much as I did all those years ago.

*Crispin Simon is the British Deputy High Commissioner, Mumbai; Director General of the Department for International Trade (DIT); and Britain's Trade Commissioner for South Asia.*



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## **Tapping into India's specialist IT talent pool to fix global problems**

Larry Stone, Chairman – BT India, talks 'India Global Business' through BT's recent CSR drive for girls' education in India, their cyber security centre in Gurugram as well as the significance of India as a market.

## What prompted BT's tie-up with the British Asian Trust to promote girls' education in India?

BT has a long history in engaging and supporting communities where we are present, including in India. For many years, we've supported initiatives such as Katha Schools, the PM's Relief Fund and Swachh Bharat. And with the active engagement of our people, we're also helping with the Kerala Relief Fund.

Earlier this year, we partnered with the British Asian Trust as we wanted to go even further and launch a broader umbrella programme to empower young women and girls. Working with innovators and sector leaders, this programme aims to create a movement for change to grow the number of opportunities available to girls between the ages of 10 and 19.

India's population includes 120 million adolescent girls, which is about 10 per cent of the population. Many of these young women have little control over their futures and face multiple barriers to fulfilling their potential. India has the highest rate of teen pregnancy globally and 18 per cent of girls drop out before they finish secondary school.

The programme in India will build on other similar initiatives we support in the UK and elsewhere. These include the development of digital skills working with Barefoot Computing; as well as our own internal programmes at BT, such as TechWomen that aims to deepen the interest, knowledge and opportunities for women in technology and engineering.

### How important is the Indian market for BT?

India is important to BT for many reasons including as a source of skills, talent, technology and innovation as well as being a huge market in its own right. We employ

nearly 10,500 people in India directly and many more thousands indirectly. Both numbers have grown steadily since we started operations in 1987 and today, we operate out of offices in Gurugram, Delhi, Bengaluru, Kolkata and Mumbai.

BT's employees in India support the Group's business, service and IT operations in the country, as well as in the UK and internationally. They provide core services such as contract delivery, customer service, network and software engineering, data analytics, billing and procurement.

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**BT'S EMPLOYEES IN INDIA SUPPORT THE GROUP'S BUSINESS, SERVICE AND IT OPERATIONS IN THE COUNTRY, AS WELL AS IN THE UK AND INTERNATIONALLY. THEY PROVIDE CORE SERVICES SUCH AS CONTRACT DELIVERY, CUSTOMER SERVICE, NETWORK AND SOFTWARE ENGINEERING, DATA ANALYTICS, BILLING AND PROCUREMENT.**

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These services are used across the Group and in particular by the Global Services division, which provides network, cloud and security services to major multinational companies around the world — including those with operations in India. We also support multinational Indian businesses as they expand their operations globally too.

### Do you see synergies with programmes such as Digital India and Skill India?

It's very important for large companies such as BT to engage with the Government on policy

and programmes, particularly infrastructure upgrades, regulatory modernisation and services and innovation leadership globally. All these initiatives are underpinned by education, ICT skills and talent, areas where India is recognised as world class.

Already a leader, it's clear that with initiatives such as Digital India, Skills India and the New Digital Plan 2018, the country is not standing still. BT has already engaged with the Government on these areas directly and indirectly through industry bodies, including the India-UK Tech partnership inaugurated in April 2018 by Prime Ministers Narendra Modi and Theresa May.

We've offered views on telecommunications regulation reform, data protection and data privacy policies, and the skills needed at scale to maintain the global leadership position the country has built up over the past decades.

### How would you chart the progress of the new Cyber Security Operations Centre in Gurugram?

Rarely a week goes by without cyber security hitting the headlines, and India is no exception. Cyber security impacts us all. It's now a regular item on boardroom agendas and considered by the Government as a matter of national security.

Our Cyber Security Operations Centre (SOC) in Gurugram is one of the biggest in our global network of 15 SOCs. It keeps a close eye on the security of our own network as well as those of our customers, including some of the world's best known global multinational brands.

BT has over 3000 cyber specialists globally offering managed security services, threat Intelligence and security consulting. By opening our centre in Gurugram, we're tapping into the specialist talent pool in India to help address the global shortage of security skills.

**WE'RE ALSO DEVELOPING PARTNERSHIPS WITH ACADEMIC INSTITUTIONS IN INDIA — NOTABLY THE INDIAN INSTITUTE OF SCIENCE (IISC) IN BENGALURU AND THE INDRAPRASTHA INSTITUTE OF INFORMATION TECHNOLOGY (IITD) IN DELHI. THESE COLLABORATIONS ARE FOCUSED ON RESEARCH INTO 5G, CYBER SECURITY, OPTICAL FIBRE NETWORKS AND ARTIFICIAL INTELLIGENCE.**



**What are some of the highlight partnerships between BT and Indian institutions that most excite you?**

Apart from our community partnerships with BAT, Katha, ASHA and others, we have substantial partnerships with scores of world-class Indian or India-based IT and business process outsourcing giants. These include Wipro, TCS, Infosys and Tech Mahindra.

We're also developing partnerships with academic institutions in India — notably the Indian Institute of Science (IISc) in Bengaluru and the Indraprastha Institute of Information Technology (IITD) in Delhi. These collaborations are focused on research into 5G, cyber security, optical fibre networks and

Artificial Intelligence. The academic relationships have been further extended through our large campus outreach programme that connects us to dozens of colleges and universities in India to attract talented young people.

Our teams in India are also vital in delivering services and joint innovation projects to and with our Group customers, which range from consumers and small and medium-sized businesses through to global multinational companies.

**How does BT intend to stay ahead of the competition in the wider South Asian region?**

BT is the world's oldest telecommunications operator tracing its history to the 1840s.

We've consistently and continually reinvented ourselves to remain at the forefront of technology and innovation.

Our main assets are our global network and people. Leading global multinationals, including some of the world's biggest banks and insurance firms, place their trust in us to connect their businesses securely and reliably. Our credentials in networking and security, as well as cloud services, collaboration platforms and contact centre technology, have been consistently recognised by independent analysts.

As mentioned already, we have very significant operations in India. Our employees here are critical to our success throughout Asia, the UK and globally.

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# Brexit-bound UK must protect and promote Indian investments

by Anuj Chande



An expert with insights into the annual 'India Meets Britain Tracker' analyses the figures from the 2019 CII-Grant Thornton report to find India's robust confidence in the UK economy.

**W**hilst many Indian companies, such as Tata, have had a presence in the UK for over 100 years, it was not really until the financial reforms of 1991, when India liberalised its economy, that we saw Indian investment start to accelerate internationally and get to the level we see today.

The reforms removed the numerous hurdles and restrictions that previously made it difficult to do business overseas from India. For the first time, Indian companies were able to use valuable foreign exchange to make overseas acquisitions and set up greenfield operations cross-border.

Fast forward 28 years and, our 2019 India meets Britain tracker, produced in collaboration with CII, finds that the number of Indian companies operating in the UK is continuing to increase, with a rise from 700 in 2013 to a record 842 in 2018. The research shows that, last year, Indian companies saw combined revenues of almost £48 billion and paid over

£684 million in corporation tax, making an impressive contribution to the UK economy - a figure that would be substantially higher if you included other taxes. Together, they employ nearly 105,000 people and many of them, particularly technology businesses, have also established talent programmes incorporating apprenticeships and mentoring, helping to create a pool of skilled workers in the UK.

The low rate of corporation tax, common language, access to world-class design and technology and strong brands all contribute to the pull of the UK. The significant Indian diaspora here is also believed to have encouraged more Indian companies to look at the UK as their natural home, along with their current ability to use the UK as a launch pad into Europe. Through their investment, they create jobs and play an important role in deepening the long-standing ties between India and the UK.

The strong relationship between

the two countries is evident, with India continuing to be one of the most important sources of foreign direct investment (FDI) into the UK. According to the UK's Department for International Trade, 120 FDI projects originated in India in 2017-18, creating 5,659 new jobs and safeguarding a further 532. The CII and Grant Thornton India's 'Britain Meets India report' finds that the UK is now the fourth largest investor in India, with almost 40 per cent of British companies making new investments there in 2017. Between 2000 and 2018, it also finds that the UK directly invested \$26.09 billion in India, representing 7 per cent of all FDI into the country.

I continue to be optimistic about the future of India. The Modi government's pro-business agenda is creating the right environment for Indian businesses to pursue and realise growth at home and overseas. The impact of these reforms is evident as in 2019 India became South Asia's top-ranked economy in the World Bank's ease of Doing

**LAST YEAR, INDIAN COMPANIES SAW COMBINED REVENUES OF ALMOST £48 BILLION AND PAID OVER £684 MILLION IN CORPORATION TAX, MAKING AN IMPRESSIVE CONTRIBUTION TO THE UK ECONOMY.**



Business list, advancing 23 spots to 77th in the global ranking.

While the ongoing election has raised some uncertainty around future policy - and the country's growth projections may have softened slightly - a predicted annual growth rate of 7.3 per cent by 2019 and 7.5.5 in 2020 by the IMF means India still has one of the fastest growing economies in the world and, as it continues to develop, the opportunities to boost investment into the UK will grow.

To fully realise these opportunities, the UK must ensure that as it attends to its relationship with the wider world post Brexit, it protects and promotes the factors that make it an attractive destination for Indian investment. A growing Indian economy requires access to foreign capital and London's status as a leading global financial centre means the UK should have a major role to play. The many advantages the UK offers are not about to disappear and so, whilst we do not expect to see a sudden exodus of Indian companies post-Brexit, without easy European access the UK stands to lose a vital part of its charm

and we should not take continued Indian investment for granted given the choices that are available to it.

So, what can we do? With countries like the US, Germany, Switzerland and Portugal all also courting India, we need to be that much sharper and innovative in our approach to ensure this investment continues. For example, appointing UK Business Ambassadors for India who have connections in the country would be a sensible step. Having experienced advocates sharing their experiences and actively encouraging the relationship by promoting the UK's economy and business environment and highlighting trade and investment opportunities, would help to secure further inward investment.

One frequent barrier that should be addressed is the cost and complexity associated with getting a visa for the UK. Once negotiations around a trade deal get underway in earnest, the UK's post-Brexit migration policy will come under the spotlight as India seeks to maximise the opportunities for its nationals to work and study in the UK. Changes to Tier 4 visas for

overseas students have already been a source of controversy in recent months as India was excluded from a list of 'low-risk' countries that will benefit from reduced checks.

There is a lot of political rhetoric about the UK being able to negotiate a free trade agreement with India relatively quickly. Legally, of course, we can't negotiate any formal agreements until after our exit and the reality is that negotiations will likely take much longer than anticipated. Whilst we can promote our great legal system, low tax rates, research and development incentives and common language, India, as an emerging global power will increasingly have more choice and bargaining power.

To retain this growing relationship, we need to play our cards right. The danger for us is that instead of Indian investment in the UK continuing to grow, we will see stagnation and India will begin to look elsewhere.

*Anuj Chande is Partner and Head of South Asia Group at Grant Thornton UK LLP.*



## Essar's faith in the UK market remains steady

by S. Thangapandian

An oil and gas expert dives into what Essar's acquisition of BP assets means for the company's plans for the UK market.

**W**hen the Essar group purchased the Stanlow Manufacturing Complex from Shell in 2011, they immediately put in place a strategy to build a sustainable and profitable future for the UK business. Stanlow had been run by its previous owner as a cost centre, but Essar's clear objective was to run the refinery as a profit centre, investing for the long term in initiatives to improve margins and injecting a more commercial and entrepreneurial approach.

Essar saw the potential for a large and complex refinery like Stanlow to thrive in a UK/EU/Atlantic Basin refining market, despite the pressure that refiners in the region were facing which had led to a number of refinery closures. Stanlow also had other major advantages, supplying 16 per cent of the UK's road transport fuel demand, being strategically positioned to serve the UK energy corridor and situated close to the major cities of Liverpool and Manchester.

In the first 100 days post acquisition,

a plan was drawn up detailing the key innovations and investments necessary to deliver margin improvements and ensure it would be cash positive even in the worst of industry conditions. This was the first of a number of significant initiatives that have been undertaken during Essar's ownership over the past eight years.

These have also included two site-wide block Turnarounds and the reconfiguration of the refinery to an optimised single train operation that helped deliver improved economics, with an increased yield of higher margin gasoline and middle distillates and reduced production of lower margin fuel oil and naphtha. Essar has also significantly widened the crude slate to include grades from across the globe and successfully delivered a major refinery upgrade in 2018.

This saw improvements to key units that delivered a further reduction in crude costs and improved yields across the product slate. Investments were made in the Catalytic Cracker

and prudent technology, which allowed us to improve the yields of higher value products at lower costs. It also allowed an uplift in throughput from 68 million to 75 million barrels per year, with a subsequent increase in revenues.

