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North America Edition

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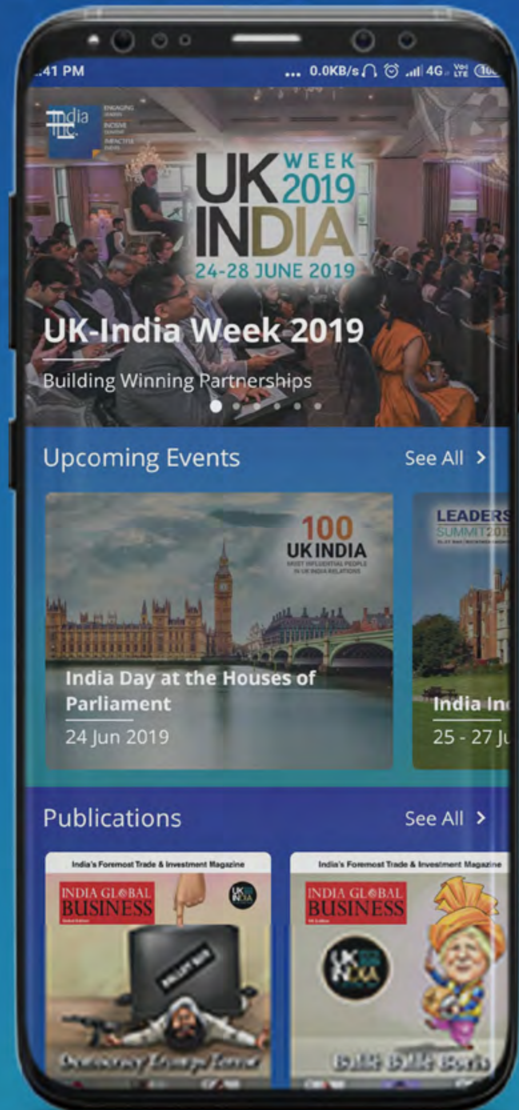

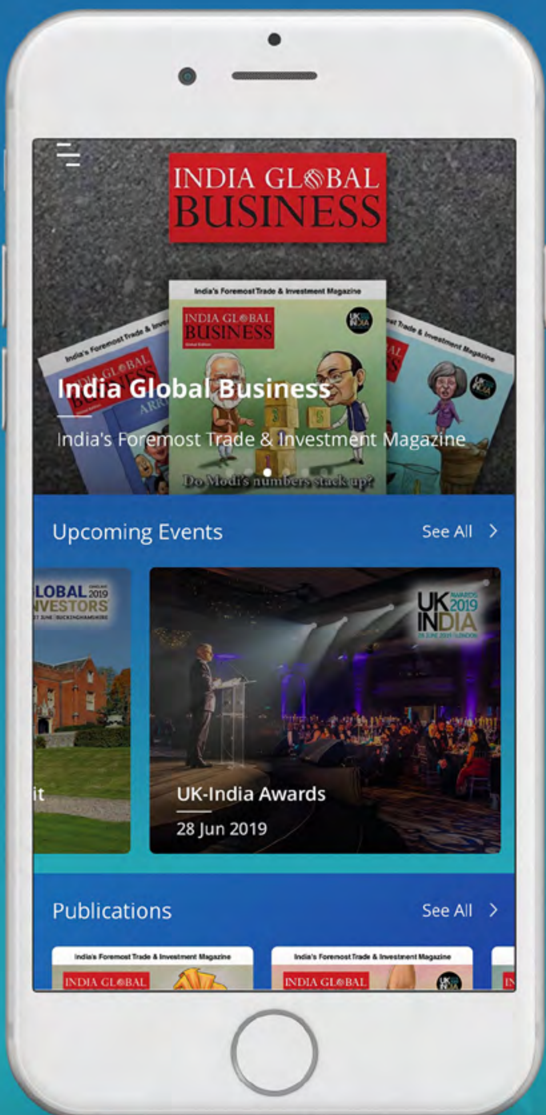

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Modi's Houston Home Run

When Indian Prime Minister Narendra Modi addressed Indian Americans at Madison Square Gardens in 2014, he was in New York for an official function; when he addressed 60,000 British Indians at the Wembley Stadium the following year, he was in London for his first UK visit as Prime Minister.

