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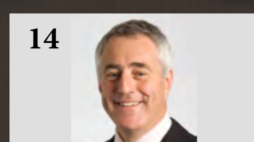

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COUNTRY FOCUS

Africa can be a test bed of Indian business commitment to profit and wider purpose

Simon Maxwell, Senior Research Associate, Overseas Development Institute

August 2019 £4.95

www.indiaincgroup.com

ISSN 2516-3930

The unveiling of Amit Shah

A little more than five years ago, when Narendra Modi stormed to power in New Delhi for the first time, Amit Shah was a bit of an unknown quantity to most Indians, barring those from their home state of Gujarat. There was curiosity about the man people knew mainly as Modi's low-profile, trusted lieutenant who had delivered the crucial state of Uttar Pradesh for the BJP and emerged as the "man of the match" of the 2014 General Election.

Five years on, Shah is a much more visible face, grabbing eyeballs on television and headlines in newspapers as he has, with almost military precision, guided the BJP to a string of victories in states across India; culminating in the decisive mandate for the Modi his government in the recently-concluded General Election.

If Modi was the charismatic pan-Indian leader who was "conquering" new territories for the BJP across the country and setting new milestones in political administration, then Shah was, through much of the 2014-19 period, his backroom Chief of Staff. He was busy tying up alliances at the local level, building up and strengthening the party organisation, firming up social combinations that would help the party and setting the ground for the Prime Minister to weave his political magic.

In his second term as Prime Minister, Modi has brought Shah out of the backroom and has thrust him into the limelight – as both Home Minister of India and President of the BJP. These twin responsibilities, and the fact that he is probably India's most powerful Home Minister in decades, make him, effectively, Modi's de facto Number 2 and heir apparent.

I don't think anyone can accuse me of exaggerating when I say that Shah has repaid Modi's faith in full measure. The consummate skill and political astuteness with which the Home Minister has piloted several contentious Bills through the Indian Parliament has left admirers wonderstruck and rivals shell-shocked.

Readers who are familiar with Indian politics will know that despite winning two back-to-back mandates from the Indian people, the Modi government has been hamstrung by its lack of majority in the Upper House of Indian Parliament. As a result, the Opposition, despite losing the support of the electorate on the ground, had succeeded in stalling the passage of several important legislations. That constraint remains, but Shah's adroit political management has rendered the Opposition impotent, to a large part.

This week, Shah added another feather to his cap by piloting the withdrawal of special status for Jammu & Kashmir, a key promise in the BJP's election manifesto, through both Houses of Parliament. The revocation of the contentious Article 370, which granted special status to Jammu & Kashmir and, by most accounts, held back the economic development of the state, has catapulted him to the forefront of Indian politics, and the world's attention and intrigue.

SHAH HAS PROVED THAT HE IS WILLING TO DO AND GO WHERE NO OTHER INDIAN POLITICIAN WOULD DARE.

By using some of the political capital earned by Modi, Shah has proved that he is willing to do and go where no other Indian politician would dare. He has bulldozed through legislations that the BJP believes are essential for creating what the Prime Minister has evocatively called New India's developmental journey.

Hailing from a family of successful stock brokers, Shah also has a sound knowledge of business and is probably the only Indian Home Minister to head several ministerial committees dealing with the economy. This gives him authority beyond his allotted portfolio and cements his position as the most powerful man in India after Modi.

The just-concluded Budget Session of Parliament has set a new record for passing 35 legislations, easily obliterating the record set in 1952 when 24 laws were passed. And a large part of the credit should go to Shah.

India is fast getting to know him. And though he hasn't stepped out of India in the last 20 years, his dominance on India's political landscape will have wide global implications. It's time for the world to take note.

Manoj Ladwa
Founder and CEO of India Inc. Group.
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The Global Edition of 'India Global Business' presents India's new home minister, Amit Shah, to the world as he presides over the historic decision of fully uniting the state of Jammu & Kashmir with India. The global reverberations of that crucial decision aside, the edition covers a range of in-depth analyses including what India's gameplan should be in the context of a US-China trade war.

THE BIG INTERVIEW

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india inc. ENGAGING LEADERS INCISIVE CONTENT IMPACTFUL EVENTS

Incorporating

India Investment Journal

www.indiaincgroup.com

Editorial
editorial@indiaincgroup.com

Advertising & Sponsorship
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PRICE £4.95
PUBLISHED IN LONDON

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Luring manufacturing from the dragon's den

by Arnab Mitra

India needs to improve infrastructure and address investor concerns over high taxes in order to attract global manufacturing companies that are looking for alternatives to China.

India received its highest ever foreign direct investment (FDI) inflow of $64.37 billion in 2018-19 but the government has set its sights much higher – FDI inflows of $100 billion within the next two years.

A significant portion of this is expected to come from manufacturing companies looking for alternatives to their existing factories in China.

The government has clearly declared its intent of taking advantage of the US-China trade war to present India as a viable destination for investments by multinational companies looking to shift their manufacturing hubs from China.

Presenting the Budget for 2019-20, Indian Finance Minister Nirmala Sitharaman proposed transparent competitive bidding for international companies to set up mega-manufacturing plants in sunrise and advanced technology sectors in India. These investors will be provided investment-linked income tax exemptions and other indirect tax benefits, she said.

This is an opportune time to open up and attract foreign direct investments in hi-tech sectors such as aviation, insurance and media, she added.

"I propose to further consolidate the gains in order to make India a more attractive FDI destination: a) The Government will examine suggestions of further opening up of FDI in aviation, media (animation, AVGC) and insurance sectors in consultation with all stakeholders. b) 100 per cent foreign direct investment (FDI) will be permitted for insurance intermediaries. c) Local sourcing norms will be eased for FDI in single brand retail sector."

Other sectors in which such investments will be encouraged include semi-conductor fabrication (FAB), solar photo voltaic cells, lithium storage batteries, solar electric charging infrastructure, computer servers and laptops, among others.

THE TRADE WAR IS MAKING COMPANIES JITTERY ABOUT THEIR OVER RELIANCE ON CHINESE FACTORIES TO FEED THEIR CUSTOMERS ACROSS THE WORLD AND THIS IS FORCING THEM TO LOOK FOR ALTERNATIVE DESTINATIONS TO DE-RISK THEIR SUPPLY CHAINS.

200 US companies ready to invest in India

As multinational companies as well as large contract manufacturers look to rejig their sourcing options and their global supply chains to reduce their reliance on Chinese factories in the wake of US President Donald Trump's trade war against China, the US India Strategic Partnership Forum (USISPF, a leading US business advocacy group) has said there is a fantastic opportunity for companies looking for alternatives to China to invest in India.

A report in the Economic Times, India's leading financial daily, said about 200 US companies are seeking to move their manufacturing bases from China to India.

USISPF President Mukesh Aghi said, it was imperative for the Indian government to speed up the reforms process in a transparent manner.

"I think that's critical. We would advise to bring more transparency in the process and to make it more consultative because in the last 12 to 18 months, we are seeing US companies look at some of the decisions being made, either e-commerce or data localisation, as more domestic-oriented than global," he told PTI.

"We need to understand how we can attract those companies. And that means all the way from land issues to customs issues to being part of the global supply chain. Those are critical issues. There's a whole plethora of reforms that need to go further down, and I think that is also going to create a lot of jobs. If you look, our member companies have invested over $50 billion in the last four years," he added.

Hasbro, jewellery companies looking at India

The trade war is making companies jittery about their over reliance on Chinese factories to feed their customers across the world and this is forcing them to look for alternative destinations to de-risk their supply chains.

Hasbro, the world's largest publicly listed toy company, currently sources just less than two-thirds of all its toys from factories in China. Expectedly, Trump's tariffs have hit it hard.

The company, which has licenses for popular franchises such as Frozen and Avengers, has said it is looking at reducing its reliance on Chinese-made goods to 50 per cent by next year.

"We're increasingly spreading our footprint and adding new geographies for production globally," Hasbro Chief Executive Officer Brian Goldner was quoted by news agencies. "So we feel very good about where we're going."

The company is looking at India and Vietnam as alternative sourcing bases for some of its popular toys. The jewellery sector, which sources billions of dollars worth of finished jewellery from China is also looking to shift its manufacturing base to India.

"Some major global players in gems and jewellery are pausing to re-balance the business on account of the trade tensions. The natural shift in the manufacturing business will be to India from China," Romesh Sobti, Chief Executive Officer at IndusInd Bank, a leading Indian lender, said in an interview.

"India is a natural destination for the shift in business from China because of skilled labour and decades of experience in cutting and polishing

diamonds," added Colin Shah, Vice Chairman of the Gem & Jewellery Export Promotion Council, the apex industry body for jewellery in India.

The trigger

India has for long tried to emerge as a global manufacturing hub but without much success. A combination of bureaucratic red tape, poor infrastructure, opaque systems and the absence of sufficient linkages with global supply chains were cited as major hindrances to India's manufacturing ambitions.

Then, India also missed out on several waves of globalisation that drove the integration of East Asia, South East Asia and then China into the world economy.

The US-China trade war, thus, offers India another opportunity to catch up with its Asian peers.

Over the last one year, the Trump administration has imposed three rounds of punitive levies on good worth $250 billion imported from China. Another round of levies, of about 10 per cent, on goods worth $300 billion will kick in on September 1 unless the two sides find a way out of this impasse, but that seems unlikely at this point. That means companies have to prepare for the worst.

The dispute is already showing up in trade figures. Exports of goods and services from China to the US have fallen 12 per cent in the January-May 2019 period.

This also makes "decoupling", the unravelling of economic ties between the US and China, and a division of the world economy into hostile blocs a real possibility.

Vietnam the biggest gainer

Several companies with large manufacturing footprints in China are looking at Vietnam as the alternative.

"We need permanent measures to avoid the risk of tariffs and be eligible for US government procurement," A very senior executive of Japanese PC maker Dynabook was quoted as saying in the media. A subsidiary of Sharp, the company now plans to assemble all personal computers bound for the US – about 10 per cent of its total production – at a plant in Vietnam. Dynabook currently makes almost all its personal computers at a plant near Shanghai.

Likewise, Japan's Nintendo will shift some of its production of its Nintendo Switch game system from China to Vietnam. Even HP and Dell, two large US brands that currently source their notebooks from factories in China are considering shifting a third of this production to Vietnam.

Vietnam is, thus, stealing a march over its South East Asian peers in becoming home to many electronic and electrical equipment manufacturers. Apple is planning to move its headphone manufacturing set up to Vietnam while South Korean major Samsung Electronics has begun making smartphones in the country.

Vietnam's shared border with China offers the country a major advantage. For one, it makes it easier to ship components from China to factories in Vietnam and vice versa. Then, having manufacturing units in Vietnam enables companies to also service a part of the Chinese market from these factories.

Opportunity for India

But Vietnam is a relatively small economy with only a limited availability of skilled workers. This will cap its ability to absorb massive amounts of FDI inflows.

"Vietnam is full, completely full," Spencer Fung, CEO of Li & Fung, the world's largest supplier of consumer goods, told Bloomberg.

And Eclat, a leading South East Asian textile manufacturer, thinks the era of 'Made in China' was over five years ago because the young Chinese people no longer like working in factories.

This offers a massive opportunity for India.

But Asia's third largest economy lags its South East Asian neighbours when it comes to winning the confidence of foreign investors. Consider this: Although it receives among the highest FDI inflows in the world, the figure is only 1.5 per cent of its gross domestic product. A World Bank comparison from 2017 shows Malaysia receives 3 per cent of its GDP as FDI while Vietnam receives 6.3 per cent.

Difficult place to do business

Despite a smart jump of 65 places to the 77th rank in the World Bank's Ease of Doing Business Index, India remains a very difficult place to do business in. It is much more difficult to start a business in India than in any South East Asian nation.