Essar has invested close to \$1 billion in the UK since acquisition, with impressive results. The company currently earns circa \$5.00/bbl additional margin compared to the benchmark margin (it was around \$1 in 2011), it has posted EBITDA of \$300 million or above for the last three years and has delivered an improved safety and environmental performance.

The health and safety of Stanlow's employees, contractors, guests and neighbours are central to business operations and all HSE policies and practices are designed to both recognise and mitigate the risk of hazard. In fact, the 2018 Turnaround was the safest delivered in the history of the site, with world-class personal safety results.

**STANLOW ALSO HAD OTHER MAJOR ADVANTAGES, SUPPLYING 16 PER CENT OF THE UK'S ROAD TRANSPORT FUEL DEMAND, BEING STRATEGICALLY POSITIONED TO SERVE THE UK ENERGY CORRIDOR AND SITUATED CLOSE TO THE MAJOR CITIES OF LIVERPOOL AND MANCHESTER.**

Despite the huge progress made to date, we cannot afford to stand still if we are to continue to grow in an increasingly competitive UK marketplace. To strengthen our position as one of the country's leading refining and marketing companies, we have also been focussing on further developing an integrated downstream presence across the country. In support of this objective, we have already made two key appointments in 2019 to strengthen our management team, bringing in experienced and highly regarded downstream industry professionals as Head of Commercial and Head of Retail respectively.

We also recently acquired a number of assets from the multi-national BP, which will give us greater control over product evacuation and logistics infrastructure, helping to further our growth ambitions in the UK. These included an equity stake of 11.5 per cent in the UKOP pipeline, a 45 per cent stake in a contractual joint venture with Shell, which runs the Kingsbury Terminal and a 100 per cent interest in the Northampton Terminal

The acquisitions will allow Essar to maintain its presence in a very competitive UK Midlands region and grow that current footprint. The acquisition of the Northampton terminal, specifically, will help us better serve Birmingham airport, among the UK's largest, with high-quality aviation fuel, a product that occupies an ever-growing share in our marketing volumes.

Over recent years, Essar has strategically broadened its downstream integration, with a highly successful and award-winning entry into the UK fuel retail market. With 67

Essar-branded UK retail sites already operational across England and Wales, we plan to grow this network to 400 retail sites over the next five years. In fact, several of the 12 new stations we recently branded through an agreement with MPK will be supplied from the two terminals that we acquired from BP in the Midlands region.



We have always been a significant player in the wholesale supply of Jet A-1 to major UK airports. More recently, we have successfully entered the market for direct supply of aviation fuel, signing agreements with a number of leading international airlines, including Etihad, Emirates and Jet2.com. We continue to grow this sector of our business. Combining our refinery supply strength and marketing capabilities is the key to achieving the objectives of value chain integration.

The Board has a strategic focus to further improve the financial performance of the company through the continued growth and development of the business in the UK and beyond. As I have already said, a key priority is increasing our market share in the direct supply of aviation fuel to leading carriers.

The expansion of our UK retail network and the direct aviation fuel supply business are important strategic elements in the drive to build a fully integrated downstream energy company.

Stanlow remains a key strategic UK national asset, annually producing 3 billion litres of petrol, 4.4 billion litres of diesel and 2.1 billion litres of jet fuel. It also plays an important part in Britain's petrochemical industry by providing key feedstocks, with high value and high margin petrochemicals constituting 4 per cent to 5 per cent of Stanlow's product slate

Essar is a major supplier in the North West and beyond with customers including most of the major retail brands operated by international oil companies and supermarkets, Manchester Airport, leading commercial airlines and the region's trains and buses. Essar is the lowest cost supplier into the UK's North

West region and is highly competitive in supplying adjacent markets. The recent BP acquisitions in the Midlands will further strengthen our offering of high-quality products to customers and expand our supply envelope.

As a global fund with a long-term interest in the Energy sector, Essar continues to have great faith in the UK market. Essar Oil UK represents an important part of the group's ambitions to straddle the hydrocarbon value chain—with a solid presence in refining and downstream retail in the UK, and in upstream exploration and production in India.

*S. Thangapandian is the Chief Executive Officer of Essar Oil UK.*

# Collaborative strides make a mark on India-UK relations

**Defence and security emerge strong among areas for cross-border cooperation.**

## India, UK in talks to build copycat Naval supercarrier

The UK is in talks with the Indian government on building a new state-of-the-art aircraft carrier along the lines of Britain's HMS Queen Elizabeth as part of the ongoing 'Make in India' negotiations, according to a media report.

The talks are underway for the Indian Navy to buy detailed plans for the 65,000-ton British warship to build a so-called "copycat supercarrier" to be named INS Vishal in 2022.



Such a new Naval carrier would serve alongside India's 45,000-ton carrier INS Vikramaditya bought from Russia in 2004 and the future 40,000-ton INS Vikrant and could give India a larger carrier fleet than Britain. The design for UK aircraft carriers is owned by the British and French aerospace giants BAE and Thales.

A BAE spokesperson said, "Discussions have begun with India. The design can be modified to meet Indian Navy and local industry requirements."

The reported India-UK Naval deal would follow the sale of Britain's Falklands War carrier HMS Hermes to India in 1987, which was renamed INS Viraat and decommissioned two years ago.

## London top choice for Indian investors

London emerged as the top choice for Indian investors ahead of other cities such as Dubai and Singapore, with investments by Indian companies in the British capital reaching an all-time high last year, according to a new analysis.



The UK emerged as the topmost country to attract Indian FDI with 52 projects, ahead of the US (51) and the UAE (32), in 2018, said London & Partners (L&P), the Mayor of London's promotional agency. Indian companies choosing to invest and expand in London reached an all-time high last year, with 32 investment projects — a giant leap from the previous year.

Foreign direct investment (FDI) from India into London increased by 255 per cent from 2017 to 2018. And, investment into the UK from India grew by over 100 per cent compared with the previous year, with London accounting for over 60 per cent of all Indian investment into the UK in 2018.

According to the latest data, over the past 10 years, Indian companies have added £2.49 billion in capital expenditure and created over 5,691 new jobs for London's economy.

## India, UK vow to boost cooperation

India and the UK have resolved to step up cooperation in the key areas of maritime security, counter-terrorism and climate change as the two countries held their foreign office consultations to review the entire range of bilateral relations.

Foreign Secretary Vijay Gokhale represented the Indian side, while the UK side was headed by Sir Simon McDonald, Permanent Under Secretary, Foreign and Commonwealth Office of the UK government.

The consultations provided an opportunity to review the entire range of bilateral relations, including political, economic, commercial, scientific, regional and international cooperation, including in the Commonwealth, the Ministry of External Affairs (MEA) said in a statement.

They expressed satisfaction on the level of political exchanges and decided to further intensify them in the coming months.

Both sides agreed to increase their collaboration in the fields of Indo-Pacific, disaster resilience, climate change and development in third countries, amongst other areas.

The instrument of ratification of the UK joining the International Solar Alliance was formally handed over during the consultations.

The FCO consultations also covered bilateral cooperation on cyber and maritime security, counterterrorism, and other regional challenges, the British High Commission said.

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# Reinforcing India ties under the new Australian government

by Dipen Rughani

An expert on trade and investment within the Australia-India narrows down the key areas of cooperation the new government must focus on for stronger bilateral relations.



▼ I have always believed in miracles' this is how Scott Morrison defined his election win, in the 2019 Australian federal elections. A man who until yesterday, an accidental Prime Minister, suddenly became a national favourite voted back to power. All exit polls wrote him off, psephologists questioned his campaign promises and he was struggling against his own divided and fractured party. This is nothing less than a dream victory for a man, who campaigned as a one-man show, and now has the mandate to do whatever he likes.

“Thought by friend and foe alike to be a serviceable nightwatchman tinkering about at the crease until light stopped play, Scott Morrison is now the entire shape of the team. It's difficult to overstate the power he now wields internally.” (ABC Australia)

Indeed, strange for Australia, which has seen a revolving door of seven Prime Ministers in a decade being consumed by themselves. The result is also an explicit confession of the disillusioned and exhausted electorate, that

it needs political stability and accountable actions. This election result is an opportunity to cleanse unprecedented public distrust of politics and cynicism about its practitioners, which have taken their toll on the tolerance of the average voter. This election outcome ranks as Australia's biggest election upset since 1993, when Labor Prime Minister Paul Keating was returned to power.

As shell-shocked psephologists continue to dissect and make sense of the outcome and why Labor lost the unlosable election, it is significant for us to reflect, on the promises made and the road ahead for our new Prime Minister and his Liberal Coalition Party. The historic win may have different connotations to different sets of people but for me, who has been involved in the Australia-India business ecosystem for the past twenty-five years, it is a momentous opportunity to get things right. The stunning and unexpected win asks for bold initiatives and matching intent with action in the Australia-India trade and investment corridor. The relationship, that has been overshadowed by a severe lack of enthusiasm and knowledge of the New India, asks for a new narrative and a new beginning.

## My Analysis

First, the new PM will be tested on his sound economic management credentials

and the true test of this will come from how the new government handles Adani Carmichael coal mine project. The Queensland swing, particularly regional Queensland, to back the Morrison's Coalition shows that jobs and fear of change were too dominant in these elections. Jobs are key in Queensland and Adani's Carmichael Coal mine will deliver work. About 18 months out from the Queensland State election, the federal election result must trigger a warning for the state Labor Government for its stonewalling of the Adani mine. The Adani Carmichael coal mine project, which is already four years overdue, may have got a new lease of life with these election results, but a bigger onus is for the new government to extinguish the political divide on this issue, and bring all players on the same side. This would ask for skills that define sound leadership.

The Morrison government must convey a strong message to the business community and foreign investors, that policy uncertainty or policy paralysis will be a thing of the past.

Second, status-quo, stability and consistency must define the new government. With a re-elected Coalition Government and PM at the helm of Australian affairs, brings a greater sense of predictability to a government

which released the 'India Economic Strategy to 2035' (IES2035) and hosted the President of India last year. The sentiment and demand of this relationship is well understood. It now needs to be supported by concerted implementable plans.

Third, it is urgent to look at ways to implement the IES2035 in letter and in spirit. The strategy which is a detailed report on the opportunities and possibilities which the New India offers to Australian business, has a set a target for India to become one of Australia's top three export markets, to make India the third-largest destination in Asia for Australian outward investment, and to bring India into the inner circle of Australia's strategic partnerships. Scott Morrison must look for actionable plans to make India a priority in its economic engagements, especially when Australia is wanting to diversify its trade partners (going beyond its heavy dependence on China) and cannot be left behind by countries that understand the potential of India.

Fourth, policy commitments must be driven by timeline-oriented outcomes. Last year, in his meeting with Indian President Ramnath Kovind, Scott Morrison promised an implementable plan with key actions on IES2035, we would like more clarity and purpose, with achievable goals to be set.

"Ministers across education, agribusiness, resources and tourism will oversee progress of the government's response and ongoing implementation of the India Economic Strategy" is only worth appreciation, if this were to translate into capacity building ties. For example in the field of higher education, India is looking at enhancing the quality of its higher education institutes through its Education Quality Improvement Program (EQUIP) policy, sharing of innovative technologies between nations (That can increase India's agricultural output where over 50 per cent of its rural households still depend primarily on agriculture for



**THE STUNNING AND UNEXPECTED WIN ASKS FOR BOLD INITIATIVES AND MATCHING INTENT WITH ACTION IN THE AUSTRALIA-INDIA TRADE AND INVESTMENT CORRIDOR. THE RELATIONSHIP, THAT HAS BEEN OVERSHADOWED BY A SEVERE LACK OF ENTHUSIASM AND KNOWLEDGE OF THE NEW INDIA, ASKS FOR A NEW NARRATIVE AND A NEW BEGINNING.**

their livelihood), greater collaboration in mineral exploration activities and mining technology between Australia and India and using tourism to enhance perceptions of Australia in India as a welcoming, diverse and advanced economy (more direct flights between both countries would help). Australia must realise that India is looking for dependable partners in their transformative path towards development. Australia must move away from the transactional mentality and start to create long term partnerships and widen its vision for India.

Fifth, as IES2035 categorically points out, Australia-India bilateral architecture necessitates greater investment in institutionalised links that can resolve problems when they

occur, build joint solutions to shared challenges, and develop the confidence to cooperate and compromise along the way. There is limited information or analysis available on the two countries in the public domain. This is surely an area where Australia can specifically investigate to generate regular reliable on-the-ground content and build momentum, which will avoid anecdotal assumptions.