His address to Indians at Houston later this month is different and takes on a new kind of significance. His official engagements in the Texan city are being planned around his big diaspora address, rather than the other way around.

This underlines the centrality of Indians overseas in Modi's foreign policy paradigm. In the context of the UK, he has called them the "Living Bridge" (a term equally embraced by the UK) and made them the new heartbeat of the bilateral relationship.

The choice of Houston is also interesting. It has the second-largest concentration of Indian Americans in the US after the New York-New Jersey belt. Then, Texas, the state in which it is located, is emerging as a possible swing state in the 2020 US Presidential elections. This will make its significant and wealthy Indian American population a crucial special interest group for Democrats and Republicans alike.

Houston is also the energy capital of the US. India now buys increasingly larger quantities of American oil and Indian companies have also shown interest in the US fracking industry. Thus, engaging with the movers and shakers of this city has become imperative for India's energy security.

Also, NASA is headquartered in Texas. Need we say any more?

India's Moon Mission

Even as the Indian Space Research Organisation (ISRO) continues with its Chandrayan 2 moon mission after the its lander Vikram crashed on to the lunar surface, accolades have poured in from many corners of the world. NASA, arguably the world's premier space exploration agency, tweeted: "Space is hard.… You have inspired us with your journey and look forward to future opportunities to explore our solar system together."

Despite the setback, the mission is still considered a 90-95 per cent success. For one, it cost half the $356 million budget of Hollywood blockbuster Avenger's Endgame and less than a tenth of what a similar NASA mission would cost. It showcased India as a formidable premier league player in high technology capabilities, and NASA's keenness to cooperate with ISRO demonstrates that it has been noted by those who count.

But perhaps the most significant accolade is that the mission was led by two women, Muthyya Vanitha, Project Director, and Ritu Karidhal, Mission Director. To re-engineer Neil Armstrong's stirring words, this was 'a small step for space exploration, but a giant leap for women and gender empowerment'. This is another focus area for the Indian Prime Minister.

The symbolism as much as learnings from this mission will benefit India for decades to come.

The Beast of Brexit

The Scottish court annulling the proroguing of British parliament by Prime Minister Boris Johnson has dealt yet another blow to his still very nascent premiership. With Parliament earlier passing a resolution blocking a no-deal Brexit and ruling out an early election, the Brexit end game has entered uncharted waters.

The British Supreme Court will now have to rule on the appeal the government has said it will file against the Scottish court order.

Ironically, the British public voted for Brexit to "bring back control" to Britain hands from the Brussels, but the entire process now seems uncontrollable. The Beast of Brexit appears on the verge of claiming its third Prime Minister in a little over three years.

Where this leaves Britain's economy, Brand Britain and, indeed, its future as a Tier I global power is anyone's guess. Yet despite the body blows, it's democracy and legal system remain vibrant and kicking. This may well be its saving grace.

In the course of the Brexit saga, two sitting Prime Ministers have seen their own party colleagues breaking ranks to vote on resolutions against their government several times. Such legislative assertion over the executive is rare and should be applauded.

'India Global Business' has consistently taken the view that Britain should stay in the EU. But if it must leave, it should at least be able to do so in an orderly manner with minimal economic and social disruption.

Can a horribly divided Britain come up with a coherent plan in the short time left, or is the Beast of Brexit just too uncontrollable?

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'India Global Business' unveils its first-ever North America Edition, with an eye on the region's India connect from the perspective of investments as well as decoding policy initiatives every fortnight. We open with the Indian PM's metaphorical Houston Home Run alongside a range of expert views and analyses.

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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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India shows the way on globalisation

by Arnab Mitra

India has been opening up its markets to foreign investments and creating opportunities for companies globally even as trade wars are closing markets in other countries.

Economists around the world are burning the midnight oil trying to answer the question that is giving sleepless nights to heads of states and C-suite occupants alike: is the world economy heading towards a recession?