For example, it's a lot easier to start a business, register a property and enforce a contract in Vietnam, which is only about a tenth the size of the Indian economy.

Then, poor infrastructure, high logistics costs, rigid land and labour laws and a complex and adversarial tax system discourage foreign investors.
For example, the recent tax increases at higher levels of incomes will discourage many foreign investors, leading figures from Indian industry, such as Mohandas Pai, Chairman of Manipal Global Education, and Kiran Mazundar-Shaw, Chairperson of Biocon, have said.

Experts said this will be a major disincentive for foreign nationals to relocate to India as part of any programme to set up large manufacturing facilities in this country.

Then, the levy of a tax on share buybacks by companies and the tax on dividend distribution means companies in India are subjected to an effective rate of taxation of about 48 per cent.

This completely negates the cut in the headline corporate tax rate from 30 per cent to 25 per cent for 99.3 per cent of companies. India, thus, compares extremely unfavourably with South East Asian countries and China, which levy 20-25 per cent taxes on corporate incomes.

"Unless there is a favourable tax regime and ease of doing business it would be challenging for industry to move from China to India," said Gem & Jewellery Export Promotion Council's Shah.

Industry bodies and experts have flagged these issues to the government but there is as yet no indication that there is any rethink on any of them.

However, these have to be addressed urgently for India to emerge as a viable and attractive destination for companies looking for alternatives to China.

On the positive side is the passage in the Lok Sabha of the Wage Code Bill, marking the beginning of labour reforms, the dramatic improvement in rankings on the Ease of Doing Business Index and the Global Competitive Index

What India needs

A further improvement in India's position in the Ease of Doing Business Index is on the cards when this year's rankings are released later this year.

Ongoing reforms in rules relating to land, labour and capital are in the works and will begin to show results once they are in place.

The government has announced an investment of $150 billion over the coming five years to improve India's infrastructure and lift it to global standards.

If it can address the tax-related issues and make tax administration more investor friendly, India will be well placed to attract a significant portion of the investment that is looking for alternatives to China.

It is in both US and India's interest to work through the hard issues on trade

Nisha Biswal, President US-India Business Council, and Former Assistant Secretary of State for South and Central Asia, US Department of State, discusses the challenges and opportunities that lie ahead for India and the United States.

How would you characterise the current India-US dynamic in the context of a so-called global trade war?

Clearly there are increasing trade tensions between the US and India, and that shouldn't be entirely unexpected. As the trade and investment relationship between our countries deepens, more issues will emerge that require us to create more efficient pathways for business. And the US-India relationship has grown at an incredibly rapid pace over the last five-six years, expanding from $100 billion, when I was in government during the Obama Administration, to roughly $142 billion today.

There's much more at stake today in US-India economic relationship than ever before, but also more opportunities for industry in both countries if we can find ways to address outstanding trade challenges. For India's growth to hit double digits, it requires significant new investment inflows – and the United States is the largest single source of India's FDI. However, ramping investment volumes will require addressing lingering investor concerns. At the same time, Indian companies are increasingly looking for investment opportunities in the United States as they source from the US or produce their goods here. So it's in both countries' interest to work through the hard issues on trade and reach agreements that will build confidence in the trade relationship.

Do you fear the Trump administration is creating a less welcoming environment for India and Indians, with a series of negative policy initiatives such as ending GSP and clamping down on H1B visas?

Trade is going to be a contentious issue in any relationship between any two countries, and certainly I think we have difficult trade conversations with virtually every major partner. This administration in particular has reacted strongly to the perception in the US that trade and globalisation benefit other countries more than they do the United States.

That said, we're seeing a historically tight labour market in the United States, and a critical shortage of skilled workers. While there are legitimate concerns about the way the H1B programme has been run, there's no doubt that H1B visa holders have contributed significantly to the growth of the US tech sector. Ultimately, we need a balanced approach that both brings in qualified workers and provides opportunities for Americans to gain new skills. And that's exactly what many Indian companies are doing today. Whether it's Wipro and Infosys, or Tata and Mahindra, they're all investing tremendous resources into helping skill the American workforce and create more

opportunities for American workers. We also see the GSP programme as a net benefit for both countries, and were dismayed by the move to terminate India's GSP benefits earlier this year. While we recognise significant concerns surrounding market access for US companies in India, including price controls on medical devices and tariffs on ICT, we see these as issues that can be best resolved through continued dialogue and engagement.

Are American companies fully on board with the Make in India drive?

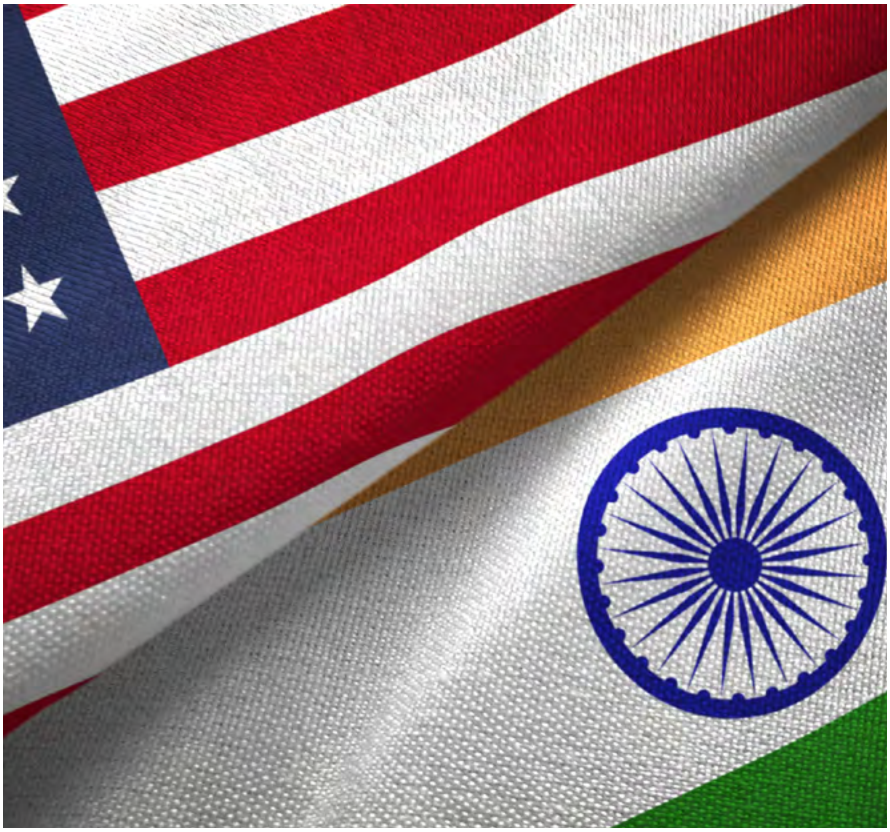
Make in India is certainly something that US companies support, but the idea needs to be understood and implemented in a broad way. India is seeking to transform itself into a global manufacturing hub as supply chains around the world relocate, but these efforts are inhibited by stringent local content requirements. In many cases, locally manufactured components are not – at least at this stage – available in India, deterring companies from greater investment. So you have to create a policy environment and regulatory framework for the Make in India initiative that allows companies the flexibility to source components from a variety of countries. Over time, that will also help India develop the mature manufacturing base that can provide more domestic manufacturing inputs.

What more can India and the US be doing for a closer alignment on challenges such as cyber security and data protection?

The United States and India are both innovation economies, and a great deal of our future economic growth will be driven by growth in the digital sector. Leaders in both countries are grappling with complex and thorny issues surrounding privacy, data protection, and cyber security, and decisions made on both sides will dictate the shape of digital commerce around the globe. The United States and India should work together to create digital architecture that facilitates free flows of data and digital commerce.

We urge both countries to reschedule the long-overdue US-India Cyber Consultations and implement the action items within the US-India Cyber Framework Agreement. Indian adoption of global cyber standards like the NIST Cyber Security Framework would be a positive move, as would greater engagement within the global cyber security ecosystem, which could benefit from India's technical capabilities and technology, and support enhanced domestic capacity. We also urge the US government to consider India

FOR INDIA'S GROWTH TO HIT DOUBLE DIGITS, IT REQUIRES SIGNIFICANT NEW INVESTMENT INFLOWS – AND THE UNITED STATES IS THE LARGEST SINGLE SOURCE OF INDIA'S FDI.



for a CLOUD Act agreement to build trust and support global and domestic cyber security.

What are some of the key expectations of USIBC members vis-a-vis India's reform agenda? Is the issue of data localisation a worry among the members?

At the moment, there's still a lot of flux in what India's economic policies in the Modi administration's second term will be, and whether there will be a pro-growth, pro-business agenda. I think there's a lot of hope and expectation within the business community, but there's also some anxiety about whether India will rise to the occasion. There are major opportunities across sectors like manufacturing, infrastructure, insurance, and of course e-commerce, but the government of India will need to continue work to create a pro-business environment. Ease of doing business is an issue that the government is very focused on, and USIBC just put out a report with Khaitan and Co, one of our legal services members, which lays out in detail a number of recommended reforms to improve India's ease of doing business.

While the recommendations touch on a number of issues, they are all founded on the need to provide a transparent, predictable and stable regulatory environment, establish strong legal frameworks for dispute resolution and ensure protections for intellectual property.

On data localisation specifically, policies that restrict the flow of data serve as barriers to the continued growth and expansion of services in the Indian markets, and could impact India's leadership in data processing and analytics central to its $160bn ITES sector. This affects Indian consumers and growth in the Indian payments market as a whole. Both the restrictions unveiled in the past year and the prospect of unpredictable policy shifts is a major deterrent to foreign investment. We are also concerned by the precedent set by demands for hard data localisation, which may prompt countries around the globe to adopt similar hardline policies. This would pose significant problems for the ability of both US and Indian companies to be competitive in international markets.

As someone who has seen the India-US relationship evolve over the years, what are some of your central reasons for optimism and any underlying problem areas?

These are two countries with so many points of connectivity – people, culture, education, scientific collaboration, entrepreneurship – as well as a convergence of democratic values, which gives me great confidence and optimism about where the US-India relationship is headed. It's a relationship that has been embraced by the full political spectrum in India and across bipartisan lines in the United States, and I see that relationship continuing to deepen and strengthen in the years to come.

But great alignment and convergence doesn't preclude the need to manage our differences. In addition to resolving some of the bilateral economic irritants I've mentioned, both sides need to be flexible in recognising and making allowances for longstanding relationships with other partners. India's strategic autonomy and the United States' relationships around the globe don't need to be sacrificed to deepen the US-India bilateral partnership.

Improving Lives with Technology and Finance

The British Asian Trust believes in using advanced social finance models and technological expertise to achieve long-lasting change for marginalised communities. We have been working in India for over ten years to make improvements in education, anti-trafficking, and livelihoods.

Our highly successful projects within country such as the $11 million education Development Impact Bond that we launched last year, along with our Child Labour Free Jaipur Initiative are testament to our expertise in the development sector in South Asia.

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Africa can be a test bed of Indian business commitment to profit and wider purpose

by Simon Maxwell

A Senior Research Associate of the Overseas Development Institute expands on some of the principles that should govern Indian investment in Africa to help achieve the Sustainable Development Goals by 2030.

Gather Indian private sector leaders together in one place and it is easy to be impressed: by the size of the businesses, the pace of innovation, and the speed of growth. This was certainly the case at the India Inc Leaders' Summit, held in the UK in June.

The traditional theory of the firm sees business as existing mainly to reduce transactions costs or manage uncertainty: in short, to make money. In the best cases, however, the Indian private sector can serve wider objectives: to create jobs and secure livelihoods, support social action, and protect the environment.