Sixth, the Indian diaspora in Australia is expected to play a big role in building these economic linkages; highlighting the importance of the largely prosperous 700,000-strong Indian-origin population in Australia. Embracing the contributions of the Indian diaspora and giving them prominence in bilateral relations by strengthening diaspora organisations will help attract talent in sectors that will drive Australia's growth. Ensuring this talent is mentored and supported can result in a local Indian diaspora that improves Australia's standing and influence in India by presenting Australia as an innovative, diverse, safe, and prosperous people. The diaspora can act, as has been described, as a "living bridge" between the two nations.

Seventh, Australia and India must come back to the table and carve out a way to revitalise the Comprehensive Economic Cooperation Agreement (CECA). Australia and India started negotiating the CECA in 2011, with progress stalling over the years. There are some differences, but these differences can be narrowed with negotiations, with interactions, with engagements.

The new government has a great opportunity at hand; all it needs is to translate the image it has cultivated for itself regarding India into tangible outcomes.

*Dipen Rughani is the CEO of Newland Global Group.*

# The UK-India tech corridor remains immune to Brexit, so far

by Dr Param Shah



With the impasses over Brexit continuing and a new deadline being set, how has this impacted start-ups in the UK-India corridor? For the last couple of years start-ups have been living in the looming shadow of Brexit, however, it has been a golden period for UK India tech. There are some reasons for optimism on the India side. Some Indian start-ups are looking to build their current market share, some want to break into the British market and many still see London as a European gateway and a stepping stone to international growth, especially to the United States.

The UK and India have forged partnership to collaborate on different aspects of technology. This tech partnership is expected to not only aid economic growth but will also help develop deeper relationships. The UK-India tech partnership has been one of the most active ones since the two governments formally committed to it in April 2018. From dedicated investment funds, to setting up of tech hub, to cluster partnerships, to leadership summits. It's all happening in just over a year since the partnership was formalised.

For start-ups to venture into and flourish in a new market there are

two key ingredients: access to capital and access to market. There have been quite a few initiatives that have enabled start-ups to access both money and market on either side.

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**SOME INDIAN START-UPS ARE LOOKING TO BUILD THEIR CURRENT MARKET SHARE, SOME WANT TO BREAK INTO THE BRITISH MARKET AND MANY STILL SEE LONDON AS A EUROPEAN GATEWAY AND A STEPPING STONE TO INTERNATIONAL GROWTH, ESPECIALLY TO THE UNITED STATES.**

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There have been quite a few funds that have been announced since the announcement of the partnership. One of the most prominent ones is the Unicorn Ascension EIS Fund (UAF), a joint venture between London-based early-stage venture capital firm – Ascension Ventures, and Unicorn India Ventures. This first of its kind cross-border and evergreen UK-India Enterprise Investment Scheme (EIS) Fund aims

The new UK-India Tech Hub launched in London last month offers tech start-ups and companies several new opportunities for cross-border expansion.

to leverage the EIS tax relief wrapper to enable investments into UK-based technology start-ups that are looking to expand into the Indian market.

Within the UK-India corridor, the Fund will help unlock significant synergies between high-tech products and services that emerge from the UK and the multiple opportunities underlining the digital revolution underway in India. Importantly, a strong portfolio of companies will be built based on their ability to expand in India.

An Indo-British tech partnership forged between two leading tech hubs, The Landing at MediaCityUK and T-Hub in Hyderabad. As part of the agreement, the two tech hubs will collaborate on the creation of an Innovation Bridge Programme which will promote innovation and accelerate growth in the tech industry through two very distinct and unique pathways, Market Access and Co-Create.

More recently, the first ever dedicated UK India tech hub was opened last month. While it continues to cross-pollinate technology transfer between UK and India Pontaq in partnership with Royal Albert Docks (RAD), in London, the UK India Tech hub aims at promoting cross border technology



**INTEREST FROM THE UK-INDIA TECH COMMUNITY TO LOCATE IN THE £1.7 BILLION AND 4.7 MILLION SQ FT RAD DEVELOPMENT IS HIGH, WITH PONTAQ TAKING 200 DESKS INITIALLY FOR ITS PORTFOLIO COMPANIES AND AIMS TO HOST 50 COMPANIES IN THE NEXT TWO YEARS.**

transfer in early stage businesses between the two countries. The hub will provide a great platform to create globally scalable companies, more jobs and a positive economic impact in this corridor.

The UK India Tech Hub is to provide a designated space for technology firms from India and the UK. It is claimed to be the first venture capital fund that has partnered with a business district to create a tech hub anywhere the world. Under the partnership agreement, developer ABP London and investors Pontaq will provide technology firms with workspace while Pontaq's tech fund will be invested in tech start-ups to assist

them to develop and expand.

Interest from the UK India tech community to locate in the 1.7 billion and 4.7 million sq ft RAD development is high, with Pontaq taking 200 desks initially for its portfolio companies and aims to host 50 companies in the next two years. Tech companies are increasingly attracted to the RAD location because of the strong transport links and low occupation costs, far less than competing schemes in City Fringe which have in the past gathered London tech firms but where costs have increased significantly.

With the digitalisation transforms

the way we live and do business, countries that rise to the occasion and forge partnerships will be the ones that thrive. Through innovative and forward-looking initiatives like these UK and India are on course to seize the opportunities that disruptive technologies will bring.

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

*\*Disclaimer: The views expressed herein constitute the sole prerogative of the author. They neither imply nor suggest the orientation, views, current thinking or position of FICCI. FICCI is not responsible for the accuracy of any of the information supplied by the author.*



## The positives of Indian-Thai investments

by Dr Bonggot Anuroj

**The Thailand Board of Investment (BOI) summarises the advantages Indian companies can avail by investing in Thailand while highlighting some of the government's initiatives for foreign companies.**

**F**or decades, Thailand and India have expanded their bilateral relationship in breadth and depth, from culture and tourism to trade and investment. Since the global economic growth centre has shifted to Asia in recent years, economic opportunities have been rising, so as to the potential trade between Thailand and India.

Thailand, with its strategic location in the heart of Southeast Asia where over 650 million consumers reside, also serves as the economic hub of this emerging region. Driven by the current government's Thailand 4.0 economic model, the country is moving forward to transform itself into an "innovation-driven economy" with the aim to achieve upper-income status built on stronger and more resilient economic foundations.

Under Thailand 4.0 initiative, the country has identified "New Engines of Growth" which consists of two parts: the upgrading of five existing industries (Next-Generation Automotive, Smart Electronics, Affluent Medical and Wellness Tourism, Agriculture and Biotechnology and Food for the Future) together with the development of five new industries (Automation and Robotics, Aviation and Logistics, Biofuels and Biochemical, Digital Economy and Medical Hub).

The newly minted Eastern Economic Corridor (EEC) is a core element of Thailand 4.0. To facilitate the EEC's development, infrastructure from road to rail to sea and air is currently being enhanced. The government has approved a total five key infrastructure projects including the expansion of

U-Tapao Airport, the Maintenance, Repair and Overhaul Center (MRO) at the airport (in which the area will be further developed into the Eastern Airport City in the future), Map Ta Phut Port Phase 3, Laem Chabang Port Phase 3, and the development of the high-speed rail linking three airports. For all projects, the biddings have been called in late 2018 and the contract will be awarded to the bid winner in early 2019 and the projects will operate in 2023 - 2025. Among them, the high-speed train linking three main airports – Suvarnabhumi, Don Mueang and U-Tapao, has made concrete progress as the contract will be signed in January 2019 and the construction will be completed in 2023.

Alongside its proximity to Bangkok, the EEC will bring together a mix

## FOR NON-TAX INCENTIVES, INVESTORS CAN ENJOY 100 PER CENT FOREIGN OWNERSHIP, NO LOCAL CONTENT REQUIREMENT, NO EXPORT REQUIREMENT, NO RESTRICTION ON FOREIGN CURRENCY, LAND OWNERSHIP RIGHTS AND WORK PERMIT AND VISA FACILITATION.

of future-focused industry leaders, advanced higher learning institutes, spacious industrial complexes, and strategic access to ASEAN and its trading partners, all of which is expected to pave the way for increased and easier FDI.

Growing together with the new economic development is the investment opportunities in both targeted industries and in the EEC areas.

### Boosting FDI through investment incentives

To encourage more foreign direct investment (FDI), the Thai government, through the Board of Investment (BOI) has introduced and continuously improved incentives given to investors. While normal tax incentives offer up to eight years of corporate income tax exemption for targeted industries, special incentives are offered on top. This brings maximum corporate income tax waiving period to up to 13 years for investment in targeted core technology development including biotechnology, nanotechnology, advanced materials technology and digital technologies and enabled services that support the development of the aforementioned targeted technology including research and development, vocational training centres, electronics design, engineering design, scientific laboratories and calibration services.

For non-tax incentives, investors can enjoy 100 per cent foreign ownership, no local content requirement, no export requirement, no restriction on foreign currency, land ownership rights and work permit and visa facilitation.

Among all non-tax incentives, an important one is Smart Visa, a special visa type that also works as a work permit issued for foreign highly-skilled experts, investors, senior executives

and start-up entrepreneurs working in targeted industries, alternative dispute resolution, human resource development in science and technology fields, and environmental management and alternative energy.

international schools are among other facilities that make Thailand a nice place to do business and stay. That's why Thailand's ranking in the World Bank Ease of Doing Business report has continuously improved. In the



This type of visa makes life easier for foreign specialist as the valid period is up to four years. The family of the visa holder will also enjoy similar privilege as the holder. The holder has to report to the Immigration only once a year.

In addition to both tax and non-tax investment incentives, Thailand also offers a pleasant investment environment for companies and expats. Comprehensive infrastructure, government's supporting and continuous investment policy, high-quality housing, international-standard healthcare services, and

2019 ranking, Thailand is on the 27th rank with 78.45 score.

With such offerings Thailand has for foreign investors, FDI applications have continuously increased from 96,077 million baht (\$2,911.4 billion) in 2015 to 290,699 million baht (\$8,809.1 million) in 2017.

### Thailand-India: Long time trade partners

India is a large economy in Asia with strong economic growth and a significant trade partner for Thailand. At present, India is the 11th largest



trade partner for Thailand while Thailand is the 26th largest trade partner of India.

In 2017, total trade value between the two countries was 290 billion baht (\$8.87 billion), representing 28.01 per cent increase year on year. Total exports from Thailand to India was 190 billion baht (\$1.09 billion), a 17.86 per cent expansion year on year. Most of the exports from Thailand to India are plastic pallets, chemicals, cars, automotive parts and equipment, internal combustion engines and parts, steels, machinery and parts, air-conditioning system and parts, gems and jewellery. Meanwhile, Thailand imports from India primary chemicals (e.g. ethylene and propylene), machinery and parts, air conditioners, gems and jewellery, pharmaceutical products, metals, metal scraps and frozen, processed and semi-cooked seafood.

When considering investment, Thailand sees high potential in inviting Indian investors to do more business in Thailand, especially in digital, pharmaceutical, biotechnology, biochemical and green chemical, functional ingredients and next

generation automotive industries.

### **THAILAND SEES HIGH POTENTIAL IN INVITING INDIAN INVESTORS TO DO MORE BUSINESS IN THAILAND, ESPECIALLY IN DIGITAL, PHARMACEUTICAL, BIOTECHNOLOGY, BIOCHEMICAL AND GREEN CHEMICAL, FUNCTIONAL INGREDIENTS AND NEXT GENERATION AUTOMOTIVE INDUSTRIES.**

#### **Indian investors' strong foothold in Thailand**

In the past decade, Indian investment has had a strong base in Thailand. The investment application value from India during 2007 - 2017 totalled 42,952.1 million baht (\$1,301.6 million). The largest Indian investment activities in Thailand are from Indorama Group which has a combined investment of 42,315 million baht (\$1,282 million) with BOI promotional incentives. Majority

of the investment activities are manufacturing of polyester fibre, PET Resin, purified terephthalic acid, and wool thread.

Following are investment by Aditya Birla Group in textile fibre production projects, NTS Steel Group Plc's investment in steel production projects, ACG Capsules (Thailand)'s investment in capsule and gelatin production project, and Baharat Hotels (Thailand)'s investment in hotel business.

#### **Economic cooperation agreements make investment more pleasant**

Thailand and India have entered into several economic and trade cooperation agreements, which provide relaxing rules and regulations that make investment and trade activities between the two countries more pleasant.

In 2003, both countries signed the Thai-India Free Trade Agreement which included early harvest scheme for 84 product items, mostly agricultural products, processed seafood, gems and jewellery, plastic resins, electrical appliances, ball bearings, engine parts and freezer. Later in 2016, India-Thailand Joint Business Forum (ITJBF) was held in New Delhi, providing a forum for Thai and Indian business people to meet and discuss business cooperation.