Economic report cards from the largest economies don't make for happy reading. The US manufacturing sector has been slowing for the first time in a decade, China has been growing at the slowest pace in over three decades, the UK seems perched on the edge of a recession, Germany, the world's fourth largest economy, shrank in the quarter ended June 2019 and in India, the world's fastest growing large economy, GDP growth rate slumped to 5 per cent, the slowest in over six years (25 quarters).

The International Monetary Fund (IMF) recently cut its global growth forecast for this year to 3.2 per cent, the weakest rate of expansion in 10 years. And more than a third of asset managers surveyed by the Bank of America expect a global recession in the next 12 months.

India bucks the trend by easing FDI norms

Not surprisingly, politicians in many parts of the worlds are raising tariff walls and increasingly turning insular to try and protect their countries' economies.

US President Donald Trump set the ball rolling about a year and a half ago by imposing high import tariffs on steep imports from China, India, the EU, Canada and Mexico in pursuit of his "America First" policy.

Since then, the US-China trade war has been grabbing the global headlines but Trump has not spared even allies like the EU, India and others.

Labelling India a "tariff king" he has levied punitive duties on aluminium exports from this country and scrapped benefits India received under the Generalised System of Preferences (GSP) regime.

However, India has responded to the rise of protectionism globally by opening itself up much more and by liberalising foreign direct investment

norms in a number of hitherto restricted sectors.

Welcoming foreign investments

The Narendra Modi government recently made it easier for foreign investors to enter sectors such as coal mining, single brand retail, insurance intermediaries and contract manufacturing.

Conscious of the need to proactively step up merchandise exports, which have hovered around the $300-billion mark over the last five to six years, and also cognisant of India's inability to capture the low-value manufacturing space that China has been steadily vacating, New Delhi has announced big bang steps to attract large contract manufacturers into the country.

This will not only encourage companies such as Hasbro to look at sourcing some of its products from India but also incentivise contract manufacturers such as Foxconn, which makes Apple products in China, step up its investments in India.

Incidentally, India received FDI inflows of $64.37 billion in 2018-19, a new record, but the government has set its sights on attracting annual investments of $100 billion within the next two years.

Welcome mat for US companies

In her Budget speech, Indian Finance Minister Nirmala Sitharaman explicitly proposed a transparent competitive bidding system 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.

POLITICIANS IN MANY PARTS OF THE WORLD ARE RAISING TARIFF WALLS AND INCREASINGLY TURNING INSULAR TO TRY AND PROTECT THEIR COUNTRIES' ECONOMIES

"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."

The easing of FDI norms mentioned above is, thus, a redemption of the above promise. The government has announced that foreign investments will be encouraged in sectors such as semi-conductor fabrication (FAB), solar photo voltaic cells, lithium storage batteries, solar electric charging infrastructure, computer servers and laptops, among others.

Trump's trade war against China is forcing many multinationals as well as large contract manufacturers to re-order their global supply chains to reduce their dependence on China.

In this context, 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.

"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," USISPF President Mukesh Aghi 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.

Made in India Apple products

The new FDI rules will make it easier for companies such as Foxconn, which manufactures Apple products for the American multinational, to ramp up production of phones and accessories at its factories in India.