These benefits are of value to India. Can they be cemented into best practice? And, as Indian business takes an increasingly global perspective, can there also be benefits for other regions? India, after all, is a large recipient of foreign direct investment, but also, these days, a large provider: $US 11bn in 2018, according to UNCTAD.

Africa can provide a test bed of Indian business commitment to both profit and wider purpose. It is rich in people and natural resources, and home to several of the world's fastest growing economies, including Ethiopia, Rwanda, Ghana, and Cote d'Ivoire, all growing at more than 6 per cent per year. At the same time, Africa has the largest current and prospective shortfall in basic development indicators: more than 400 million people living in absolute poverty, a third of children stunted by malnutrition, and a disproportionate share of the population affected by conflict, climate stress and natural disaster. Achieving the Sustainable Development Goals by 2030 is a challenge which needs all hands on deck.

RENEWABLE ENERGY COULD BE A FOCUS, BUILDING FOR EXAMPLE ON THE IMPETUS OF THE INTERNATIONAL SOLAR ALLIANCE

India is already the tenth largest investor in Africa. Much of this turns out to be in Mauritius, for complex tax reasons, apparently; but careful work by Malanka Chakrabarty for ORF shows that total investment in other countries during the period 2008-16 amounted to $US $5bn. She estimates that nearly 600 companies are involved.

The potential to grow is large, not just in the natural resource sectors which currently dominate, but also in manufacturing and services. However, what principles should govern Indian investment in Africa? And what should Africa ask of Indian partners? There are three options.

The first option is just to hope for the best. African countries should encourage Indian investment, and hope that a sense of corporate social responsibility will drive a commitment to the SDGs and to high social and environmental standards. Maybe. But experience around the world suggests that is a high risk strategy. Not all businesses hold themselves accountable for taxes paid, safety standards maintained, or the environment protected.

The second option, then, is for Africa to set standards it expects its foreign investors to uphold. Perhaps it can work with Indian and other foreign investors to set these standards? Or, Africa and India can use existing frameworks as a starting point.

For example, the UN Global Compact is described as the world's largest corporate sustainability initiative, with 10,000 company participants from

161 countries. They all subscribe to ten core principles, including the protection of human rights, the elimination of discrimination in employment, and a precautionary approach to the environment. There is also a strong injunction to work against corruption in all its forms. The Compact has 315 active business participants in India, compared to 282 in China, 827 in Brazil, and over 1000 in large European economies like France and Spain.

Other possibilities include adopting the Equator Principles, used by 97 financial institutions in 37 countries to manage social and environmental risk in project finance: the IDFC First Bank is the only Indian signatory. Or Africa could encourage inward investors to become B-Corps, committed to the principle that 'all business should be conducted as if people and place matter' and that 'through their products, practices, and profits, businesses should aspire to do no harm and benefit all'. There are only three Indian businesses so far that currently subscribe to the B-Corps standards for accountability and transparency.

The third option is for Africa and India to work with others in developing new business opportunities, and simultaneously set high standards to which all will adhere. This might be of particular interest to a country like the UK, with strong historical and economic ties in both India and Africa, a strong focus on inclusive economic development in its overseas programmes – and in search of new global partnerships in what looks increasingly likely to become a post-Brexit world. Interestingly, the new UK development minister, Alok Sharma, wrote in 2016 that

' . . . liberalism and globalisation . . have lifted millions out of poverty, broken down barriers between nations and people and strengthened the rules based international system on which we all depend for our security and prosperity. . . (But) while the tide of globalisation has carried many with it, it has also left others trailing in its wake. . . (So) we must also recognise that some things have to change. . . to support successful businesses while at the same time encouraging them to support a successful society. A society that works for everyone.'

Governments indeed have a role: to set and oversee the rules and standards, but also to provide the public goods which underpin a successful and inclusive private sector: infrastructure, property rights, an effective legal system, well-functioning markets, and, importantly, support to the research and development which underpin innovation.

A partnership between India and Africa, with the involvement of the UK, could deliver all of these. The partnership could support investment, for example by investment promotion agencies working together, or by facilitating credit. There could be new research, linking universities, research centres and think-tanks in different countries. There could be joint political initiatives, for example on trade facilitation or climate targets. Indeed, the UK's Department for International Development is supporting an India-UK Global Partnership Programme along these lines.

Renewable energy could be a focus, building for example on the impetus of the International Solar Alliance, launched by Narendra Modi in 2015.

More generally, climate change could be a candidate, covering mitigation efforts like solar, but also adaptation and wider economic transformation: an approach we have termed climate compatible development. It is notable that the UK Government is leading on climate resilience at the climate summit in September 2019 – and that the UK is hoping to host the landmark climate talks in 2020.

There are other candidates: a personal favourite is development of the food industry, to secure healthy and sustainable diets in rapidly urbanising environments. Delhi, for example, already has a population of around 24 million, enough to make it the 55th largest country in the world, and with a food system ready for rapid modernisation. African cities face a similar challenge, and the UK has extensive experience.

The Kigali Global Dialogue, an annual discussion forum jointly hosted by Rwandan and Indian partners, also identifies public health, education and technology as sectors of future cooperation.

Simon Maxwell is a Senior Research Associate of the Overseas Development Institute, the UK's leading independent think-tank on international development and humanitarian issues.

American investments register a cross-sector hike

US companies lead on investment in India this month.

HPE to invest $500 mn in India

Hewlett Packard Enterprise (HPE) announced plans to invest $500 million in India over the next five years. The company plans to use this investment to increase its workforce by 20 per cent over the next three to five years in India, to grow its operations and manufacturing, increase its R&D and services exports, as well as invest in technology initiatives to drive positive change for local Indian communities.

HPE also has plans for beginning manufacturing in India by end of this year. The company is scheduled to start manufacturing in its unit in Aruba. Increasing its portfolio of mobility and internet of things (IoT) solutions in India before the end of 2019. The manufacturing capability in India will allow Aruba to rapidly innovate networking solutions that will deliver benefits in support of the Digital India agenda and to customers across the country.

Invesco Oppenheimer acquires stake in Zee Entertainment

US-based Invesco Oppenheimer Developing Markets Fund has acquired an additional 11 per cent Stake in India's Zee Entertainment, beating rumoured potential suitors like Comcast, James Murdoch's Lupa Systems and Sony Networks.
The fund has been a financial investor in Zee since 2002, and the additional purchase will increase its holding to 18.7 percent.

Zee is a dominant player in India's entertainment landscape, running a diversified business, which includes 37 channels across multiple Indian languages. Zee was established in 1992 and quickly became a market leader in the dominant Hindi entertainment space with its flagship Zee TV channel. Over the years, the company made forays into news and regional language broadcasting.

US-based Tiger Global invests $300 million in Indian firms

New York based Tiger Global Management has begun ramping up its presence in India with investments of around $300 million so far this year. It has backed 13 companies, including a $90-million round in agri-tech startup Ninjacart and a $60 million infusion in B2B industrial goods marketplace Moglix. The latest deals signify a marked change in Tiger's investment strategy, with a growing focus on the financial services and B2B sectors, according to industry watchers.

Tiger Global management is one of the most prolific global investors in Indian start-ups, had stopped funding Indian startups since a $30 million investment in shared accommodation platform NestAway in 2016. However, the departure of head honcho, Lee Fixel and the appointment of Scott Shliefer has seen a change in trend. Shleifer has now led Tiger's investments in the firm's return to India after nearly three years.

India gets caught up in an Iran-West crossfire

by India Inc. Staff

The Indian crew members of oil tankers being held hostage in a tit-for-tat battle between Iran and the West could force a rethink of India's own outlook towards Tehran.

Over 40 Indian crew members have been caught up in the rising tensions between Iran and the West, with the Strait of Hormuz in the Gulf as the scene of the latest standoff.

It began with the local police in Gibraltar, a British Overseas Territory on the Spanish coast, confirming that it had arrested the Master and Chief Officer of an Iranian oil supertanker named Grace 1, seized by its officers in early July over allegations of violating European Union (EU) sanctions on Syria. This was followed by two more arrests of the vessel's Second Mates and the all-Indian 24-member crew of the ship being detained on the high seas until a hearing scheduled for mid-August. A Gibraltar government statement said the detention of the vessel relates to the suspected destination of the cargo, the Banyas refinery in Syria, which is owned by a company, the Banyas Oil Refinery Company. This company is the subject of European Union sanctions under EU Regulation 36/2012, which is directly applicable in Gibraltar.

"The investigations of the Royal Gibraltar Police continue and the vessel remains detained under an Order of the Chief Justice of the Supreme Court of Gibraltar," it claims. The government has claimed that after receiving the results of comprehensive laboratory testing, it had been confirmed that the Very Large Crude Carrier, the Grace 1, is loaded to capacity with crude oil.

"We look forward to continuing to work constructively and positively with officials of the Islamic Republic of Iran to facilitate the release of the Grace 1 pursuant to the satisfaction of all legal requirements," the semi-autonomous British Overseas Territory's Chief Minister, Fabian Picardo, told the local Parliament.

Iran had called for the UK to release its oil tanker and warned Britain not to get involved in "this dangerous game", which eventually led to Iran's seizure of a British-flagged tanker in the Gulf in what was an obvious tit-for-tat move.

Iran's Revolutionary Guard detained the Stena Impero oiltanker in the key shipping route of the Strait of Hormuz – a narrow strip of water adjoining Iran that connects the Persian Gulf with the Gulf of Oman. This vessel reportedly had 18 Indian crew on board, further heightening the Indian government's role in a dispute that does not directly involve the country. "We have sought access, we hope that the access will be granted very soon. We continue to impress upon the Iranian authorities to release them so that we can begin the process of repatriation," said Raveesh Kumar, the spokesperson for India's Ministry of External Affairs (MEA).

There were another 12 Indians in the crew of the Panama-flagged MT Riah, which was also seized in mid-July by Iranian authorities also in the Strait of Hormuz.

TEHRAN BLAMES THE US FOR ARRANGING TO HAVE ITS SHIP SEIZED IN THE WAKE OF SANCTIONS IMPOSED AGAINST IRAN WITH THE AIM OF HALTING ALL ITS OIL EXPORTS.

While the crew caught up in the imbroglio are described as "calm and composed", there have been reports of heavy-handedness and "brute force" involved in the detention of the Grace 1 in a joint operation conducted by the RGP with the support of British Royal Marines. European countries do not have sanctions against Iran but have had them in place against Iran's ally Syria since 2011. The UK government has maintained that "international rules and norms" have been followed in the seizure off Europa Point in Gibraltar.

The mounting diplomatic crisis between the UK and Iran meant that both sides ruled out an exchange of the two seized ships. Relations between Iran and the US have also deteriorated, after the White House tightened sanctions on Tehran following its withdrawal from the 2015 nuclear deal. Tehran blames the US for arranging to have its ship seized in the wake of sanctions imposed against Iran with the aim of halting all its oil exports.

But the fact that a friendly nation like India, which has continued to access oil from Iran despite western pressures, is being unfairly punished in this standoff could have significant long-term impact. India not only buys oil from Iran, but its trade arrangements include the financing and operation of a major port at Chabahar, on the southern coast of the country.

India imported 22.6 million tonnes of crude from Iran in 2017-18, making the country its third-biggest supplier of oil after Saudi Arabia and Iraq. But there has already been some moderation in shipment from Iran in the wake of the US sanctions and other underlying pressures. While India has so far been able to balance its neutrality on Iran with the US, it may become less and less inclined to do so in the future if its own nationals are in danger of being caught in the cross-fire.