Considering that both India and Thailand are in the world's fastest growing region, there are opportunities to grab. By investing in Thailand, Indian companies will have access to over 650 million consumers in ASEAN and can easily connect to China's Belt and Road initiative which can become the backbone. Meanwhile, Thai investors doing business in India will have access to the world's second largest population market.

*Dr Bonggot Anuroj is the Deputy Secretary General of the Thailand Board of Investment (BOI).*

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# General Election 2019: India's focus is inwards

by Dr Gareth Price



Anti-pollution measures and national security remain at the forefront in campaign manifestoes.

National security has featured strongly in the Indian election campaign with the ruling BJP and the main opposition party, Congress, each claiming to have taken the toughest measures against Pakistan in response to cross-border terrorism. Beyond cross-border terrorism, India faces an on-going challenge from a Maoist insurgency as well as sporadic, and declining, incidents of terrorism in North East India. According to government figures, around 1,400 civilians died in terrorist incidents between 2014 and 2018.

The aspiration for politicians to demonstrate their toughness through military endeavours at election-time is certainly not confined to India but emphasis given to it is arguably misplaced. In contrast to the 1,400 deaths from terrorism, according to Indian government figures, around 150,000 people die annually in road traffic accidents. According to the World Health Organisation, the actual figure is almost double.

Either way, the chance of being killed on roads is much higher than of being killed in a terrorist attack. And yet none of the main political parties is standing on a platform of road

safety. Rather, most wish to construct more roads. While it is unarguable that there is a case that more roads would benefit India, and rural India in particular, a parallel campaign to ensure basic road safety would be welcome.

**RATHER THAN ARGUE OVER WHICH PARTY HAS OVERSEEN THE TOUGHEST MILITARY CAMPAIGN AGAINST PAKISTAN, IT WOULD SAVE MORE LIVES AND HAVE, ACCORDING TO THE SURVEY, GREATER ELECTORAL BENEFIT WERE THEY TO DEVELOP AND START TESTING POLICIES TO IMPROVE THE AIR QUALITY OF INDIA'S CITIES.**

In contrast to 1,400 terrorist related deaths and 150,000 road fatalities, according to a recent report published by various health institutions including the Ministry of Health, in 2017 alone 1.24 million Indians died as a result

of pollution. Back in 2014, the World Health Organization called Delhi the most polluted city in the world. Since then various measures aimed at tackling pollution in Delhi and other major cities in northern India have failed to counter the effects of rising population, increased car numbers and industrialisation.

Some parties' manifestos do contain pledges to tackle pollution, though there are few specifics. On recent evidence, it is difficult to suggest that there is a clear path forward, though taking note of China's relative success in bringing down pollution levels may be a start. A recent pan-Indian survey suggested that pollution was one of the main concerns for urban Indians (though less so, understandably, in less-polluted rural areas). Rather than argue over which party has overseen the toughest military campaign against Pakistan, it would save more lives and have, according to the survey, greater electoral benefit were they to develop and start testing policies to improve the air quality of India's cities. While this may seem optimistic given the current polarisation of Indian politics, there is a precedent in India's recent past for action to be taken against existential threats. The



positive impact of India's response to disasters was seen in Orissa in early April. More than a million people were evacuated to safer areas, including around 800 specially-built cyclone and flood shelters, to escape a severe cyclone. Those killed numbered in the low single digits. India's shift in disaster preparedness and response began after an earlier cyclone that hit Orissa in 1999, killing around 10,000. The subsequent Gujarat earthquake expedited efforts to develop India's approach towards disasters, and an act was passed soon after the 2004 Indian Ocean Tsunami. 15 years later, the positive impact can be seen.

However, as the 2018 floods in Kerala proved, there are regional differences. Around 500 people are thought to have died in an event for which the authorities in that state seemed under-prepared. Unusually, in the field of disasters a few poorer states – notably Bihar and Orissa – are better prepared than some more developed states, such as Kerala. Ability to deal with disasters correlates better with the frequency of disasters than the state's overall development. Nonetheless, India's evolving approach to disasters and its ability to

act as the first responder within South Asia is commendable. Continued improvement remains necessary, however, since climate change is likely to increase the frequency and impact of weather-related disasters that India faces.

In addition, disasters (like pollution) fail to take account of national borders. Establishing regional early-warning systems is one of the easiest confidence-building measures between countries. Some efforts are underway to do exactly that. In addition, local organisations provide cross-border flood warnings between Nepal and India, and from India to Bangladesh.

Tackling the threat from pollution in a similar, de-politicised and evidence-driven manner may seem idealistic. Indeed, pollution appears at times to be - if not celebrated - at least condoned as evidence of India's economic growth. But those that live in urban India would seem to be recognising the cost of that growth, and politicians would be wise not to lag behind. In 2017, schools in Delhi had to close as the city became, in the words of its chief minister, Arvind

Kejriwal, "a gas chamber." Taking real steps to improve air quality would win votes.

Further, pollution requires a pan-Indian response (regardless of the demarcation of responsibilities between state and central government in India's constitution). Much of the pollution in Delhi, for instance, stems from farmers in neighbouring states burning crop stubble.

These issues which directly affect the lives of many Indians offer scope for international engagement. In March, India approved a memorandum of understanding with Germany to cooperate in the field of occupational safety and with Austria on road infrastructure, including road safety. There is often a tendency, or aspiration, to engage with India as a key global actor. But for now, India's real priorities are often more parochial.

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

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# Indo-Pacific: India's factor markets hold back full integration with region

by Arnab Mitra

India has close economic and strategic ties with the ASEAN, Japan, South Korea, Australia and New Zealand. But the next government will have to overhaul the country's land, labour and capital markets for the Indo-Pacific relationship to reach its full potential.

**E**ven as India's elections were winding their way to a final denouement, the Indian Navy was conducting drills in the disputed South China Sea, claimed in full by China, with the navies of the United States, Japan and the Philippines.

India's Narendra Modi government, which has made normalisation of relations with China a top foreign policy priority, has simultaneously made balancing Beijing's strategic rise in its neighbourhood a major geopolitical goal.

Hence, it's increased diplomatic and economic outreach to countries in the Indo-Pacific – stretching from the Arabian Sea to the Indian Ocean and the Pacific encompassing the 10-nation ASEAN bloc, Japan, Australia, New Zealand and South Korea – what Japanese Prime Minister Shinzo Abe has famously christened the Arc of Democracy.

## Protecting the sea lanes

India has, time and again, repeated its commitment to every nation's right to free and unfettered access to the world's oceans, which, the entire free world acknowledges, in a necessary pre-requisite for increased global trade and shared economic prosperity.

The primary goal is to increase

economic and trade ties with countries in the region. The geo-strategic engagement with the US, Japan, Australia – including the on-again-off-again discussions on the Quadrilateral comprising these countries and India – and others is the means to that end.

**INDIA HAS, TIME AND AGAIN, REPEATED ITS COMMITMENT TO EVERY NATION'S RIGHT TO FREE AND UNFETTERED ACCESS TO THE WORLD'S OCEANS, WHICH, THE ENTIRE FREE WORLD ACKNOWLEDGES, IN A NECESSARY PRE-REQUISITE FOR INCREASED GLOBAL TRADE AND SHARED ECONOMIC PROSPERITY.**

## Deeper ties with ASEAN

The Modi government's Act East foreign policy thrust took a decisive and tangible turn last year when he invited 10 heads of states or governments of the ASEAN countries to be chief guests at India's 2018 Republic Day parade – the first time

that so many world leaders – from Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam – attended the annual Indian show of its military might and cultural diversity.

Singapore and Vietnam, two of India's closest allies within the ASEAN, have long urged India to play a more assertive role in the region even as four of the 10 ASEAN members – Vietnam, Brunei, Malaysia and the Philippines – are directly affected by China's unsubstantiated claims over their territorial waters in the South China Sea.

It is in this context that New Delhi has upgraded its relationship with ASEAN to a strategic partnership and has, in recent years, sought to deepen its defence and strategic relationship with Vietnam.

But closer ties and deeper economic engagement with ASEAN is not without its risks to India. In 2017-18, bilateral Indo-ASEAN trade grew an impressive 14 per cent to more than \$81 billion, but landed India with a trade deficit of about \$13 billion.

So, a closer economic integration as enunciated in the ASEAN-India FTA, while desirable in the long run, can cause pain for Indian manufacturing companies in the short term.



However, with more Chinese mobile phone companies now setting up components manufacturing facilities in India and Korean major Samsung doing the same for mobiles and other electronic items with the aim of making India a manufacturing hub for these items, the country is likely to attain competitiveness in a number of products in the near future.

India can then become a net supplier of these products across the huge ASEAN market.

#### **The Delhi-Tokyo tango**

Among all global leaders, India's Modi and Japan's Abe share, arguably, the warmest personal relations and this chemistry have rubbed off on bilateral relations between the two countries.

Japan has emerged as one of India's closest strategic and economic partners over the last couple of decades. Modi and Abe have promised to raise this relationship to the next level by recognising, according to the joint statement issued at the end of summit meeting in Tokyo last year, "the unparalleled potential for development of relations between the two countries." They also reiterated that the two countries should work in tandem to establish a rules-based world order.

The two Prime Ministers agreed to upgrade their annual 2 + 2 dialogue involving the foreign and defence

ministers on the lines of the one India has initiated with the United States. Currently, this dialogue is held at the level of the junior ministers of the two departments.

### **INDIA'S LOOK EAST AND ACT EAST POLICIES AND ITS EFFORTS TO INCREASE ITS GLOBAL HEFT DOVETAIL NICELY WITH SOUTH KOREA'S POLICY OF DIVERSIFYING ITS OVERSEAS MARKETS AND BALANCING THE STRATEGIC MATRIX IN ASIA.**

India and Japan have mega plans to develop infrastructure across the Indo-Pacific in order to offer countries in the region an alternative to the Chinese Belt and Road Initiative (BRI) that saddles poor nations with disproportionately large loans, compared to the size of their economies, at high interest rates, which they have been unable to repay. The way out of this debt trap for these countries is to hand over important strategic assets to China.

A fact sheet issued by the two countries at last year's summit said "Japan and India believe that all development cooperation must be

carried out in an open, transparent and non-exclusive manner and based on international standards including respect for sovereignty and territorial integrity of nations, responsible debt financing practices, and in alignment with local economic and development strategies and priorities."

The list of projects they propose to cooperate on include the development of LNG infrastructure in Sri Lanka, railways, roadways and bridges in Bangladesh, education, electrification and housing in Myanmar and healthcare in Kenya.

Japan is also helping India upgrade its own creaking infrastructure. It is the lead partner in the \$90-billion Dedicated Freight Corridor connecting New Delhi with Mumbai, as well as the \$15-billion Bullet Train project between Mumbai and Ahmedabad.

However, the pace of progress on the project and initiatives agreed to by the two leaders has been slow. The problems are mainly on the Indian side – meandering land acquisition processes and a much-reformed but still long-drawn environmental clearance procedure. These are challenges that the next government in India will have to tackle.

#### **Kimchi and khichdi do mix**

Last year, Kia Motors, South Korea's second largest automaker, announced its plan of setting up



a \$1-billion auto assembly plant in Andhra Pradesh. Kia Motors will begin work on building the factory soon. Then, India's largest engineering and construction company, Larsen & Toubro (L&T) announced that it had entered into a \$700-million contract with the Ministry of Defence to make and supply one hundred 155 mm/52 calibre tracked, self-propelled artillery guns to the Indian Army.

The technology for the guns will be provided by South Korea's Hanwha Tech Win. This will mark the entry of the Indian private sector into the domestic manufacture of offensive weapons systems.

These announcements mark a deepening of the economic engagement that began in the 1990s with the entry into India of four till then practically unknown South Korean

brands – Samsung and LG in home appliances and electronics and Hyundai and Daewoo in automobiles.

Hyundai, which has fought its way to the second position in the market, has helped nurture and build a small car manufacturing eco-system in India, along with Japanese rival Suzuki. Its factory near Chennai produces more than 600,000 Made in India cars, 40 per cent of which it exports to markets around the world.

It has created linkages with India's burgeoning small and medium (SME) sector and built up a base of suppliers, vendors and service producers that have helped India emerge as the small car hub of the world.

South Korea has been aggressive in betting on India's economic and

strategic potential. Bilateral trade has grown more than 40 per cent since 2009, and South Korean companies such as Samsung, LG and Hyundai are among the most respected brands in India.

The two countries are now looking at ways to expand their strategic partnership in areas where there are considerable synergies. India's Look East and Act East policies and its efforts to increase its global heft dovetail nicely with South Korea's policy of diversifying its overseas markets and balancing the strategic matrix in Asia.