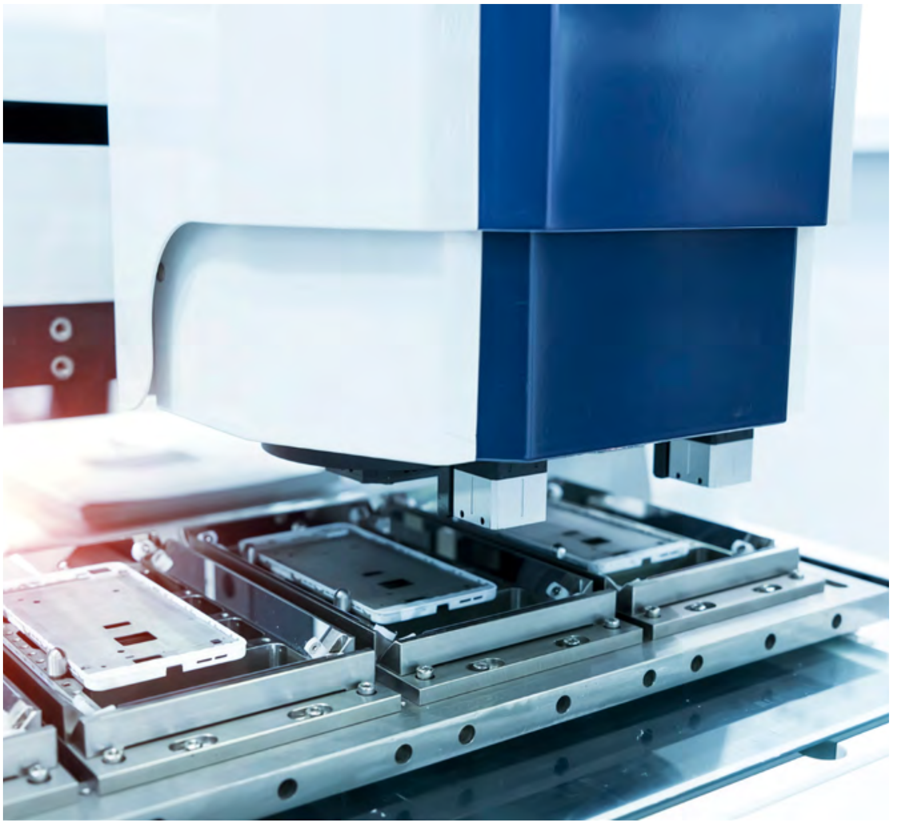
Contract manufacturing was a grey area in India's regulatory scenario. So, the new rules will bring contract manufacturers at par with those companies that set up manufacturing operations for their own products. This is in line with Finance Minister Sitharaman's Budget announcement on "offering incentives to companies for setting up mega manufacturing plants in… India".

Absorbing latest technologies, imbibing best practices

The coal sector epitomises much of what is wrong with the Indian economy. The country is the world's second largest importer of coal despite it having the world's fifth largest coal reserves. The reason for this is not hard to find: a public sector company, Coal India Ltd (CIL) is the monopoly producer of this mineral in India (steel, power and cement companies, however, are permitted to mine coal for captive purposes).

Recently, the Modi government permitted private players to enter this sector but no private miner has yet entered the field.

By encouraging foreign investors to enter the coal mining sector at a time when the world is turning more protectionist, the Modi government is signalling its intent to allow players with deep pockets and superior technology to challenge the monopoly of Coal India Ltd as well as provide competition to the new private players that will enter the sector.



Single brand retail rules eased

Companies such as Apple, Uniqlo and IKEA will benefit from the relaxation of local sourcing norms for single brand retail and will be able to introduce more products from their global product lines more quickly into India. They will also be able to start selling their products online in India two years before setting up their first brick and mortar establishments in the country.

INDIA HAS RESPONDED TO THE RISE OF PROTECTIONISM GLOBALLY BY OPENING ITSELF UP MUCH MORE AND BY LIBERALISING FOREIGN DIRECT INVESTMENT NORMS IN A NUMBER OF HITHERTO RESTRICTED SECTORS.

The policy earlier mandated that single brand retailers source 30 per cent of value of goods sold in India from the country. Under the new norms, all procurements made in India by a single-brand retailer will be counted as local sourcing, regardless of whether the goods are sold in India or exported. Further, such sourcing of goods from India can be done directly by the single-brand retailer or any of its group companies either directly or through a third party.

Getting the timing right

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

Since 1991, however, India has 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.

Over the last eighteen months, the Trump administration has imposed three rounds of punitive levies on good worth more than half a trillion dollars imported from China.
The dispute is already showing up in

THE LATEST FDI REFORMS WILL HELP INTEGRATE INDIA INTO THE GLOBAL SUPPLY CHAINS OF MULTINATIONALS SUCH AS APPLE, IKEA, AMAZON AND A FEW OTHERS BUT INDIA NEEDS A FURTHER EASING OF NORMS TO ATTRACT THE LIKES OF OTHER BIG OUTSOURCERS SUCH AS DELL, VOLKSWAGEN AND ALSTOM, AMONG OTHERS.