Iran made a start with the release of nine Indian mariners it had held after seizing the MT Riah, which it claimed was smuggling Iranian oil. But a swift resolution to the other hostage crew caught up in a global row involving Iran, the US and its Gulf allies – the Emirates and Saudi Arabia – is the only answer to prevent lasting damage to India-Iran relations.

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Indian infrastructure in focus for global funds

India's infrastructure sector comes into focus as Singapore, Canada and Australia up their investments.

Amazon to buy a 26% stake in Reliance Industries

US based e-commerce giant Amazon is planning to buy a 26 per cent stake in Reliance Industries, India's largest brick-and-mortar retailer. The deal could give Amazon access to Reliance Retail's vast network of stores which number 10,415, and its telecoms platform, Jio, which could prove to be invaluable for its fulfillment of online grocery orders in the future.

Analysts are already considering the possible effects of the deal as well as the benefits it will bring for Amazon. Amazon isn't the first company to consider purchasing a share in Reliance. The Indian retailer was also in talks with China's Alibaba Group, however, due to the differences in valuation, the deal didn't go through.

AustralianSuper, Ontario Teachers to invest $1 bn each in India's NIIF fund

AustralianSuper, Australia's largest superannuation fund, and Ontario Teachers' Pension Plan, Canada's largest single-profession pension plan, have signed agreements to invest up to $1bn each in the National Infrastructure Investment Fund's Master Fund.

The funds committed $250 million each in NIIF Master Fund and co-investment rights of up to $750 million each in future opportunities. This marks the third close of the NIIF Master Fund. AustralianSuper and Ontario Teachers' will now join the India government, Abu Dhabi Investment Authority (ADIA), Temasek, HDFC Group, ICICI Bank, Kotak Mahindra Life Insurance and Axis Bank as investors in the fund.

The investments will help make NIIF Master Fund the largest infrastructure fund in the country with assets under management of over $1.8 billion and a co-investment pool of $2.5 billion. The NIIF Fund invests in equity capital in core infrastructure sectors like transportation, energy and urban infrastructure.

Singapore's GIC to invest $621 million in India's IRB Infra road assets

Singapore's GIC sovereign wealth fund will invest 44 billion rupees ($621.51 million) in its road and highway assets.

As part of the transaction, IRB will transfer 9 of its BOT (build, operate and transfer) assets into a private infrastructure investment trust in which IRB will hold a controlling stake of 51 percent. The deal was approved by the board following which IRB has signed binding definitive agreements with GIC for a total investment of up to $621 million, including the funding of future construction costs.

Three of these projects have recently become operational and another six are under various stages of construction. Five of the six proposed assets under construction are projects for widening of highways into four and six lanes where tolling, as well as construction, have already begun, the company said. These projects are strategically located along economic corridors and across tourist hubs.

Does India's resources sector offer an opportunity for Australian miners?

by Natasha Jha Bhaskar

Australia can play a significant role in India's growth story, not only as a resource supplier, but also as an enabler, helping India modernise its mining sector and improve efficiency, writes an expert on India-Australia relations.

The Australian government's release of the 'India Economic Strategy, 2035' (IES2035) last year came as a relief to those with concerns that Australia might be falling behind in according India a higher priority. The document lays down Australia's vision for capturing the opportunities offered by India's market, IES2035 lists "mining and resources" as one of the "lead sectors" for Australia's economic engagement with India.

Mining Sector in India and Australia

India is home to abundant mineral deposits, and the country's mining sector forms an important segment of the economy. India produces 90 different types of minerals, including fuel, atomic, metallic and non-metallic minerals. Globally, India is the third-largest coal producer, the third-largest steel producer, the fourth-largest iron-ore producer and has the fifth-largest Bauxite reserves. However, while South Africa and Australia have been extensively exploring and utilising their mineral wealth—with the sector contributing around eight percent of their respective GDPs—India's mining industry contributes only 1.4 percent of GDP. India lags behind other mining countries across all stages of mining—geoscience, exploration, development, production and reclamation.

Australia's mining sector has historically played an important role in shaping the country's national economy. Mining contributes about eight percent of Australia's total GDP and around 60 percent of exports. The mining extraction and refining industries—as well as the various industries that supply mining equipment, technology and services (METS)—make a significant contribution to the Australian economy as a source of income and a driver of improved living standards. In 2015, Australian METS organisations exported approximately AU$15 billion worth of products and services to more than 200 mining jurisdictions around the world and invested AU$4 billion in research and development. Over 50 percent of the companies in Australia's AU$90 billion METS sector export their goods and services, and 60 percent of the world's mining-related software is written in Australia. It is often said that Australia has a two-lane economy, one being mining and 2 being everything else.

Australia–India Mining: The Potential for Synergy

India's GDP is expected to continue to grow over the coming decades on the back of economic development, rapid urbanisation, thrust on infrastructure investment, improved private investment, strong industrial activity, and increased consumption. Australia can play a significant role in India's growth story, not only as a resource supplier, but also as an enabler, helping India modernise its mining sector and improve efficiency.

Some of the areas where Australia and India can work together are –

1) **ENHANCING PRODUCTIVITY AND SECTOR MODERNISATION:** The Indian coal industry lacks competitiveness. Historical coal production growth rate has been approximately two to three percent. The country needs a growth rate of seven to eight percent to meet future demands. Private and commercial miners can bring in more investment and advanced technology, which is essential for the rapid growth of India's coal-mining industry. Australian mining equipment and technology suppliers can offer the solutions that India's mining sector needs to improve efficiency and productivity. Currently, the Australian METS only exports technologies developed in Australia. It can work towards innovation, catering to India's unique mining sector, and can explore India's potential as a production and innovation hub. Australian METS sector has a number of comparative advantages, which if utilised can offer a range of solutions to the mining industry in India. These solutions span the mining value chain, with data-driven mining decisions and social and environmental sustainability playing a pivotal role; develop geophysical and geochemical knowledge, data analysis, modelling and geographic information system (GIS) skills; develop skills in installing, operating and manufacturing advanced extraction technologies as well as advanced drilling, sensing, sorting and processing technologies; foster skills in the operation and maintenance of autonomous and robotic equipment, develop technical expertise in material sciences and nanotechnology. Limited capital expenditure and technological upgrades with inadequate infrastructure, affects productivity. The output per mining worker in India varies between 150 to 2,650 tonnes per annum, compared to an average of 12,000 tonnes per worker in Australia.

2) **MAPPING AND THE GENERATION OF BASELINE DATA:** India's total land area is 3.2 million sq. km, of which the identified Obvious Geological Potential (OGP) area for minerals is 0.57 million sq. km, amounting to 18 percent of the total land area. Until now, most of the exploration in the country has been near the surface (50–100 m), with little or no information on deep-seated, concealed or rare earth minerals. According to the Ministry of Mines, for surficial minerals, 100 percent of the OGP area has been mapped, while for deep-seated minerals, only 22 percent had been mapped as of March 2018. In contrast, other mineral-rich countries with similar geology, such as Australia, have almost 95 percent of their OGP fully mapped. To attract private and foreign investors to mine in India, it is essential to complete all the surveys—geophysical, geochemical, aero-geophysical and marine—and make the basic data available in the public domain.

THE GROWING DEMAND FOR CRITICAL MINERALS, CREATES SIGNIFICANT ECONOMIC OPPORTUNITIES FOR AUSTRALIA AND INDIA TO COLLABORATE.

3) **CRITICAL MINERALS:** Technological change has driven the global demand for a new group of metals, non-metals and mineral elements, considered necessary for the economic well-being of the world's major and emerging economies. The growing significance of these minerals is demonstrated in their use in the manufacture of mobile phones and computers, flat-screen monitors, wind turbines, electric cars, solar panels, rechargeable batteries, defence-industry technology and products, etc. The growing demand for critical minerals, creates significant economic opportunities for Australia and India to collaborate.

4) **CREATE AN INTEGRATED SINGLE-WINDOW CLEARANCE PROCESS AND EXPAND THE LOGISTICS INFRASTRUCTURE:** One of the major reasons for delay in making a mine operational is the

time-consuming process of getting environmental, forest and other clearances. In Australia, it takes only one year to get environment and forest approvals for mining activities. India must also expand its logistics infrastructure for major-steel, iron-ore and coking-coal routes.

5) **HUMAN CAPITAL IN MINING:** Mining labour is crucial for the sustainable development of the sector, especially as there could be an incremental demand of 1.5–2.5 times in the workforce by 2025. There will be an increased requirement for mining engineers, geologists, diploma holders and skilled/semi-skilled labourers. Australia's world-class technical expertise in the METS will be beneficial for the country. According to Austmine's 2015 industry survey, 20 percent of the Australian METS companies export to India and 23 percent had operations or offices in the country.

6) **SUSTAINABLE ENVIRONMENTAL MANAGEMENT:** Mining in India is considered amongst the most dangerous professions and annually causes a significant number of accidents and fatalities. Data tabled in the Lok Sabha by the Labour and Employment Ministry on 31 December 2018 showed that 377 workers involved in the mining of coal, minerals and oil were killed in accidents between 2015 and 2017. Australia, meanwhile, has the lowest mining accident rates in the world. Such impeccable safety record makes Australia the ideal partner for India for the development of mine-safety management plans.

7) **TAX SYSTEM:** Rationalisation of taxation remains a major issue in the mining sector. The global average taxation applicable for mining is 40 percent of the gross profit. However, India is constantly adding to this, in the form of royalty, a host of statutory levies implemented by the states, and the two new levies introduced in MMDR (Amendment) Act, 2015 payment to District Mineral Foundation; and payment of two percent of royalty to the National Mineral Exploration Trust. Adding to this are the one-time regulatory costs related to environment clearances and forest clearances, which brings the total taxation to around 65 per cent of the gross profit. Therefore, it is necessary to define an ideal tax system for the industry to make it more lucrative, especially for foreign investors.

India's appetite for energy is insatiable. Increasing urbanisation, rising household incomes, and industrial activity will drive demand for greater volumes of resource commodities. By 2025, India is set to become one of the largest importers of iron ore, thermal coal and coking coal, accounting for 11 percent, 25 percent and 22 percent, respectively, of their global seaborne trade. By meeting its own demand for mining commodities, India can address its current account deficit. However, if mining growth continues to be slow, by 2025, India will incur US$58 billion in forex spend from iron ore, coking coal and thermal coal. Investment, innovation and infrastructure are key drivers in boosting the growth of India's mining sector. Australia's abundant resources are only one part of a larger picture. There is room for improvement in India's relatively inefficient mining practices as well as mine safety and mine rehabilitation. Australia and India should forge a mineral alliance, focusing on research, exploration and development. The two countries must identify challenges and utilise the opportunities for their mutual benefit.

Natasha Jha Bhaskar is General Manager at Newland Global and a former policy analyst for the Lok Sabha, the Lower House of the Indian Parliament.

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Digital economy boom is empowering SMEs in India

by Gopal Pillai

E-commerce has provided a plethora of unexplored possibilities for sellers to expand their business and scale greater heights, writes an Amazon India expert.

One of the best parts of my job is that I get to travel across India quite frequently. Wherever I go I am struck by the fact that it is small businesses that are at the heart of the communities there. It is not a stretch to say that small businesses keep the giant Indian economy humming.

India's 633.88 lakh non-agricultural Micro Small and Medium Enterprises (MSMEs) were responsible for over 11 crore jobs in 2015-16 and contributed 28.77% to the Indian GDP, according to the 2017-18 report of the Ministry of MSME.

Small businesses are expected to contribute significantly to the growth of the industry. There are close to 51 million SMEs in India currently, which employ over 117 million people. These SMEs contribute approximately 37 per cent of the manufacturing output, and 46 per cent of exports, the IAMAI study says.