India has also deepened its trade relationship with Australia and New Zealand, although it the strategic and geopolitical element that has emerged as the most important component of India's ties with the former.

### Challenges ahead

There was a report in The Economic Times recently that spoke of Japanese and Korean companies, looking for an alternative to China, wanting to invest \$50 billion in India.

But India's antiquated labour laws, its still labyrinthine land acquisition processes and the high cost of capital in India are acting as impediments to the flow of this investment.

The next government will have to pay attention to reforming India's factor markets – land, labour and capital. This will not be an easy task.

All three will challenge the political will of the government as there are entrenched special interest groups – farmers, trade unions and the powerful status quo lobby – that are firmly opposed to them.

Despite the massive possibilities and the warm bilateral relationships, India will find it difficult to fulfil the full potential of its close geo-strategic embrace of the Indo-Pacific without these reforms.

## Indian companies keep a firm eye on global vision

Wipro and Ola continue their rapid acquisition spree.

### OYO to buy @Leisure for €370mn

OYO is set to acquire Amsterdam-based vacation rental company @Leisure Group from Axel Springer for about €370 million euros (Rs 2,885 crore), in one of the biggest acquisitions of a foreign firm by an Indian unicorn.

SoftBank-backed OYO, which is trying to establish bases in Europe, the UK and the US, has been in talks with @Leisure over the past six months. This acquisition would help OYO move a step closer to realising its vision of becoming a global real estate brand while maintaining leadership in the hospitality industry, the company said in a statement.



Ritesh Agarwal, Founder, OYO, said: "We are excited to continue maintaining our global industry leadership. @Leisure has proven capabilities in helping develop Europe into a vacation rentals hotspot. It is a business decision closely aligned with our overall mission that has incredible potential."

Globally, OYO is present in over 500 cities across 10 countries and hosts millions of guests in over 18,000 hotels and homes in 515,000 rooms. The company's sales in December stood at \$1.8 billion, growing roughly at 4.3x year-on-year. It claims to be the world's sixth-biggest hotel brand by room numbers.

### WHISHWORKS eyes Middle Eastern expansion

On the back of impressive recent growth, and big data consultancy WHISHWORKS has outlined its ambitious global expansion agenda, including its intent to strengthen its presence in the UAE for the growing Middle Eastern market. The declaration of intent coincides with the company's pending acquisition by fellow Indian-headquartered firm NIIT Technologies, an IT consultancy and service provider operating in 18 countries worldwide.

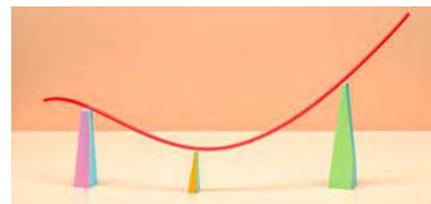
A recognised strategic MuleSoft partner – last year receiving Mulesoft awards for Growth Partner of the Year and Customer Success Partner of the Year for Europe, the Middle East & Africa – WHISHWORKS was born in Hyderabad in 2008 as an IT services and consulting company specialised in systems integration and big data, with Qlik and Cloudera among its other business software partners.

With an international commercial operations base already established in the UK, complementing the firm's development hub in India, WHISHWORKS now has its eyes firmly set on global expansion. Among these growth plans are a permanent move to the US market through an office in New York, chasing continued growth in the UK, and strengthening its UAE presence to capitalise on a growing Middle East market for digital transformations.

### Wipro arm acquires Filipino firm

Wipro Consumer Care & Lighting (WCCL), part of the billionaire Azim Premji-led Wipro Group, has acquired Splash Corporation, known to be the largest personal care company in the Philippines, for an undisclosed sum. The acquisition will enable WCCL to build its own brands in the Philippines by leveraging Splash's distribution strength across market segments.

The company has built iconic brands, namely SkinWhite (body lotions), Maxi-peel (exfoliant) and Vitress (hair conditioner).



Vineet Agrawal, chief executive at WCCL, said: "Splash gives us a market leading position in the Philippines, which is one of the strong economies in the region and a formidable personal care market."

Splash brands also have a strong presence in multiple international markets like Indonesia, Vietnam, Hong Kong, the Middle East and Nigeria. The Splash Corporation has recorded revenues of \$80 million (Rs 558 crore) in the financial year 2017-18.

Rolando B Hortaleza, CEO and founder, Splash Corporation, said: "This gives us immediate access to resources and markets that will help us fuel faster and enable us to unlock the true potential of our brands."

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**INVEST INDIA**  
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# Manchester's history of innovation makes it an ideal pick for Indian students

by Professor Stephen Flint

Professor Stephen Flint is Associate Vice-President for Internationalisation at the University of Manchester. Here, he discusses the University's collaborations with Indian institutions and lays out some interesting collaborative research initiatives.

**I**ndia is an important market for Manchester and, in particular, for The University of Manchester.

As one of the UK's top research institutions, The University of Manchester is continuously seeking ways to develop collaborative relationships with international organisations to find solutions to major global challenges.

The University is strong in areas of research that are pertinent to the Indian economy, such as advanced materials and energy. Additionally, our location in Manchester, one of the UK's largest digital, manufacturing and life sciences hubs, means the University is well placed to complement India's current and emerging industries and research capabilities.

The University's history of innovation, which includes creating the first stored-program computer, formulating the principles of modern economics and isolating graphene, makes it a preferred higher education institution for today's leading Indian academics, as well as the next generation of talent.

With this in mind, the University has identified mutually beneficial opportunities to develop joint-education relationships around science and innovation – particularly water quality, air pollution and smart cities – with India's leading institutions like IIT Kharagpur and IISc Bangalore. India is a key market for the University as well as to the city of Manchester. With strategic partnerships driving Manchester-India relations, the city has seen significant investments from Indian companies in the last



**engagements the University of Manchester is pursuing with India**

The University of Manchester has been driving innovation for nearly 200 years. In 2018 the Academic Ranking of World Universities positioned us as the 34th best higher education institution in the world.

Our reputation enables us to attract leading academics and researchers plus some of the brightest students from regions including India, the US, Canada, China, Russia, Latin America, and across Europe and the continent of Africa.

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**WITH STRATEGIC PARTNERSHIPS DRIVING MANCHESTER-INDIA RELATIONS, THE CITY HAS SEEN SIGNIFICANT INVESTMENTS FROM INDIAN COMPANIES IN THE LAST FEW YEARS**

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few years and welcomed the launch of a direct Manchester-Mumbai flight connection in late 2018. This new route will support existing business and research links with Mumbai and potentially create collaborative opportunities with other Indian regions.

With Indian universities having the largest number of students in the world, and with the global increase in student mobility, we hope the new air route will help to increase the number of students and staff travelling between India and Manchester.

**Important research and**

At present, the University has over 100 academic staff and 3,500 alumni of Indian origin, with the most popular courses chosen by Indian students being computer sciences, engineering, management and business, and biosciences. Bollywood actress Parineeti Chopra is among our alumni, and current academics and associates include Rahul Nair, Professor of Materials Physics, and award-winning Bina Agarwal, Professor of Development Economics and Environment, recognised globally for her research in gender inequality in land rights, environmental governance and women's contributions to agriculture in India. Professor Vaskar Saha, whose research with Tata Medical Centre in Kolkata has helped lower mortality rates of childhood leukaemia patients in India, is based at the University as well.

The diversity in the University's areas of expertise has allowed us to collaborate with the Indian Institute of Technology in Kharagpur. Our aim there, with funding from the UK-India Education and Research Initiative,

**AT PRESENT, THE UNIVERSITY HAS OVER 100 ACADEMIC STAFF AND 3,500 ALUMNI OF INDIAN ORIGIN, WITH THE MOST POPULAR COURSES CHOSEN BY INDIAN STUDENTS BEING COMPUTER SCIENCES, ENGINEERING, MANAGEMENT AND BUSINESS, AND BIOSCIENCES.**



is to develop research programmes around biomedical informatics, advanced materials, smart textiles and earth-environment-water sciences.

Another partnership, working with the CSIR-Indian Institute for Chemical Biology, has enabled our colleagues to identify high levels of arsenic in rice in West Bengal. Professor David Polya's study, which links the consumption of arsenic-bearing rice and genetic damage, is the first of its kind.

#### **Future plans on bolstering ties with India**

The University has a key aim to create further opportunities for students and academics between

India and Manchester, as well as to build stronger relationships with Indian SMEs and multinationals to strengthen our research.

Our long history of welcoming students from India has resulted in the University having one of the largest numbers of undergraduate and postgraduate students of Indian origin in the UK outside London. The University has an extensive annual events calendar which provides opportunities to meet students at Indian institutions. Additionally, we encourage postgraduate research students to access funding streams such as the Presidential Doctoral Scholarships and Commonwealth scholarships, should they wish to continue their

studies abroad.

We will continue to host Indian delegations and organise business and academic workshops on campus and visit partners in the market to progress conversations about Manchester-India research programmes. One area of particular interest to the University, and with rich potential for partnership, is the development of graphene composites and applications at the National Graphene Institute and the newly opened Graphene Engineering Innovation Centre.

Our links will be cultural as well as academic. In 2021, following a landmark collaboration with the British Museum, the University will open northern England's first large-scale

South Asia Gallery at Manchester Museum, one of the University's four cultural assets.

The Gallery will exhibit sculpture, textiles, paintings, ceramics, natural history, archaeological and ethnographic material. It is being co-curated by local residents, artists, academics and performers from the South-Asian diaspora.

### Examples of ongoing research at the university

Bina Agarwal is Professor of Development Economics and Environment at the Global Development Institute, the University of Manchester. She is currently researching whether group farms can provide a more viable model of farming than small individual family farms. Below she provides a brief account of this research.

"I found that despite the global concern with agrarian inequalities, poverty, and sustainable livelihoods, little attention was being paid to the institutional transformation of agriculture. Nowhere was this more needed than in India.

Indian agriculture is in crisis today, with 85 per cent of farmers cultivating two hectares or less, in fragmented plots. Farmers have limited access to formal credit, irrigation, technology and markets, and are increasingly affected by climate change. A growing number of smallholders are also women. In this context, I asked, could group farming provide an answer, wherein smallholders voluntarily pool land, labour and capital to create larger farms that they manage collectively?

Potentially, group farming could bring scale economies and provide a dependable labour force, more investible funds and skills, and greater bargaining power with governments and markets. But can this potential be realised in practice?

I tested these theoretical propositions by researching two unusual government and NGO initiated programmes launched in the 2000s to promote women's group farming in the Indian states of Kerala and Telangana.



The all-women groups lease in land to farm jointly, sharing labour, input costs and returns. I constituted local teams to collect weekly data for an entire year (2012-13). We took data on every input used and output produced by a sample of group farms, and, for comparison those of several hundred individual family farms (95 per cent of which were male-managed) in the same regions. I wanted to see if group farms could outperform individual farms in productivity and profits. We also interviewed farmers using focus groups. The results were very interesting.

Kerala's groups performed strikingly better than individual farms, both in their average annual value of output per hectare, which was 1.8 times higher, and their average annual net returns per farm, which were 5 times greater. The Telangana group farms, however, performed worse than individual farms in annual output but were equivalent in net returns.

In both states, groups did much better

in commercial crops than in traditional food grains, where individual male farmers, owning good quality land, had an advantage. Underlying the differential performance of Kerala and Telangana were factors such as the technical and institutional support the groups received, their social composition, land access, and cropping patterns.

Notably too, in both states, women in group farms felt socially empowered at home and within communities. Many stood for village council elections and won. Overall, the research shows that group farming can indeed provide an economically effective and socially empowering model of farming, with initial support, careful design, and an adaptation to local conditions."

*Professor Stephen Flint is Associate Vice-President for Internationalisation at the University of Manchester.*



## Kentucky has a huge appetite for advanced manufacturing businesses

**In this interview with 'India Global Business', Vivek Sarin, Executive Officer and Co-CEO, Kentucky Cabinet for Economic Development, touches upon the state's contribution to India-US relations and what makes Indian businesses different from those in the US.**

**W**hat are some of the strategies being deployed to attract international businesses to Kentucky? And how important is India to this global mix?

We are employing several strategies to attract international investment, focusing primarily on nations and industries that are—and are likely to become—major sources of international investment and job creation.

In the likely-to-become category, we're looking at nations with fast to explosive growth potential and have a limited presence in Kentucky. India falls squarely into that category.

Another strategy we're pairing with those efforts is to employ clustering. We analyse our pillar industries, conduct research and

develop relationships with individual companies within those industries. Then we recruit suppliers and customers whose presence helps the existing business. Not only does that build out the industry and add new members, it also retains the existing company, helps them succeed and potentially expand.

Within our clustering strategy, we're targeting companies with existing interests in the US and those ready to make the leap into the North American market. India's role in this strategy is one of increasing importance.