Yet, most of these small businesses remain just that—small. The reasons are many—from lack of infrastructure, absence of technological competencies, access to limited customer base and scarcity of capital to even ignorance of opportunities.

But the biggest hurdle can be summed up in three questions—how do I find new customers, how do I reach them and how do I serve them well? E-commerce is the answer.

The fact that the e-commerce revolution, with its large-scale technology innovation, has drastically transformed the way business is transacted, impacting both value as well as volume growth, is well known.

E-commerce has provided a plethora of unexplored possibilities for sellers to expand their business and scale greater heights. Sellers have realized the immense potential of new business opportunities being offered by e-commerce platforms. Technology and custom-built, localized innovations are empowering the seller ecosystem at a rapid pace and offering them unprecedented scale to flourish.

The case for going digital

The internet helps SMBs break free from location based limitations. Traditionally, Indian businesses had to invest in a capital intensive and many-tiered distribution network to have a nationwide footprint. Not anymore! Studies have shown that small businesses selling online grow faster—with profits growing by over two times—than those that do not. This is directly linked to the larger customer base that e-commerce opens up for them. Digital commerce, which grew at 34% CAGR between December 2011 and December 2017, is expected to reach Rs 2.37 lakh crore by end of this year, according to a research report by IAMAI and IMRB Kantar. That is a sizeable and fast-growing market.

Online commerce also does away with numerous inefficiencies. Historically, it was the middleman who had all the power with his stranglehold on 'market knowledge'. E-commerce is transparent—a seller even in a small town has visibility over pricing trends across the country and is no longer dependent on a middleman for that piece of critical information.

Tech helps sellers cut across boundaries of geographies and languages to play in a cohesive, digital marketplace. It is tech that is powering small business participation from Tier II and III cities, and even small towns, thus offering a path to economic upliftment and a greater role in India's resurgent economy.

Think Global, Act Local is the new success mantra. Technology has enabled local artisans, weavers, craftsmen engaged in Indian cottage industries and traditional arts to jump onto the e-commerce bandwagon. With tech having wiped away the boundaries of language and space, hyperlocal sellers, even in remote locations, are able to connect with customers, not just across the length and breadth of India but also globally. Technology is also a great enabler of gender diversity as it enables women entrepreneurs to join the seller community easily, safely and conveniently!

The numbers say it all. The success of the digital selling model, coupled with an India-centric approach, has resulted in an exponential increase in the online seller base across the e-commerce vertical in India. From my own experience, tech has enabled a dramatic jump in the seller base of my company. We have grown from a mere handful of sellers and 7 million products in 2013 to a phenomenal 450,000 sellers and 170 million plus product base, with a lot of this growth occurring in the last two years alone.

Within the e-commerce ecosystem, tech plays multiple roles in bridging the gap and building business relationships by establishing a direct connect with sellers. E-commerce players have custom-built tech modules that cut short this process and enable sellers to get onboard and commence selling within a record time of just 60 minutes. Compare this with the procurement process of brick and mortar stores which can take months!

WITHIN THE E-COMMERCE ECOSYSTEM, TECH PLAYS MULTIPLE ROLES IN BRIDGING THE GAP AND BUILDING BUSINESS RELATIONSHIPS

The beauty of economies of scale

So why isn't everyone online yet? Putting up a basic website is easy, but not every business knows how to drive traffic, showcase products, ensure the inventory is mapped, order management is seamless and, after a sale happens, how to fulfil that order.

This is why a marketplace, with the ability to service a large footprint nationally and even globally becomes important. Marketplaces give a seller the luxury to focus just on his area of competence—procuring and/or manufacturing products. With hundreds of thousands of sellers on one marketplace, these organisations can offer the benefits of economies of scale to all the sellers. Also sellers can pass on the savings driven by their lower cost structure back to the customers, thus increasing sales.

However, organisations working with small businesses need to understand that tailor-made solutions will be indispensable for their progress. Our experience has taught us that sellers need different options to choose from. Some might be equipped to handle storage, packaging and logistics, while others need support in some or all of these areas. On their own they will not be able to nor do they need to build each of these capabilities. Being on a marketplace helps them gain access to such services at low cost as the e-commerce platform builds such features for thousands of sellers.

Also, unlike a traditional system where hundreds of employees nationwide are needed to power growth, a SMB selling on a marketplace can target 100x growth by increasing the employee base by just three to five times.

Room for improvement

With growth come greater ambitions. To fuel their ambitions small businesses need easier access to cheaper capital. There certainly is scope for improving the quality of internet connectivity especially in smaller markets. The recently announced National Digital Communications Policy-2018 has the stated objective of bringing broadband to all Indians by 2022. That will be a gamechanger for small businesses.

If we can help these businesses grow faster, more jobs will get created and the Indian economy will prosper at a rapid pace.

My experience shows that small business owners in India do not need handouts. What they need is well organised systems, customised tools, right support and guidance centred on seller success. The opportunity is gigantic and exciting; we have only started.

Gopal Pillai is the Vice President - Seller Services, at Amazon India.

Digital India aims to blend the digital and physical worlds by uniting people, services, and devices

Som Satsangi is the Vice President and Managing Director of Hewlett Packard Enterprise in India. In this interview with 'India Global Business', he weighs up what makes India an attractive R&D base, the impact of Digital India alongside Make in India and HPE's plans to invest $500mn in the country.

What makes India an attractive R&D base in the context of plans for a new HPE campus?

India's highly skilled talent pool plays a critical role in the growth of HPE's R&D function globally. Our R&D lab in India works on cutting edge technologies including Internet of Things (IoT) and big data. And on average it files 156 patents annually of which 51 are granted. Hence, to further strengthen our R&D capabilities in India, we announced a high-tech extension at our Mahadevapura Campus in Bengaluru. This facility will offer state-of-the-art R&D facilities thereby fostering a culture of innovation amongst our employees. Moreover, over the next three to five years we plan to increase our workforce in the country by 20%, which will include new engineering talent with expertise in areas of critical importance to customers such as artificial intelligence (AI) and networking.

INDIA'S RICH ECOSYSTEM OF PRODUCT DEVELOPMENT, SOFTWARE DEVELOPMENT AND INNOVATION COMPLEMENTS THE 'MAKE IN INDIA' INITIATIVE.

What are some of the focus areas for future investments in the IT sector?

Our recent announcement to invest $500 million in India over the next five years underscores our long-term commitment to the country. It will enable us to grow our operations, manufacturing and employee base, increase our R&D and services exports, as well as invest in technology initiatives to drive positive change for local Indian communities. This investment will also include innovations in support of the Indian government's initiatives to apply technology to drive positive societal change in critical areas such as

- e-Education – In collaboration with NASSCOM Foundation we establish fully equipped digital classrooms under National Digital Literacy Mission. These digital classrooms are an innovative, practical and cost-effective solution to deliver skills training to citizens seeking

digital literacy education. There are over 50 digital classrooms across the country with four more set to be launched shortly.

- e-Health – Our eHealth Center (eHC) initiative helps improve access and effectiveness of primary healthcare in underserved areas. These eHCs are a cloud-enabled healthcare infrastructure solution that also offer health data analytics. Across India, more than 130 eHCs and 150 mobile eHCs are operational, and 15 new centers will be established across six states. The eHCs have already facilitated over 800,000 patient visits.

- Digital Village – Aligning with the Indian government's initiative to launch 100,000 digital villages in the next five years, we are offering five villages the benefits of the HPE Digital Classroom, HPE's eHealth Center, free public Wi-Fi provided by HPE Aruba and a range of online citizen services.

Are 'Make in India' plans proving an easy fit for global IT majors?

India's rich ecosystem of product development, software development and innovation complements the 'Make in India' initiative. This also gives the companies' manufacturing capabilities an added advantage by enabling them to rapidly innovate and manufacture solutions that deliver benefits and new experiences to customers globally. To support 'Make in India' and strengthen our existing R&D capabilities, we plan to commence manufacturing Aruba's portfolio of mobility and IoT solutions in India before the end of 2019. This will allow Aruba to rapidly innovate networking solutions that will deliver benefits in support of the Digital India and to the citizens of India.

What are some of the palpable impacts of the government's Digital India initiative?

Digital India aims to blend the digital and physical worlds by uniting people, services, and devices. It is also improving the connectivity across the country, which helps in the delivery of vocational / professional training to the citizens, thereby driving employability and entrepreneurship. Reaffirming its commitment to Digital India, the government in the recent Union Budget 2019 announced new measures, which are likely to encourage investments in IT sector and also increase the focus on skilling the country's youth in areas such as AI, IoT, big data, and robotics thereby creating new career opportunities and accelerating innovations in emerging technologies.

In our constant endeavour to be an active contributor to Digital India, we have partnered with various state governments on some of the key projects under this initiative such as:-

- Smart Cities – Last year, Bhopal Smart City Development Corporation Ltd. selected HPE to create India's first cloud-based Integrated Command and Control Center to monitor and administrate multiple city civic utilities and citizen services across seven cities in Madhya Pradesh through a central cloud. The Government of Uttarakhand has also chosen HPE for the Dehradun Smart City project. As the development of these smart cities becomes a priority, we are committed to partnering with central and state governments, as well as city administrations, to offer them cutting edge technology that can improve the quality of life of every citizen.

- BharatNet – Under this project, the government aims to provide 2.5 lakh gram panchayats broadband connectivity. As this initiative increasingly makes Wi-Fi inevitable for last mile connectivity, it is driving the demand for 1.5 million access points. Aligning with this initiative, 20 thousand Aruba Wi-Fi units have been deployed in five thousand villages in the state of Rajasthan. Apart from connectivity there are a host of services that the Wi-Fi infrastructure offers, such as Location Based Services, Emergency Responses Systems and Crowd Management.

Are issues such as data localisation and data privacy a concern from policy perspective?

Digital transformation is creating countless possibilities in a world where everything – billions of devices, cars and homes, workplaces, stadiums, hospitals, farms and factory floors – creates and shares data. That's why enterprises and governments need to be data-driven – to access, protect, store and manage it, and to unlock its enormous potential. The apps and data that create and run our enterprises, live everywhere – in public and private clouds, on and off-premises, and increasingly at the edge – creating complexity which means that it's important to have a focus on data privacy and security. Today, businesses are experiencing an explosion of data and, with it, there is an increased need to control and securely manage the collection, sharing, and use of sensitive personal and business information. Enterprises expect products and services to be secure, protect their privacy, and facilitate their operations in a data-rich environment. Hence, advancing new privacy enhancements for data processing is crucial to put technology to work for the public good.

How would you define India's journey in the IoT space, so far and looking ahead into the future?

IoT enables the collection and analysis of data from connected assets, people and places to deliver actionable insights in a specific environment. In India, the process of establishing 100 smart cities gives governments and city administrations an excellent opportunity to accelerate time to value and deliver new, innovative, and interactive services to the citizens through IoT.

Last year, we launched a Customer Experience Center (CEC) in Gurugram to demonstrate IoT-based smart city solutions that address the complex and fragmented ecosystem that exists within IoT environments, thereby helping in the seamless development of smart city projects across the country. We also have a CEC in Bengaluru focused on IoT / Artificial Intelligence of Things (AIoT) solutions for the manufacturing sector.

As the journey towards setting-up smart cities gathers momentum, it is equally important for a populous country like India to address the predicted food productivity gap. And we believe IoT-powered digital agriculture has the potential to not only accelerate the productivity of food systems but also cut farming inputs. Recently, we announced our plans to set up a fully-equipped Center of Excellence in the Indian state of Andhra Pradesh, focused on IoT-based agriculture. The facility will provide students with access to advanced IT solutions that are at the leading edge of technology innovation in the agricultural sector to achieve higher food production from finite land resources.

From China to Africa, investment focus covers a wide area

India clocked its highest FDI as global investor sentiment remains strong.

China's Tencent expands its presence in India with investment in Indian fintech start-up NiYO

Shenzhen-based Tencent, one of China's most active corporate investors has increased its presence in India by investing NiYo, a start-up that helps the India's working class manage their finances.

Tencent, founded by Pony Ma Huateng, is expanding beyond its core gaming and social media business, into services to business and industry. In India, it made a US$1.4 billion joint investment in leading Indian e-commerce marketplace Flipkart together with Microsoft and eBay in 2017. Tencent also teamed up with SoftBank to invest US$1.1 billion in ride-hailing service Ola the same year. In 2018, it joined South Africa's Naspers in a US$1 billion investment in Swiggy, an Indian food-delivery firm.

Indian President Ram Nath Kovind embarks on his trip to Africa in a bid to extend Indian influence

Indian President Ram Nath Kovind began his official visit this week to West Africa. The three African countries that the President is visiting are: Benin, Gambia and Guinea. The tour is seen as India's bid to extend its influence in French-speaking Africa and strengthen ties in key sectors such as trade, investment and energy. In Gambia, India has extended an assistance of USD 500,000 to the Gambia in support of skill development and cottage industry projects. India also agreed to offer training in the fields of judiciary, police, administration and technical expertise, as per the request and in line with the priorities of the African country.

India and the Gambia signed a Memorandum of Understanding on cooperation in the field of traditional systems of medicine and homeopathy.

India has also announced that it will open 18 new embassies in Africa, seven of them in West Africa.

India received the highest-ever FDI inflow of $64.37 billion in 2019

According to the Annual Report 2018-19 of the Department for Promotion of Industry and Internal Trade (DPIIT), India, foreign direct investments (FDI) worth $286 billion were received in the country in past five years. The DPIIT under the commerce and industry ministry further said path-breaking reform measures undertaken during the last financial year have resulted in India surpassing the FDI received in 2016-17 and registering an inflow of $60.98 billion during 2017-18, a new all-time high.

The FDI inflows was $45.14 billion during 2014-15 when Prime Minister Narendra Modi-led NDA government assumed power. The inflows were $55.55 billion in the following year. The DPIIT said an action plan for promotion of Indian 'geographical indications' (GIs) has been prepared. This can help supplement the incomes of our farmers, weavers, artisans and craftsmen.

The Yogi's mission impossible for Uttar Pradesh

by India Inc. Staff

The north Indian state of Uttar Pradesh wants to be the country' first state worth a trillion-dollar economy but it won't be a cakewalk.

Yogi Adityanath, the firebrand chief minister of Uttar Pradesh, India's most populous state, created a flutter on July 9 when he exhorted a group of local businessmen to aim for a $1 trillion economy for the state over the next five years. An astute politician on socio-political issues, Adityanath is not known for his knowledge on fiscal matters and generally refrains from making statements to this effect. The $ 1 trillion slogan was however, not without context.

In June, Prime Minister Narendra Modi had set a target for India to become a $5 trillion economy between 2024 and 2025. This was re-asserted multiple times by Finance Minister Nirmala Sitharaman in her maiden budget speech presented in the Indian parliament on July 5. Yogi's comment came barely five days after that. It is not out of place either – UP has one of the largest economies among the states. It quickly became a talking point.

“The road to a USD 5-trillion economy also passes through UP, and I'm sure that the state will contribute to it by becoming a USD 1-trillion economy," said Home Minister Amit Shah at the two-day investor summit in Lucknow, the capital of UP, on July 28. On the occasion, and as a statement of intent, Shah laid the foundation stone of 250 projects worth Rs 65,000 crore as well.

A clutch of investors including PepsiCo and Flipkart were also at hand with commitments of future investment. The US based food and beverage maker said it would invest Rs 514 crore over three years to set up a greenfield snacks manufacturing plant in the state. It would create 1500 direct and indirect jobs. The sound bytes were predictably flattering.

"We are looking forward to partner with UP as we bring in the next 200-300 million customers to experience e-commerce and connect lakhs of MSME suppliers, small farmers and farmer-producer organisations to the marketplace while creating lakhs of new livelihood opportunities," said Kalyan Krishnamurthy, Group CEO, Flipkart . “UP is an important state for us at Flipkart. We not only have many sellers and local MSME (micro, small and medium enterprise) manufacturers who are accessing the nationwide market to sell their products more efficiently and in a cost effective way, but we are also encouraging local handicrafts to market their products."

UP HAS MANAGED ITS FISCAL DISCIPLINE WELL WITHOUT TAKING ITS FOOT OFF THE PEDAL ON PUBLIC EXPENDITURE

"As we expand our operations, we will look forward to a fruitful association that will not only help create jobs and enable ancillary industries, but also ensure the socio-economic progress of potato farmers in the state," added Ahmed ElSheikh, president and CEO, PepsiCo India.

Achieving the target, however, would be anything but easy. The current GSDP (gross state domestic product) of the state as of end of fiscal 2019, was around $ 215 billion. Getting to a trillion-dollar economy means an over four-fold increase in just half a decade, an almost impossible task. "Going by the present pace it will take long. We will have to speed up and every person needs to contribute," Adityanath said. “If the state's economy improves, it will benefit everyone and the future generations. One in every five citizen of this country lives in UP so if the country has to achieve $ 5 trillion, we also should try to get to $ 1 trillion for ourselves."

The state isn't even the front runner in the race. UP maybe the most populous state in the country but it doesn't hold the tag of being the biggest in terms of economy. States like Maharashtra ($ 400 billion) and Tamil Nadu ($ 247 billion) have much larger economies. Two other states, Gujarat ($ 214 billion) and Karnataka ($ 201 billion) are not far behind either.

UP is also an economy that has traditionally known to grow fast. Part of the BIMARU states, an acronym for Bihar, Madhya Pradesh, Rajasthan and UP coined in the 1980s to denote the poor growth of these states, UP continues to be a laggard even as some of the others have pushed on. As per a report by CRISIL, UP's GSDP growth between fiscals 2013-17 was a poor 6.1 percent that was much lower than the all India average of 6.9 percent. In fiscal 2017, it did a bit better, growing by 7.3 percent, higher than India's 7.1 percent GDP growth rate but it slid again to just 6.4 percent in fiscal 2018 behind India's 6.7 percent. The others in the top 5, have consistently grown

much faster. Maharashtra grew by 7.4 percent between FY 2013-17, 10 percent in fiscal 2017 and 7.3 percent in fiscal 2018. Tamil Nadu grew by 6.1 percent between FY 2017-13, slid to a 4.3 percent growth in fiscal 2017, largely due to the political instability on account of its former CM J Jayalalitha's death, but picked itself up in fiscal 2018 with a 8.1 percent growth.

On the back of these numbers and the burden of history, Maharashtra has to be considered a front runner in the race to become a trillion-dollar economy and not many would give UP much of a chance. Yet it is considered to be in the running by Prime Minister Modi himself.

"Can there be a competition between Uttar Pradesh and Maharashtra to achieve the target of trillion-dollar economy, first? This kind of competition will lead to development and generation of employment," Modi had said at UP's investor summit in Lucknow in February 2018. "Besides, this kind of healthy race will strengthen the spirit of competitive and cooperative federalism."

Not everything is bleak though. For one, UP has managed its fiscal discipline well without taking its foot off the pedal on public expenditure. Some of the other states like Bihar, have grossly erred on this count. Between fiscals 2005 and 2018, UP had the maximum capital expenditure accounting for 18 percent in total capital expenditure by all states and 23.2 percent in the state's own spending. Yet, its fiscal deficit has improved from 3.6 percent between fiscal 2013-17 to 3.1 percent in fiscal 2018 while its debt to GDP ratio has also improved from 29.7 percent in fiscal 2013 to 25 percent in fiscal 2018.

Bulk of the expenditure has been in building roads and highways and into the education sector. Besides the Delhi Agra expressway, the Agra Lucknow expressway also became operational in 2017. Phase 1 of the Rs 35,952 crore 596 kilometer Ganga Expressway that would Meerut in west UP to Allahabad in the far East was sanctioned recently. There are plans to extend this to Hardiwar in Uttarakhand from the Meerut side and to Balia from Allahabad via Varanasi, prime Minister Modi's constituency. Other big expressway projects under construction include the 96 kilometer Delhi Meerut expressway and the 352 kilometer long Purvanchal Expressway. Bids have also been invited for a 296 kilometer long Bundelkhand Expressway that will connect Chitrakoot to Etawah. Criss crossing the state and covering over 2500 kilometers, this network of espressways is likely to cost about Rs 1 lakh crore to the government. Another big-ticket investment project underway is the Jewar international airport that is expected to give a fresh impetus to industrialization in the Greater Noida-Dankaur region. Already, it has a fair bit of world class factories dotting the region.

"We had set up our first plant in Noida in 1996. Over these years, we have become a big partner for Uttar Pradesh," says HC Hong, president and CEO at Samsung India. "Last year, we launched world's largest mobile factory in Noida. We want to make the Noida factory an export hub."

"The Tata Group has a long-standing presence in the state, and many of our companies have significant investment here. Tata Motors has a plant here, TCS has been present in the state, and all our retail companies have large presence and are significantly growing," adds N. Chandrasekaran, chairman, Tata Sons. "We see a big opportunity. TCS will continue to expand in the state. We are about to sign the final agreement for setting up another centre in the state. But, we will also be looking at expanding into other parts of the state in cities like Prayag, and continue to evaluate such opportunities."

For the sake of fulfilling the Yogi's dream, the investments could not happen soon enough. After all, it is not easy for a mass of 20 crore people to get a move on in quick time.

The vexing issue of the Indian Sovereign Bonds

by Mihir Kapadia and Ajay Marwaha

The Finance Minister of India, Nirmala Sitharaman, in her maiden budget speech announced that India would issue its first international Sovereign Bond. Above the din of sound bytes and criticism that has followed, two investment experts decipher what this really means for the Indian economy.

Will they, or Won't they?

Should We, or Shouldn't we?

Global investors have been asking themselves the first question and various agencies of Government of India have been asking the second.

The Finance Minister of India, Mrs. Nirmala Sitharaman, in her maiden budget speech last month announced that India would issue its first international Sovereign Bond to fund the growing needs of the Indian economy. It was a historic announcement and it stole the thunder for the budget, which in itself was not the big bang budget that a lot of investors had been pining for.

The announcement, and what followed after, unfortunately, is a reflection of the current state of affairs in India. There were plenty of people who lauded this move as it rightly reflects that India, finally, is truly taking its place as one of the largest economies in the world. But the detractors and critics have soon pitched in, with some rather bizarre rationale.

The critics, including a former Governor of RBI, were quick to point out that it was a poor idea, that it would open a Pandoras box and that the profligate politicians would end up misusing the instrument and turn India into a Venezuela! All of these arguments actually reflect a very archaic and tunnel vision mentality which has really hampered and slowed the growth of the Indian economy.

In the context of the country's liquidity and credit situation, there could not be a better time to lay 27-year-old demons and draconian thinking to rest.

The Domestic Capital Markets and the present Crisis of Confidence

With the sad demise of ILFS in the 3rd quarter 2018, and massive collateral damage to the Domestic Credit markets - various "stretched" balance sheets have begun to collapse under the stress of constrained liquidity channels. This has led to the circumstances fast leading to a liquidity crisis, transforming into a credit crisis. The unfortunate truth, however, is that this is a unidirectional causality and alleviation of the liquidity situation may not necessarily bring back

IN THE CONTEXT OF THE COUNTRY'S LIQUIDITY AND CREDIT SITUATION, THERE COULD NOT BE A BETTER TIME TO LAY 27-YEAR-OLD DEMONS AND DRACONIAN THINKING TO REST.

confidence in Credits.