Indian auto parts manufacturers, for example, are emerging as potential entrants to the US automotive supply chain. We can demonstrate to prospect companies how they can benefit from access to materials and components produced in Kentucky

— such as aluminium, steel, plastics, glass, rubber and electronics—while saving costs through our low rates for electricity, location advantages and right-to-work environment.

**What are the kind of Indian enterprises that have set up a base in your region?**

We currently have five Indian-owned businesses operating in Kentucky's manufacturing, service and technology sectors—the key areas on which our Cabinet focuses.

It's important to note these companies operate in some of Kentucky's pillar industries, including aluminium production, pharmaceuticals and consumer and industrial products manufacturing. Their collective employment is significant, at nearly 2,900 people. Our Cabinet's goal is to help these

**I THINK IN THE INDIAN CULTURE THERE'S AN EVEN GREATER RELIANCE ON – AND EXPECTATION OF – INTERPERSONAL RELATIONSHIPS AS A CENTRAL ELEMENT OF CONDUCTING BUSINESS, ESPECIALLY BETWEEN MID-SIZE OR SMALL COMPANIES. THERE'S A DEEPER COMMUNITY AWARENESS, TOO, THAT ENCOURAGES INDIAN BUSINESS PEOPLE TO SUPPORT EACH OTHER.**



companies continue to grow by providing the business environment, employee pipelines, supply chains and access to customers they need.

**Do you find companies from the region keen to explore the Indian market?**

Yes, in fact, when our Cabinet and the US-India Business Council (USIBC) were organising an economic development mission to India for Kentucky Gov. Matt Bevin and members of our executive team, we experienced considerable interest from both Indian-owned companies in Kentucky and US-owned operations. I think the business community here recognises the Indian population and market potential for the US – and in particular – Kentucky-made goods and services.

During that trip in January to Uttar Pradesh and Gujarat, Gov. Bevin – as the senior US official and delegation co-leader along with Nisha Biswal, president of the USIBC – represented and brought with

him representatives from business groups and companies from across our nation.

To help Kentucky companies create relationships in international markets and begin exporting, our Cabinet provides STEP Grants. Those fund various trade-related activities, including, marketing, international business trips, trade shows and translation services.

Since 2014, Kentucky's exports to India have ranged between \$121 million and \$165 million annually. Last year, our state exported \$158 million in goods and services to India, up 24 per cent from 2017. Kentucky's top-five export categories to India in 2018 were:

- o Pharmaceuticals and medicines
- o Basic chemicals
- o Resin, synthetic rubber, filament and fibres
- o Hardware
- o Aerospace products and parts

I believe we can continue to grow the

trade relationship between India and Kentucky as we find more common interests and products to market.

**Does the US President's "America First" approach to global trade impact Kentucky's promotional activities?**

The Bevin Administration aligns with the Trump Administration's goal creating a more equitable international trade relationship. We are confident the final outcome of the current trade negotiations between the US and partner nations will create a better balance. Kentucky workers, Kentucky companies and Kentucky products can compete in a global arena, so long as the playing field is even.

The current trade negotiations have actually further propelled Bevin Administration's efforts to build new or strengthen existing sub-national relationships between Kentucky and Japan, India, China, South Korea and other key nations. We are laying the groundwork for prosperity, positioning Kentucky for maximum

growth as these national-level trade negotiations come to their respective conclusions.

We recently hosted the Hon. Ambassador Harsh V. Shringla, Minister of Commerce Puneet Kundal, Minister of Community Affairs Anurag Kumar and First Secretary Satwant Khanalia of the Embassy of India in Washington D.C., along with a group of businessmen. Their trip to Kentucky further cemented the relationships we've been working to build. We anticipate additional meetings, trips and opportunities to continue the current momentum with Indian businesses, investors and government officials.

**How do Indian and American styles of doing business differ?**

I have a great deal of appreciation for the various and subtle differences in how Indian companies and executives versus Americans conduct business. Being a first-generation American and having observed my father, who emigrated from India, and other family members in business on both of our nations, I would say there are more similarities than differences.

I would say, culturally, both understand the important balance of results and people – both customers and employees. The universality of the English language goes a long way in making communication in business quicker and more effective. And the fact the Indian and American systems of government share a great amount in common helps facilitate business as well.

Those factors provide a helpful foundation for the presence of rapid change – technological change – in both countries and the ability of businesses to quickly bring their innovations to market.

Pressed on differences, though, I think in the Indian culture there's an even greater reliance on – and expectation of – interpersonal relationships as a central element

of conducting business, especially between mid-size or small companies. There's a deeper community awareness, too, that encourages Indian business people to support each other.

When it comes to large multi-nationals, I think these traits get watered down as larger-scale concerns rise. Even still, there's additional emphasis on face-to-face meetings, networking and individual contact versus in American business.



I will say also that we, in Kentucky Gov. Matt Bevin's administration, are focused on cutting excess government regulation. In India, we recognise the important role national and local governments play as increasingly integral to conducting business. There's an appreciation for the art of negotiation and ability to navigate along with governmental officials, regulations and laws. I think that adds further emphasis to the imperative of person-to-person relationships across governments and companies.

**How would you define the role Indians are playing in the US? Are their efforts being recognised?**

Though I think the barriers to entry in the US business mainstream stood rather tall in the 1960s, '70s and '80s, those steadily eroded as companies established themselves and either directly assisted others or served as

case studies in both inspiration and method. Overall, I see Indian-owned companies operating in Kentucky as increasing at a more-than-gradual rate, both in number and impact. It's likely that trend would hold true for other US states as well.

India is well known and respected in the US for its educational systems, its STEM graduates and as a source for engineers, technicians and IT professionals. That sets the stage in the US for entrepreneurs being more broadly embraced, supported and even sought after by governments seeking companies with explosive growth potential. Additionally, there's ample appetite – at least in Kentucky – for advanced manufacturing businesses.

Take for example Flex Films, the Elizabethtown, Ky. manufacturing operation by UFLEX Ltd., based in Noida, India. The company, which produces flexible packaging often used for food, was quick to take on the challenges of opening its first US-based operation. Hurdles included raising its quality standards end-to-end to be competitive with other US producers. And overcoming a stigma that the company should sell its products for less than the US or other, more established, European and Asian competitors even once Flex Films' quality was the same or better.

Now six years into its US production, Flex Films is recognised as an Indian-owned business certainly within its local community and likely by members of its customer and supplier base. The company is receiving broader recognition, too, as company leaders seek opportunities to tell their story and serve as a role model for others.

No worthwhile recognition comes without a struggle. When we can emerge from those challenges with a deeper sense of our own expanded abilities, we're better equipped to take on the next and greater step toward success.

## Overseas firms reaffirm their confidence in India

The country's fintech, energy and auto sectors saw billion-dollar deals.

### Mastercard to invest \$1bn in India

Global card payments major Mastercard said it will invest \$1 billion (about Rs 7,000 crore) in India in the next five years and plans to make the country a global technology node for its platforms. The company has already invested \$1 billion in the Indian market in the last five years.

Ari Sarker, co-president, Asia Pacific, Mastercard said: "Over the last five years, we invested about \$1 billion in India. Given our increasing confidence in the Indian economy, where it is likely to be over the coming decade, we are stepping up on our investment commitment in India. We are committing another \$1 billion into India (for next five years)."

He said the most crucial thing about this investment is that Mastercard is building India as a global technology node for its global platforms. This investment will help foster innovation and increase Mastercard's speed-to-market capabilities and value-added services.

He added: "What we mean by that is as a payments network we are a global network. All our transactions traverse towards a global network where the technology centres are in the US. And now India is going to become the first country outside of the United States which will have a global technology node."

Of the \$1 billion investment, over \$300 million will be used to develop the India technology node. The rest of the investment will go towards existing services and expanding capacity among others.

### Nayara begins fuel retail expansion in India

Russian oil giant Rosneft-led Nayara Energy is expanding its fuel retail network in India, nearly two years after the company acquired Essar Oil's assets, including its fuel retail outlets.

Rosneft in August 2017 bought Essar Oil for \$12.9 billion and later renamed the company Nayara Energy, which now operates a 20-million-tonnes-a year oil refinery at Vadinar, Gujarat.

B. Anand, CEO, Nayara Energy, said: "As the fastest growing pan-India private fuel retail network, we are expanding retail presence at an extensive pace. Today, we have more than 5,000 fuel retail outlets in the country and we plan to increase the network to over 7,000 by 2020."

With this expansion, Nayara will retain its tag of the largest private fuel retailer in the country. Reliance Industries trails Nayara with around 1,372 fuel retail outlets followed by Shell which operates over 120 fuel retail stations in the country and has acquired land for another 150, which are under construction.

Shell plans to open 1,200 retail stations across India over the next ten years. RIL along with partner BP Plc plans to jointly set up 2,000 petrol pumps in India over the next few years.

Nayara is also investing \$850 million to expand its Vadinar refinery to foray into the petrochemical business.

### Ford may fuel India drive with \$1bn

Ford Motor Co is likely to make an additional investment of as much as \$1 billion in Indian operations over five to seven years as it restructures or exits key businesses around the world. Although the Indian passenger vehicle market crawled to its slowest growth in recent years in FY19, Ford is looking to make the country a centrepiece of its long-term global strategy.



At least \$500 million will go toward two SUVs that will be developed by Ford's India centre. An additional \$400-500 million will likely be in Project Black, in partnership with Mahindra & Mahindra. Recently, the two companies had announced plans for a C-segment SUV.

India plays an important role for Ford headquarters, especially from an emerging market cluster perspective. This is a departure from its earlier stand of catering mostly to evolved markets.

While the company has seen volumes almost static at 80,000 to 100,000 units in the Indian market over the past few years, exports have played a key role in ensuring capacity utilisation at its plants in Sriperumbudur, Tamil Nadu, and Sanand, Gujarat. Still, the latter facility has significant surplus capacity, which the company is looking to fill up.



## Modi's hectic overseas schedule has helped raise India's profile, balance relations

by India Inc. Staff

**A brief roundup of the impact that the Indian Prime Minister's numerous diplomatic visits over the past five years have resulted in.**

**A**cross 57 countries in six continents in a total of 92 trips, in his five-year tenure, Prime Minister Narendra Modi has emerged as one of the most well-travelled heads of state of India ever. This is more than twice the number of trips that his predecessor Dr Manmohan Singh made in his second five-year stint at the helm between 2009 and 2014.

This amount of globetrotting, something for which he has been at times bogusly criticised at home, has borne fruit in India's foreign relations diplomacy. Some of them clearly stand out. India's relations with Japan have hit new highs, ties in the Middle East have broken new ground and received greater impetus while Pakistan that has always been a hostile neighbour has been torpedoed in no uncertain terms.

Much of this is a result of Modi's charisma. It is best visible in his camaraderie with Shinzo Abe, the premier of Japan. Modi is one of the only four heads of state that Abe follows on twitter—he only follows 18 people in totality anyway.

Modi and Abe's personal bonhomie is a bit perplexing considering their leadership style is as contrasting as their backgrounds. The common binding factor—the mutual distrust for China, is not all-encompassing. Japan wants to increase its economic involvement in India, deepen its defence and security cooperation and strengthen the liberal order in Asia and globally. India wants a strong ally in Asia to counter the threat of China. As a result of this meeting of minds, Japan views India as a vital partner alongside its strong ties with the US.

India's need for massive infrastructure development is where the role of Japan has been most vital in the last five years. Considering that China is not an option due to historical reasons, Japan has been more than willing to fill in the gap—be it in technology or long-term fund infusion. Japan's decision to extend a loan of Rs 5500 crore for 50 years at a concessional rate of interest of 0.1 per cent would not have been possible without the personal friendship that Modi and Abe share. The ambitious 1500 km Delhi Mumbai industrial corridor which is being developed with help from Japan and was started by the previous government has also picked up pace in the current regime.

The other region where there has been a paradigm shift in foreign policy



is in the Middle East. Traditionally, India did not impart the attention due to the Persian Gulf countries and ties between the two regions have largely been transactional in nature. Conventional wisdom that the middle eastern countries would forever side with Pakistan due to their Islamic origin has always dictated India's diplomatic relations with the region. Under Modi though, India made a bold outreach to Saudi Arabia and the United Arab Emirates. Modi has jumpstarted this transformation using his personal charisma to forge friendships with Saudi Arabia's Mohammad Bin Salman and UAE's premier Sheikh Mohammad Bin Rashid. At the same time, India's ties with Iran have also not suffered but it has not become a stumbling block in improving ties with the other countries.

Piggybacking on its stature as a big consumer of Middle Eastern oil while adding this new layer of soft diplomacy has already started bearing fruit. In February, India was invited for the Organisation of Islamic Cooperation by UAE much to the displeasure of Pakistan.