A quick glance at the fast widening Credit spreads for high yield Indian names - both domestically and internationally - tells the story. The absence of liquidity through the primary capital market route for most NBFC's and mid-market Credits in India through the first 2 quarters of 2019 tell another story. Hence, most "credit worthy" names of India seized the opportunity provided by the easing of the offshore borrowing norms (ref RBI ECB rules - January 2019) and have been scurrying to raise offshore debt.

The Relevance of the State (Govt of India) raising offshore debt ...in INR !

Since the guidelines of January 2019, less than $ 1.6 billion has been raised from offshore Investors - almost 6 months post this relaxation. A drop in the ocean, isn't it ? So, let's look at the contours of this ocean
The Indian domestic capital markets are expected to support a $ 275 - 300 billion Issuance through FY 2020 as per current estimates. Of this, the budget estimates are for $ 105 billions of government Bonds approx. $ 65 billions of state government borrowings and circa $ 110 billion of corporate India's capital market dependence.

Needless to say, a large component of this borrowing is to fund INR balance sheets - and hence corporate India will be extremely pleased to stay away from USD / INR risk i.e. borrow through the INR denominated offshore borrowing format (announced with such fanfare by PM Modi in 2015 as Masala Bonds in his address at the Wembley arena in London) - if the international investor were to oblige.

The Relevance of the Indian State Borrowing Offshore

The answer to this question lies in attempting to understand what the International lender needs to be encouraged to do, to lend to the long queue of Indian borrowers.

1. The lenders in question, mostly large Asset Managers and International Emerging Market Funds, almost unanimously complain of the lack of liquidity and availability of appropriate benchmarks when it comes to attempt to price and trade Indian Corporate Credit in the international markets.

2. They also complain on the lack of an "established yield curve" on Indian bonds, particularly INR bonds. (Frankly, the Indian credit yield curve for mid-market credits has disappeared locally as well in the last few months, let alone internationally !!)

3. The introduction of Indian Sovereign Bonds, particularly in Masala format thereby mitigates quite a few significant Investor concerns. One would expect a $ 3 billion - 5y / 7y / 10y issuance in INR denominated Govt Issued Masala Bonds (say $ 1 billion per tranche) as one of the methods of accessing the International Capital Markets. At present levels, one would expect the same to be priced in the 6.50% - 6.75% range in INR Coupon terms.

4. Such a potential issuance has important benefits for Corporate Indian Issuers, waiting to access the International Fixed Income Capital Markets.

5. The availability of a liquid tradable INR sovereign yield curve in euro-clearable bonds.

6. The utilisation of this offshore Sovereign Bond INR (or Masala curve) to enable Corporate India to issue post creation of the benchmarks. That should replace the liquidity channel which has been clogged due to the Asset Managers domestically disappearing temporarily. Once systemic Credit oriented liquidity returns, a balanced approach to permitting overseas liquidity as a steady credit channel should be considered.

7. The opening up of this important liquidity channel, thereby reducing the pressure on the Domestic Credit markets and imparting much needed liquidity, particularly to the NBFC channel which really needs INR liquidity and not introduction to Currency Risk via USD borrowings in the already risk intensive NBFC balance sheets which have seen so much stress.

Certain media interactions quoted an "official" stating that this foray into the International Fixed Income Markets by the government is to reduce borrowing costs.

One of the biggest fallacies of looking at our borrowing costs through coloured glasses is assuming that USD borrowing costs being lower than INR borrowing costs. The fallacy is in confusing "Coupon" with "Cost", assuming incorrectly parity between USD and INR coupons and costs. Of course, they are different!

Potential USD Bond Costs (Govt of India USD bonds)

Whereas, it is indeed true that the Coupon or Interest payable in USD to investors will be lower for USD borrowings, it is imperative to look at the this as "swapped to INR" to compare effectively against the cost of a potential INR issuance. Hence that 3.25 % - 3.50 % actually may "swap to" an approximate 8.0 - 8.50 % INR or so.

As can be easily seen, this is clearly a more expensive proposition - (unless viewed in an extremely pedestrian and casual manner by looking only at the coupon number and ignoring the currency !!), than issuing INR denominated bonds. The massive attendant benefits of opening up the International Pool of Fixed Income capital in INR denomination for various domestic issuers notwithstanding.

The Finance Minister has taken a step in the right direction to open up the clogged Indian credit channel.

But over and above the sound bytes, the Government now has to demonstrate its ability to deliver effectively and in a calibrated method on this great idea. The Modi government has demonstrated its clear willingness to take on bold steps to change the course of the country and its economy with massive changes by way of Demonetisation, GST, Jan Dhan accounts etc. The world can clearly see and appreciates their honest and no-nonsense approach. But one final recommendation to the FM, please consult with all the stake holders and articulate your thoughts and finally make the policy for the long term. The investors will shower their appreciation with investments.

This will truly ensure the spirit of Maximum Governance with minimum government.

Mihir Kapadia is the CEO and Managing Director of Sun Global Investments.
Ajay Marwaha is a specialist in investment advisory and management specialist in Sun Global Investments.

Why Indian businesses should invest in Australia

In this interview with 'India Global Business' magazine, John Madew, Senior Trade & Investment Commissioner - South Asia for Austrade, discusses the many opportunities for growth and collaboration between India and the land Down Under.

What kind of trajectory of investments has Austrade noted on trade between India & Australia in recent years?

If you look at the raw trade statistics between Australia and India it is about approximately a 20 billion dollar two-way trade relationship. Around 14 billion from Australia and around 6 billion from India, that is deeply influenced by commodities and commodity prices. Over last year trade figures have grown between 15-20% which is very positive. If we look at the longer term, the Indian interest in Australia was around the obvious area of resources. Initially, Indian companies saw Australia as access to resources they cannot get at home, and this was around mines or other resources. As the business environment becomes more sophisticated, both in India and Australia, the real scarcity argument comes towards skills, research & development, around knowledge based industries where Australia has real strength. We see Indian companies set up innovation centres in Australia because we have world class research and development universities and they are looking to leverage opportunities in those areas. I think that's where we are going to see investment in the future.

A recent excellent example of an Indian company investing in Australia was Ola, it was the first market they looked at outside of India and it is something they worked with the Austrade team on. We also see the big IT companies – TCS announced a new innovation centre in Australia. We have a couple of other big IT companies looking at similar innovation centres in Australia, including an engineering consultancy that set up a facility in Adelaide. We are definitely seeing the bulk of interest in the knowledge based sector.

What are some specific policy/tax

AUSTRALIA RUNS AN OPEN ECONOMY AND THE AUSTRALIAN GOVERNMENT WELCOMES FDI FROM ALL AROUND THE WORLD.

measures that add to the attraction of Australia for Indian firms with a global appetite?

Australia runs an open economy and the Australian government welcomes FDI from all around the world. We have relatively low barriers to entry. Besides, in very specific industries, any transactions under approx 272 million Australia dollars can be done completely freely & openly, without any form of government intervention. In terms of specific incentives around investment: we have the R&D tax credit which for the knowledge based industries is very important. Also, state governments provide incentives for different companies in different industries.

How important is having a presence in India to push forward these investments?

We think it's important to have a credible local presence in any country. It helps drive business and the translation between the different markets - its a mutual benefit. Australian companies who have an investment don't tend to pile it in with Australians, they tend to find a way to run it locally. There's a couple of reasons for that, one is cost but also, locals have the knowledge. If you look at the way we work here in the Australian Trade and Investment Commission, we have primarily Indians in our workforce. Why? Because they understand the local market, they have good local contacts and they are able to do that translation between Australia and India.

How effective do you feel the Australian government's India Economic Strategy, 2035 strategy is likely to be, which places India in its top 3 export markets?

The India Economic Strategy, 2035 recognises that India is a vast market,

with each region having its own strengths, opportunities, challenges and specific characteristics. Australian companies need to understand which part of that market suits to them and what they are offering and the tailor that offering accordingly. It's also the reason why Austrade has a network of offices across India - it is to understand each regional market and how to navigate it. The India strategy report recognises this need and talks to this. It is a report to the government not by the government; which is an important distinction.

It has come up with around 90 recommendations and the government is currently reviewing those recommendations and will priorities which ones they take forward and in what order. Some of the recommendations are within the control of government and some aren't but we are certainly building parts of the strategy into the way we work. What is positive about the Strategy is that it gives a new context to Australian businesses in understanding India. One of the points it brings up is that corporate knowledge of India in Australia is quite low and in many cases is out of date. India has a very fast changing business environment and the report really looks to help businesses update that thinking, giving them language to work on. The High Commissioner and one of colleagues did a roadshow around Australia last year where they went to each of the capital cities and presented the report to approx. 200 businesses in each Australian capital. Our job is to help Australian businesses understand opportunity and risk for India.

Does Australia's increasing attraction for globally mobile Indian students and skills facilitate two-way investments?

Absolutely. We call education as an inbound export. The education sector is one of the biggest industries in Australia. Foreign students, especially Indian students are an important revenue stream into education sector. More than 100,000 students from India enrolled in Australia in 2018, making India a very important market for us.

The Australian government has what is called the New Colombo Plan, which encourages Australian students to go and study and gain work experience for at least a semester in East and South East Asian countries. It is a reverse of what Australia did in 60's and 70's called the Columbo Plan, which encouraged overseas students to come and study a semester in Australia. That's been the bedrock of the relationship between us and most of countries in South East Asia. Those educations form such important bonds, particularly people-to-people bonds which inevitably lead to business. The New Columbo Plan is definitely focused on taking students to India. TCS have already taken several students per year. We also work with many Australian universities to help them understand how they can deliver services on the ground in India, for example, the Skill India programme and sharing Australian expertise in innovation and education. There are also efforts being made by the Foreign Affair Department to explore some train the trainer schemes, which explore if the Australian training model in healthcare can be used in India.

What more could Australia be doing to woo Indian investment

Our job is to talk to Indian companies about what the opportunities in Australia. We have a stable, welcoming environment, where businesses can get on and do business. We need to do more to tell Indian companies about that.

Using design thinking for intergrated development issues

by Sunil Mathur

The MD and CEO of Siemens India expands on how the company's Project Asha is addressing the severe development deficit in rural India.

Mokhada Block, Palghar district, Maharashtra, a complete tribal belt is around 130 kilometers north of India's financial capital Mumbai. The nearest town is Wada, 27 kilometers away. The village lacked basic amenities that city-dwellers take for granted. Every year, during monsoon, most of the villages in Mokhada would be cut off from the rest of the world by the raging waters of an overflowing river. The rest of the year would then see dry spells and the villagers walked for miles for water. There was little water stored for year-round irrigation and the communities survived on one crop harvest a year. Fatality rates due to water-borne diseases and malnutrition were high, literacy was low, and seasonal migration to cities was rampant. The nearest health centers were 15-20 kilometers away. For every 10 villagers there was one death in a year - either during birth, alcoholism, dysentery, diarrhea or other medical conditions. Migration was at peak due to lack of livelihood. There were villages who had not seen electricity at all and the few who has, have rarely benefitted due to regular power cut offs.

Siemens India's Intervention:
With Project Asha, Siemens India addresses the severe development deficit in the rural areas and it all started with the intervention in Mokhada. Started in 2012 from a remote village, the project now is spread across in 72 villages in Maharashtra of Mokhada Block, Palghar District and Aurangabad Division impacting over 500,000 lives. With both regions facing water scarcity on a regular basis, watershed development was the need of the hour. Using Design Thinking and Outside–in approach, issues of water, livelihood, electricity, health, sanitation and education were identified. These issues were addressed by creating models involving Siemens technologies and employees for inclusive and holistic development of population.

Inclusive technology such as off-grid solar power solutions using pumps and drives provides access to 110 million litres of water for agriculture and household requirement. Installation of water filters gave access to potable water and reduced water borne diseases due to this there was general reduction in out of pocket expenses of the community. Watershed development interventions for rain water harvesting, have made the villages access to year-round irrigation and a source of livelihood. Village after village has seen dry caked brown earth turn into green patches.

The simple intervention made more than 1,100 acres of land irrigable increasing income of 500+ farmers. Income levels on average have improved by 55% and there are cases who have reported doubling of income. This has led to 35% reduction in migration as villagers now have work in their field all through the year, which earns a better livelihood. The farming communities are now able to maintain their livestock, harvest up to 3-4 crops per year. Upgradation of heath care services and installation of Sonography machines helped in early detection of abnormalities during pregnancy reducing infant mortality rate and maternal mortality rate in a population of over 500,000. Introduction of STEM (Science, Technology, Engineering and Mathematics) an initiative to promote curiosity-based learning, promote scientific temper thereby improving learning outcomes in schools.

This led to increase in livelihood opportunities, income of families, quality of education, electrification of villages, water for drinking and irrigation, reduced infant and maternal mortalities. Project started from one village in 2012 has substantially enhanced living conditions using sustainable and inclusive technology that is scalable and replicable.

The sustainability of the project can be attributed to the use of simple and inclusive technologies that can be managed by the community itself. The governance model of the project empowered the community to overcome obstacles despite difficulties. We plan to scale up to an entire administrative block of 255 villages in Palghar with the project positive impact being witnessed in villages of Mokhada and in Aurangabad division.

THE SUSTAINABILITY OF PROJECT ASHA CAN BE ATTRIBUTED TO THE USE OF SIMPLE AND INCLUSIVE TECHNOLOGIES THAT CAN BE MANAGED BY THE COMMUNITY ITSELF.

Project partners

The project was conceptualized and implemented by involving stakeholders such as the community, local government, NGO, knowledge partner IIT Bombay and employees of Siemens India. This governance model ensured that the project was implemented without any obstacle despite difficulties. Currently, the sustainable, eco-friendly initiatives especially in watershed development have created immediate impact. Once trained the local communities can manage these solutions by themselves. These sustainable and inclusive solutions are replicable and scalable. The partners have a clear understanding of the project and are supporting Siemens, which is a thought leader in the area of Business to Society.

About Siemens India

Siemens India is a technology powerhouse that has stood for engineering excellence, innovation, quality and reliability. Siemens focuses on the areas of electrification, automation and digitalization. It is one of the leading producers of energy-efficient, resource-saving technologies; combined cycle turbines for power generation; and power transmission solutions. Siemens is a pioneer in infrastructure solutions and automation and software solutions for industry as well as a leading provider of healthcare, financing, PLM, rail automation and wind power solutions.

The history of Siemens in India dates back to 1867, when the founder Werner von Siemens personally supervised the laying of the first telegraph line between London and Calcutta. The first company office was founded in 1922. In 1957, Siemens was incorporated as a company under the Indian Companies Act and was listed on the stock exchanges in 1970. Siemens is one of the few multinational companies in India to have uninterrupted operations in India for over 90 years.

Siemens' Corporate Citizenship strategy has been firmly anchored with our corporate values of Responsible, Excellent and Innovative. It focuses on issues within the ambit of Social, Education and Science, and Environment. Project followed the concept of 'Business to Society', which is based on the belief that it was not just about 'giving back to society' but to address the needs of the society through technical competency and know-how. Project Asha successfully tested social innovations and ingenuity such as the deployment of drives for solar applications, setting up micro grids, water filtration units and other incremental social innovations. Corporate Citizenship is an integral part of our corporate strategy.

Sunil Mathur is the Managing Director and Chief Executive Officer, Siemens Limited, India.

A future IMF chief from India can redress many global imbalances

by India Inc. Staff

As Christine Lagarde makes way for a new Managing Director of the International Monetary Fund (IMF), the need to look beyond the traditional breeding grounds to find her successor became all the more pronounced in order to effectively reflect the realities of the 21st century global order.

An influential UK parliamentary panel recently wrote to the UK Foreign and Commonwealth Office (FCO) to engage more proactively with New Delhi to try and seek out the next International Monetary Fund (IMF) chief from India.

The House of Commons Foreign Affairs Committee (FAC) referenced its report on reawakening India-UK ties, released to mark the first-ever India Day in the UK Parliament at the start of UK-India Week in June, as the base for enhancing bilateral engagement over the crucial appointment of a new IMF Managing Director. Its current chief, Christine Lagarde, formally submitted her resignation in mid-July to take up her new role as the head of the European Central Bank (ECB).

"To defend the international system today, we must look to select leaders for international organisations from across the nations that now represent the major economies, not just those who have traditionally held these posts," FAC Chair Tom Tugendhat wrote in his letter to then UK foreign secretary Jeremy Hunt.

"The Foreign Affairs Committee's recent report on India, 'Building Bridges: Reawakening UK-India ties', highlighted the strength of relationships between the UK and India, and the potential for growth. This would suggest that engagement with New Delhi may provide a candidate that the UK could support," he said.

The committee's report had called for a recognition of the mismatch between India's global importance and its status in multilateral organisations.

"A candidate from outside Europe or America would offer a new perspective and the UK's backing of such a nominee would help strengthen its position as the key defender of the rules-based system while updating it for a modern era," believes Tugendhat, who led the Global Britain and India inquiry which resulted in the FAC report.

He asked the FCO for a commitment to support a candidate from outside Europe and lobby other democratic governments about the possibility of supporting a candidate from a country that has not historically held such a post. The FCO, however, said that UK government policy relating to the

IMF falls within the remit of the UK's Treasury department.

"The UK is committed to an open, merit-based and transparent process for selecting the next IMF MD. We look forward to engaging fully in the process agreed by the Board, including ensuring that a range of suitably qualified candidates come forward and are assessed against the agreed criteria," a UK government spokesperson said.

The IMF, headquartered in the US capital of Washington DC, is a multilateral organisation working towards fostering global monetary cooperation and financial stability. Lagarde, a French lawyer, triggered the hunt for a successor as she began eyeing the post of President of the European Central Bank (ECB). American official, David Lipton, has been serving as Acting Managing Director while her successor is chosen.

As one of her last major acts, Lagarde had signalled a significant shift in policy for the IMF, which she said would take on the role of urging countries to protect spending on health, education and vulnerable groups amid growing concern among its members about excessive levels of inequality. Any new managing director will be expected to oversee this change in approach by the IMF, which has in the past come in for criticism for imposing spending cuts on governments facing financial crises.

WHILE SOME LARGE AND GROWING ECONOMIES WANT TO CHANGE THE RULES OF THE GAME, INDIA IS SEEKING A SEAT AT THE TABLE

With the global financial order undergoing significant headwinds, including the looming prospect of a no-deal Brexit, a candidate from a country like India known for its fiscal prudence and focus on inclusive growth under the Narendra Modi led government would certainly have sent out a very strong message in favour of a rules-based order that is truly global. The shift in the power balance from West to East is an inevitability that should be harnessed rather than overlooked.

With an increasingly belligerent China and similar forces of dissent, India can prove to be that reliable ally in the battle to bolster multilateral organisations around the world. The time may not yet have arrived as the shortlist for the next IMF chief gets finalised, but it is a nonetheless an important intervention by an influential parliamentary committee from a friendly country like the UK to ensure the issue remains at the forefront of a world order that is fighting to protect established rules of engagement.

As the former Indian high commissioner to the UK, Ranjan Mathai, put it: "We have accepted the rules of the game, and we continue to subscribe to them." However, there is frustration in India that its emergence as a global power is not reflected by the existing multilateral system, which was devised to reflect the global distribution of power after World War II. The country has pushed for a permanent seat on the UN Security Council and a greater voice in the World Bank and IMF.

"It is important for the bilateral relationship that the UK supports India's efforts to gain appropriate status and powers within multilateral bodies," the FAC had concluded in its report.

While some large and growing economies want to change the rules of the game, India is seeking a seat at the table. It would be prudent for the West to acknowledge this reality before it is too late for those rules of the game themselves.

Wage Code Bill signals Modi government's determination to reform Indian labour laws

The Modi government's political determination to begin reforming what was, until recently, considered a strict no-go area, provides room for cautious optimism.

The Narendra Modi government took its first step towards reforming India's antiquated and complex factor markets (markets for land, labour and capital) by passing the Wage Code Bill, 2019 in both houses of Parliament. It will become the law as soon as the President of India gives his assent.

It will be the first of the four codes proposed by the Ministry of Labour – Code on Wages; Code on Industrial Relations; Conde on Social Security and Occupational Safety and Code on Health and Working Conditions – to become law and will protect and help balance the interests of workers and employers.

One of the major factors impeding India's global competitiveness and hindering the entry of large global manufacturing companies looking for alternatives to China is India's rigid, stringent and outdated labour laws.

But Indian governments have shied away from trying to reform this because of opposition from labour unions and the political parties to which they are affiliated.

India currently has 44 different central and state laws governing labour relations some of which contradict each. For example, there is no universally accepted definition of wage across the country. This leads of differences in interpretation, frequent litigation and a perverse incentive for industries to stay small to avoid onerous provisions that kick in with higher labour counts.

The Wage Code Bill will replace four related legislations – the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, and the Equal Remuneration Act, 1976. The three other codes will do the same with the remaining 40 laws on labour.

Addressing the Rajya Sabha, Minister of State for Labour and Employment Santosh Kumar Gangwar said: "The Code on Wages will ensure statutory protection for minimum wages and timely payment of wages to approximately 500 million workers in the organised and unorganized sectors… It will also do away with regional imbalances and wage variations with a floor wage to be determined by a Tripartite Committee comprising representatives of trade unions, employers organisations and state governments."

THE MODI GOVERNMENT HAS MUSTERED UP THE POLITICAL COURAGE AND IS EXPENDING ITS HARD-EARNED POLITICAL CAPITAL TO PUSH THESE IMPORTANT REFORMS.

India has watched helplessly as many contract manufacturers and western MNCs in China have set up factories in the Philippines and Vietnam and even Bangladesh as this country's labour laws made it globally uncompetitive. For example, these countries have several export-oriented factories employing 10,000-plus workers each in sectors such as garments, footwear, toys and jewellery. Businessmen are reluctant to set ul such large factories in India because labour law compliance costs alone would make them globally uncompetitive.

Another oft-repeated complaint against India is the prevalence of the so-called Inspector Raj – intrusive inspections by government officials that become a tool to harass businesses and extract rent from them.

The Wage Code Bill 2019 addresses this issue by mandating that labour authorities cannot enter any establishment without proper authorisation from the head office.

Clause 51(2) of the Code says: "The appropriate government may lay down the inspection scheme, in which (it) may provide for generation of a web-based inspection."

Thus, the intrusive and rent-seeking nature of inspections are eliminated and the law made much more investor-friendly to provide for flexibility, adaptability and to cater to the dynamic requirements of various stakeholders."

A caveat will be in order here: The new Code is just a modest beginning in India's quest for globally competitive labour laws. Three other codes to reform the remaining 40 labour laws are still in the works. And despite the success of the government in passing politically sensitive legislations on Kashmir and Triple Talaq, the Modi government's lack of majority in the Upper House could pose problems in future.

But it's important to note that the Modi government has mustered up the political courage and is expending its hard-earned political capital to push these important reforms.

And that political determination to begin reforming what was considered a strict no-go area till recently provides room for cautious optimism.

INDIA GLOBAL **BUSINESS**

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India's Foremost Trade & Investment Magazine

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