India's relation with its biggest adversary Pakistan itself has been significantly altered by Modi. While he began his tenure on a softer note,

inviting Pakistan's then Prime Minister Nawaz Sharif to his swearing in ceremony in 2014 and following it up in late 2015 with a surprise stopover at Lahore on Sharif's birthday.

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**MODI HAS JUMPSTARTED THIS TRANSFORMATION USING HIS PERSONAL CHARISMA TO FORGE FRIENDSHIPS WITH SAUDI ARABIA'S MOHAMMAD BIN SALMAN AND UAE'S PREMIER SHEIKH MOHAMMAD BIN RASHID. AT THE SAME TIME, INDIA'S TIES WITH IRAN HAVE ALSO NOT SUFFERED BUT IT HAS NOT BECOME A STUMBLING BLOCK IN IMPROVING TIES WITH THE OTHER COUNTRIES.**

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When that overture failed as a result of repeated terrorist attacks in India after 2016, Modi hardened his stance and showed Pakistan the might of his leadership. From the surgical strike in September 2016 where Indian army crossed the Line of Control and killed 38 terrorists and two Pakistani soldiers to avenge the terrorist strike

in Uri, to the aerial attacks in Balakot in February this year that was again a show of strength and a retaliation to the Pulwama terror attack where 40 Indian CRPF jawans were martyred, it marked a seminal shift in India's foreign policy towards Pakistan. From a pacifist to an aggressive and proactive mindset.

The biggest and most tangible impact of Modi's foreign policy is in the rise in stature of India in the world. The proof of it whether it be in the increase in foreign direct investment into India—at \$193 billion, it is up 50 per cent in 2014-19 versus 2009-14, or the quick signing of various bilateral treaties that has further strengthened India's engagement with the world at large.

In 2016 for example, India signed the bilateral Logistics Exchange Memorandum of Agreement with the United States for facilitating logistical support, supplies and services between the militaries of the two nations. This was followed up with the signing of Communications Compatibility and Security Agreement (COMCASA) in 2018 to facilitate access to advanced defence systems and enable India to optimally utilise its existing US-based platforms. India also entered the Shanghai Cooperation Organisation and gained membership in three of the

## COUNTRY FOCUS

four big nuclear clubs—Wassenaar Arrangement, Australia Group and Missile Technology Control Regime.

Under Modi, India has adopted a more bold and practical approach to the world at large and steered clear of its age-old safety first non-aligned strategy. Examples like spearheading the campaign against climate change in Paris in 2015 or setting up the International Solar Alliance that very year bolster that point.

“We have moved on from our non-aligned past. We are today an aligned state—but based on issues,” says Vijay Gokhale, India’s foreign secretary. “In the rules-based order, we have a stronger position in multilateral institutions.”

The increasing importance of India under Modi has also been felt in the way it has isolated China in multilateral forums. The listing of Jaish e Mohammad chief Masood Azhar,

the most wanted terrorist in India, by the United Nations earlier this month aptly exemplifies it.

Since 2008, India had been trying to get the UN to designate Azhar as a terrorist but every time its bid was thwarted by China on technical grounds. This time after the Pulwama terrorist attack in mid-February, the resolution was moved by France—one of the three permanent veto wielding members of the 15 nation Security Council. It was backed by the other two P3 members—US and UK, as well as Russia and 10 other non-permanent UNSC members.

While China put a technical hold on the motion this time as well, the US piled on the pressure on it by moving a draft resolution in the UNSC that stipulated that China had until 23 April to remove its technical hold or else it would have to come out openly in support of a terror mastermind. Isolated, China had no other option

but to give in thereby handing a major diplomatic victory for Modi.

At the same time, he has made sure that India-Sino ties do not suffer in the bargain. Alongside the US, Modi has visited China the most number of times—five. While China and India are not any closer to becoming best of friends, after the 72-day standoff at Doklam in 2017 which threatened to escalate a full scale war and was ultimately successfully diffused without a shot being fired, ties have only moved northwards. It is not a coincidence that the two heads of the state—Modi and Xi Jinping, are meeting more often. They met at least four times in 2018 alone.

Through a combination of deft diplomatic manoeuvring and his personal charm offensive, Modi with his multiple foreign sojourns has been able to break new ground in our relations with countries closer home and those far away.



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# Maintaining Momentum in a New Era of Economic Cooperation

Chandrajit Banerjee, Director-General of the Confederation of Indian Industry (CII), outlines the various sectors that present tremendous opportunities to bolster UK-India cooperation.

**H**istorically linked together for centuries, India and the United Kingdom share a commitment to democracy, peace and stability as also institutional, educational and legal affinities that underpin the vibrant and dynamic bilateral relationship today. As India embarks on a reinvigorated growth path and the UK prepares for a historic detachment from the EU, these shared foundations establish a new era of economic cooperation that extends into multiple domains in alignment with the rapid changes taking place in the world today.

## The New India

India has set in motion a range of large-scale campaigns designed to boost the pace of poverty alleviation and growth, as also address gaps in infrastructure and the social sector. The Jan-Dhan Yojana is the largest financial inclusion programme in the world and has succeeded in opening almost 260 million no-frills bank accounts. The Make in India mission aims to greatly expand manufacturing and job creation through a focus on industrial corridors and parks. The mission includes a range of strategic vectors designed to ramp up the pace of manufacturing growth and create 100 million new jobs.

Efforts to improve the ease of doing business have been undertaken in a focused manner with the cooperation of India's state governments for improving the investment climate. The regulatory environment for FDI has been consistently eased, opening new sectors for participation of



overseas investors such as defence manufacturing, real estate, insurance, medical devices, aviation and railway production, among others.

In infrastructure, a range of new initiatives has led to an explosion in roads and highways construction, power and renewable energy capacities and airport connectivity. The Smart Cities Mission is scripting a new urbanisation story that will converge physical and digital infrastructures. Equally, the Digital India campaign is driving digital access, electronics manufacturing and e-governance in a multipronged endeavour with remarkable success. Skill India has already brought new capabilities to over 10 million youth from government initiatives, and private sector training is adding to this effort.

Each of these areas offers renewed opportunities for future collaboration between India and the UK.

## Brexit and India

The UK's decision to exit from the

EU is not expected to dent bilateral engagement to a significant extent, given the strong partnership that the two countries have built and their economic complementarities. India's economy is largely driven by domestic consumption rather than exports, and its exposure in terms of exports to the UK is relatively limited. While India may be impacted through second-round shocks emanating from a global financial system that remains fragile, its strong macroeconomic fundamentals, high foreign exchange reserves and

lower integration with the world would help to maintain stability in the growth process, analysts believe.

CII is confident that Brexit offers positive opportunities for India and the UK to work together. After Brexit, India and the UK could work on a bilateral economic cooperation agreement that could be faster and may aid the process by bypassing some of the sticking points in the India-EU FTA.

Further, the UK could consider relaxing its investment regime as it relates to facilitating high-skilled professional labour mobility in order to facilitate higher fund flows from non-EU members, including India.

## Bring in post-Brexit Clarity

The post-Brexit scenario in the UK remains inadequately clear for international businesses. While the negotiations commence and the direction of its future role in the EU is addressed, the UK must send out strong signals regarding the potential for Indian companies.

## INDIA HAS SET IN MOTION A RANGE OF LARGE-SCALE CAMPAIGNS DESIGNED TO BOOST THE PACE OF POVERTY ALLEVIATION AND GROWTH, AS ALSO ADDRESS GAPS IN INFRASTRUCTURE AND THE SOCIAL SECTOR.



One area that needs to be taken up is the contribution of Indian companies in the UK in terms of job creation. We need to resolutely dispel the perception that India, due to its competitive costs, is taking away jobs. Indian companies need to be reassured that the UK will continue to attract and allow the best of global talent for business.

In this context, it is important to continue to encourage the movement of Indians to the UK for all purposes, including tourism, higher education, work and business. Higher visa fees, stringent post-study work regulations and restrictive employment permits curtail the gains to the UK from operations and presence of Indian companies and workers.

Indian companies will derive comfort from clarity on emerging UK policies on single market access and passporting rights or the right of financial services companies with legal entity in the UK to operate across European markets. The UK must take care to avoid excessive restrictions on business operations from within its borders to the larger EU market.

**Considering an India–UK trade/ economic cooperation agreement**  
India and the UK have the opportunity to commence on a bilateral trade agreement or comprehensive

economic cooperation agreement. This should include trade in goods, trade in services, investments, mutual recognition of certifications and so on. Such a treaty would open up larger avenues for partnership.

While formal decisions cannot be taken until the UK completes its exit process from the EU, an initialising discussion could at least bring forth key elements that would be crucial for such an agreement to materialise.

### Going High-Tech Together

Today, India is progressing rapidly towards a knowledge-led, knowledge-driven economy. Our youth is increasingly internet-connected and tech-savvy. Combined with their innate sense of creativity and entrepreneurship, the young are leading the change to a new India. Frugal engineering, innovative thinking and tailored solutions are the hallmarks of the new knowledge economy in India.

The UK enjoys leadership strength in technology and innovation. It has much to offer to India, as also much to gain from partnering with it. The two countries would need to jointly address policy instruments in order to maximise the gains from their partnership.

### Partnering on Smart Cities and Urban Regeneration

India's Smart Cities Mission is meant to usher in a new era of urbanisation. The UK has committed to developing the smart cities of Pune, Amaravati and Indore. With these lighthouse cities, new areas of cooperation will be created in the overall trade and economic relationship.

The UK has expertise in infrastructure, smart transport solutions, professional services and e-governance. It is a global leader in design, spatial data analysis, modelling and visualisation. The UK firms supply a range of innovative, user-focused design systems to the world and can expand their presence in India's rapid urbanisation process.

A concerted effort to connect companies with opportunities in this sector could have wide-ranging and wide-scale implications for India–UK economic relations.

### Conclusion

The future of India–UK relations looks strong under the leadership of the two prime ministers and has acquired a positive glow of new opportunities. Enterprises of both countries are keen to maintain the momentum and build closer economic synergies. This gains from the leading position of the UK in the evolving knowledge economy, as also from India's renewed growth vigour.

The future strategies can converge with India's development mission and the new synergies between the governments and businesses of the two sides would stand as a paradigm of partnership.

*The above is a synopsis of one of the chapters from 'Winning Partnership: India-UK Relations Beyond Brexit', edited by India Inc. Founder & CEO Manoj Ladwa.*

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## Keys to ensuring more crop per drop

by Dr Clementine Chambon

Solar irrigation solutions are the key to combatting energy poverty in India, notes a clean energy specialist.

**W**alk across a farm in northern India, and the chances are, you'll hear the stutter and purr of one of 10 million diesel-powered pumps used across the country for irrigation. These pumps are very expensive to run, easily consuming one litre of diesel fuel per hour. As they have many moving parts, the engines frequently break down and require servicing, an added burden for the farmer. And as the clouds of smoke they emit attest, they are also heavily polluting. Diesel used for irrigation accounts for a staggering 5 per cent of India's annual CO<sub>2</sub> emissions. This makes use of diesel engines a major contributor to manmade climate change – the effects of which are ironically already felt by the same

farmers who have no choice but to use them to extract groundwater when rainfall is scarce.

Not only is diesel-based pumping pricy and polluting, it's also painful. During the dry zayed season from March until June, groundwater in underwater aquifers drops to its lowest levels, before being replenished by the monsoon. Diesel pumps, which sit on the surface of the farmland, often cannot extract water during this period. This leads to a common phenomenon where farmers are forced to dig a pit 7 to 8 metres deep around the tube well in their fields into which they lower the diesel engine, hoping to extract water for a few more days. Mostly, this effort is in vain, and so farmers lose out on

the fertile zayed season when they could grow a third crop, in addition to the rabi winter crop (mostly wheat) and kharif monsoon crop (paddy). This contributes to restricting farmers' meagre opportunities to earn income.

Solar-powered irrigation is a cheaper alternative when we consider the total cost over the entire lifecycle of 20 years since solar photovoltaic systems are virtually free to run. Upfront, however, the investment required for a solar pump is around £1,000 (Rs 85,000) per kW – far too costly for most farmers. 80 per cent of farmers in India own very small land parcels of less than 2 acres, and many are subsistence farmers living hand to mouth. Around 60 per cent of farmers share diesel pumps

by renting them from other farmers, which is the most costly method of irrigation, as they pay for engine rental as well as fuel. It is these smallholder farmers who stand to gain the most from having access to yield-enhancing solar pumping technologies.

Oorja Development Solutions, a social enterprise I co-founded with Amit Saraogi, has developed a disruptive solution to the irrigation crisis in India. We design, install and operate PAYG Community Solar Pumps targeted at smallholder farmers in northern and eastern India. Oorja installs large solar pumps of 3 to 5 kW, which can pump enough water for groups of 15-20 smallholder farmers with adjacent land. Oorja sells water to farmers as a service: water consumption is metered and sold on a pay-per-use basis at a tariff that is 20 per cent cheaper than diesel-powered irrigation. Any farmer with land near the pump can access solar pumping services – without any upfront cost. What’s more, the submersible pumps that Oorja installs can extract water year-round, freeing farmers from the hassles of lowering their diesel pumps.

By reducing the cost of irrigation and enabling year-round water access, farmers can boost their crop yields by up to 30 per cent. They can also grow water-intensive crops, such as vegetables, herbs and spices, which have high market value and which they can sell to earn a large profit – potentially doubling their



we were conducting household energy demand surveys in villages of Uttar Pradesh and Bihar, we heard from villagers that they would rather reduce their expenses on diesel pumping on their farms than pay for solar lights in their homes. We also found out that there is a solar pumping subsidy scheme that has been active in India since 2014. In its current form, known as KUSUM,

**AROUND 60 PER CENT OF FARMERS SHARE DIESEL PUMPS BY RENTING THEM FROM OTHER FARMERS, WHICH IS THE MOST COSTLY METHOD OF IRRIGATION, AS THEY PAY FOR ENGINE RENTAL AS WELL AS FUEL. IT IS THESE SMALLHOLDER FARMERS WHO STAND TO GAIN THE MOST FROM HAVING ACCESS TO YIELD-ENHANCING SOLAR PUMPING TECHNOLOGIES.**

income! Community Solar Pumping is, therefore, a low-carbon and cost-effective solution to the irrigation and wider agrarian crisis in India.

We did not hit upon this model by accident. Oorja’s mission as a company is to alleviate energy poverty, boost income and productivity, and combat climate change in rural areas of India. While

the scheme offers up to 60 per cent subsidy from the state governments for individual farmers to purchase a solar pump. However, there are several barriers for the uptake of the scheme – most farmers have never heard of KUSUM, and when they have, they are generally wealthier and well connected.

Though a further 30 per cent loan is also available from national banks, farmers still need to cough up at least 10 per cent of the upfront cost from their savings. Because of financial constraints, bureaucratic hurdles, and the social capital needed, the KUSUM scheme and its forerunners have largely excluded poor and smallholder farmers – around 90 per cent of the farming population.

Oorja set about looking for ways to make solar pumping technology affordable to smallholder and low-income farmers as a replacement for diesel pumping. Oorja’s Community Solar Pumping service – which is branded as Oonnati, meaning “progress” in Hindi – solves this problem as any farmer can access



cheaper water for irrigation year-round without any capital investment.

In late 2018, Oorja launched the Oonnati service in Eastern Uttar Pradesh, where it installed three pilot Community Solar Pumps in Bahraich district. One Oorja customer, Shankar Lal, expressed the benefit he had seen from switching to solar pumping on his farmland in Bahraich, Uttar Pradesh. “Oorja has enhanced my self-respect,” he claimed. “Earlier, the process of pumping water for irrigation required a lot of effort. Oorja’s solar water pumping service is reliable and economical and the process of pumping water for irrigation has been simplified a lot.”

Aside from cheaper irrigation, year-round availability of water has encouraged farmers to start growing

high-value crops. Many of Oorja’s 60 or so customers have planted peppermint, maize, sugarcane, and other water-intensive or cash crops during this zayed, that they will be able to sell at a higher profit than grain crops.

Having witnessed the early signs of success from the Oonnati model, Oorja now plans to replicate the Community Solar Pumping scheme in other under-electrified and groundwater-rich areas of India. Our next target state is Assam, where we have partnered with a local NGO called Seven Sisters Development Assistance (SeSTA) that already works with smallholder farmers in tribal and other marginalised groups.

To support the launch of the Oonnati solar pumping service in Assam,

Oorja is launching a crowdfunding campaign, which is set to go live in early May 2019. The donations received will support the installation of six community solar pumps forming a “cluster” within a radius of five kilometres, enabling them to be serviced by a small local field team. This project is a critical milestone in Oorja’s goal to build inclusive economies by keeping the poor, underserved and marginalised at the forefront.

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*Clementine Chambon is the CTO of Oorja Development Solutions and Faculty of Engineering, Department of Chemical Engineering, at Imperial College London.*

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# Successful design responds to local needs

by Simon Bradbury



The Dean of the Design Faculty at a leading UK university explains how architecture is being used as a force for good in building a new future for a community in Gujarat.

**T**he value of architecture goes far beyond mere buildings – it can change lives and communities for the better. And perhaps nowhere is that more evident than in the gradual rebuilding of the Loving Community, on the outskirts of Ahmedabad in Gujarat.

The Loving Community was established 40 years ago as a home for former lepers and their families, who had been forced to leave their villages because of the stigma surrounding leprosy. Today, the poor-quality single storey houses are not fit for purpose.

During the monsoons, the residents' homes – often cramped, poorly-lit with limited ventilation – flood, forcing them to leave for months on end. In the summer, their homes become so hot that people are unable to occupy them for much of the day.

The Loving Community is supported

by local charity Manav Sadhna and it was through working with this group that DMU became involved in helping to improve the lives of people in the community. I met local architect Anand Sonecha, of SEALAB Architecture, and we discussed how the homes in the community could be redesigned to withstand these annual floods and improve the general living conditions of families. Together, we developed the designs for the first two homes to raise the buildings above the flood level and create light, more space and even a courtyard area for people to have a pleasant space to sit outside.

We were keen to involve our architecture students as much as possible, to give them a real-life experience of design, housing standards and dealing with clients. Our PhD students interviewed members of the Loving Community about their daily lives to get an idea of what would be most useful. Anand

has subsequently worked closely with community leaders and held meetings with local businesses to ensure that as many materials as possible could be sourced within the area and supported employment within the community itself. He has also developed detailed designs for further homes.

It was critical that the community was involved in every part of the project and they were the ones who developed the brief for what was needed and chose which homes were rebuilt and in which order. This was done by initially the community identifying which homes were a priority for redevelopment and then developing the process for selection.

Every time new homes are being selected for redevelopment, residents' names go into a hat and are drawn out to keep the process fair. In addition, a fixed cost for construction for each home was set at

approximately £5000. Now work will begin on the next homes to be rebuilt.

Work began on the first two homes in April 2018, with the cost of work met by support from Graham Cartledge, Jane Grant and contributions from DMU staff and students, as well as the local community in Leicester – a city with a significant Gujarati-origin population. In addition, Pick Everard sponsored a member of their staff an architectural assistant and DMU graduate, Nish Tailor, to project manage the student engagement.

The new houses have been designed to be comfortable and energy efficient with carefully positioned openings for cross ventilation, providing a cool and light environment. Previously, the old homes had only a single opening, which didn't allow for sufficient lighting or ventilation, making them almost uninhabitable.

### Detailed design

Anand has thought meticulously about every design decision in collaboration with each family, raised floors for flood prevention, and created small courtyards for working spaces. Each house is being raised up by at least half a metre and given adequate drainage which means that no longer will contaminated flood water run through their houses.

Each home is designed to be slightly different from its neighbour, unique to each family's needs. The homes have been personally customised with different coloured tiles and painted decorations, to ensure that they feel a sense of ownership and pride in their new homes. Importantly, each home has been designed to enable future expansion should the family grow or they desire additional space.

It is not just the homes which have been redesigned. Native trees have been planted in the surrounding open spaces which will eventually create shade during the summertime and areas are being cleared of scrub to form new play areas for young children.

The project has led to other wider



community benefits include creating a potential source of income. Anand sourced waste materials from local marble industries and residents were taught how to make their own floor tiles for the homes, giving them a new skill. This has resulted in the residents setting up a micro industry to supply tiles for future homes and other projects.

### Feedback and research

Families living in the Loving Community have loved their new homes and it has been rewarding for everyone working on the project to see what a difference it has made. Widow Narshamabhan told us: "Before I was so fed up and tired and every monsoon it was a very bad and unhealthy situation for all of us. I never had a thought or even a dream that I would be living in such a nice home. I thank the Lord that finally, I have a nice home."

A research project is also underway to test the finished design and to see how much more comfortable they are than other homes and how the homes and residents will cope with flood water during the monsoon season. It is anticipated this learning will feed into future designs in the community but also be valuable for other communities and architects working on similar projects.

### A holistic approach

The project in Ahmedabad is different because it offers a community focused solution to housing design in response to specific local needs. Unlike other models of social housing that may provide standard house designs without direct access to architects, this project has enabled residents to have homes designed around their lives and needs. Our students have benefited enormously from being able to meet residents and see how their lives link with the buildings that have been designed. This has been achieved in collaboration with the residents, Manav Sahnda, Anand Sonecha and our generous donors and partners.

The holistic approach to the project which we have taken with the 430 people who call the Loving Community home, has created homes with dignity, which will improve health outcomes for residents, lead to new sources of income for the community and offer a different vision for how to deliver homes that has relevance well beyond Ahmedabad and India.

*Simon Bradbury is Pro Vice-Chancellor and Dean for Arts, Design and Humanities at De Montfort University, Leicester, UK*

## Why India-UK relations still feel taxing?

In the context of Global Britain, it is important that Indian professionals do not feel unfairly taxed while contributing fairly to the UK economy.

Indian talent, be it in the field of technology, manufacturing or medical, is firmly woven into the tapestry of the UK economy. In UK Home Secretary Sajid Javid's own words, the UK issues more skilled worker visas to Indian nationals than to the rest of the world combined and the country's National Health Service (NHS) would collapse without the contribution of thousands of Indian medics.

These statistics are impressive on paper, no doubt. However, behind these headline figures is a festering issue of unfair tax liabilities imposed on some Indian professionals. The issue was raised in the most diplomatic spirit by the Indian High Commissioner to the UK, Ruchi Ghanashyam, at a diaspora event attended by Javid in London recently.

"I want to draw attention to the National Insurance (NI) exemption for Indian nationals is 52 weeks, while for some other countries it can be three to five years. An estimate puts this loss of contribution to approximately £230 million for the employer and £200 million for the employee," she pointed out.

Now, these are not insignificant figures when taken in the context of the most recent tax analysis on India companies in the UK. According to the CII-Grant Thornton 'India Meets Britain Tracker 2019', Indian companies in the UK paid around £684 million in corporation tax in 2019 – up from £360 million in 2018. These are some solid tax contributions to the UK economy and it is only fair to expect that Indian professionals are not subjected to what effectively amounts to a tax grab.

NI is a form of contributory tax paid

by UK residents, eventually ensuring access to a state-funded pension in later life. However, the minimum period of NI contributions to gain entitlement to a state pension is 10 years, which an Indian employee on a limited-period Intra-Company Transfer (ICT) visa is unable to take advantage of. This effectively means forfeiting the entire amount paid in.



**IT IS ONLY FAIR TO EXPECT THAT INDIAN PROFESSIONALS ARE NOT SUBJECTED TO WHAT EFFECTIVELY AMOUNTS TO A TAX GRAB**

These tax woes are also compounded by the recent doubling of a health surcharge, imposed on professionals from outside European Union (EU) living and working in Britain. Besides the fact that the amount itself is extremely high at £400 per person per year for anyone in the UK on a work, study or family visa for longer than six months, it has proved particularly counter-productive with the UK's urgent need to recruit more Indian doctors.

Clinicians wishing to work in the UK are already facing burdensome

processes relating to regulation and immigration, and on the top this surcharge is only going to see UK losing out on quality healthcare professionals from non-EU countries, warns the British Association of Physicians of Indian Origin (BAPIO) in a letter to Javid.

It claims that the policy is already adversely impacting the attraction of the NHS among Indian medics, who are in demand around the world. The group has been lobbying for the "unfair and highly discriminatory" surcharge be reversed for NHS employed professionals at a time when one in 11 NHS clinical posts are currently unfilled, with the severe shortage likely to grow to around 250,000 by 2030.

Other groups have also questioned the extremely high surcharge on the grounds that it amounted to "double taxation" for long-term migrants, who are already expected to make tax contributions towards the country's care system.

"Most people who do move here will work and they will pay tax. So doubling this charge is a form of double taxation. People are going to be ending up paying for the NHS twice," says Satbir Singh, Chief Executive of the Joint Council for the Welfare of Migrants.

The UK government says the funds are crucial for "sustaining and protecting" the country's healthcare system. And, that is an important factor to consider. But it is equally relevant to ensure overseas professionals making real contributions to the UK's ecosystem do not feel short-changed.

After all, in a global workplace, talent will just seek out fairer options.

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