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

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

India remains heavily protected

Despite the easing of FDI norms in several sectors and the record inflows of FDI, India still remains among the most heavily protected economies in the world.

An analysis by Mint, a leading Indian financial daily, showed that among the US, the EU, China, Japan and India, the last named has the highest effective rate of tariffs. The Global Trade Alert database shows that the US and India, in that order, introduced the most trade restrictions in 2018.

The latest FDI reforms will help integrate India into the global supply chains of multinationals such as Apple, IKEA, Amazon and a few others but India needs a further easing of norms to attract the likes of other big outsourcers such as Dell, Volkswagen and Alstom, among others.

Then, a record jump of 65 places to the 77th rank in the World Bank's Ease of Doing Business Index, notwithstanding, India remains a very difficult place to do business in. But this is a work in progress and further improvements in both the ranking and the underlying reasons are expected.

Poor infrastructure, high logistics costs, rigid land and labour laws and a complex and adversarial tax system further discourage foreign investors.

Finance Minister Sitharaman has said the government will front load spending on its ambitious five-year $1.4 trillion infrastructure building plan. This will not only provide massive opportunities for Indian and foreign companies to bid for and build infrastructure but also make life easier for businesses that will use the roads, railways, ports and other assets that will be created.

Moving forward with confidence

To be fair to the Indian government, many of the challenges are legacy issues it inherited from its predecessors.

The Modi administration has shown great political resolve in opening up politically sensitive sectors such as coal mining, civil aviation, media and single brand retail to foreign investments, thus, showing an intent to use its political capital to further integrate India into the global economy.

But the intensifying trade war between the US and China, and rising protectionism in its main export markets will not only test India's preparedness and competitiveness in the world market but also the political will of the Modi government to stay the course on reforming the Indian economy in the face of stiff domestic opposition and global pressure.

A global exemplar of free trade

By swimming against the tide and batting for greater FDI inflows and trade ties, Modi is signalling India's intent of staying the course on liberalising its economy even as the erstwhile free trade evangelists pull up their drawbridges and retreat to the dubious safety of their isolationist cocoons.

The Indian Finance Minister has promised more reforms in the days to come.

India has a unique advantage of being at the forefront of the digital manufacturing age

Baba Kalyani is the Chairman and Managing Director of Bharat Forge, one of India's giants in the manufacturing space. In this interview with 'India Global Business', the doyen of Indian industry gives his insights into the future of digital manufacturing, electric mobility, telecommunications and much more.

How do you see Industry 4.0 impacting companies and sectors globally?

The advent of industry 4.0 era is characterized by a confluence of emerging technology breakthroughs from mobile connectivity, artificial intelligence, Internet of Things (IoT), virtual reality, advanced robotics, additive manufacturing, new materials among others. Companies across the spectrum are facing significant changes in products, processes, technology, and value-creation and thus are forced to revisit their business models. In my opinion, we can classify them into five broad categories of emerging trends that are beginning to impact the future of business, particularly in India and also world over –

- Increasing penetration of digital technologies
- Emergence and accelerated adoption of FinTech
- Artificial Intelligence and its wide array of applications
- Emergence of the Electric Mobility in Automotive especially 2Ws and 3Ws
- Advanced Manufacturing and Industry 4.0 Processes

Not only are these trends impacting companies but leading to a new paradigm in the digital era which is partly responsible for the current day geo-politics, new trade norms, country strategies among others.

You referred to penetration of digital technologies; how do you see India adopting digital technologies?

Today, companies like Google and Microsoft are collaborating with the government of India in enhancing free internet access in public areas and remote locations of the country. Then, the launch of Reliance JIO clubbed with the influx of inexpensive smart phones from China/Korea has revolutionised the Indian telecommunications market. With 560 million internet subscribers in 2018, second only to China and, consuming approx. 8.3GB of data per month per user, India is digitising faster than any other country in the world. Data at affordable rates has enhanced accessibility and has been instrumental in driving social and financial inclusion across all strata of Indian society.

Globally, data prices have fallen over the last three years increasing data penetration or consumption. However, with the launch of Reliance JIO, the fall in data prices has been extremely steep in India; thus, resulting in quadrupling the data penetration and usage.

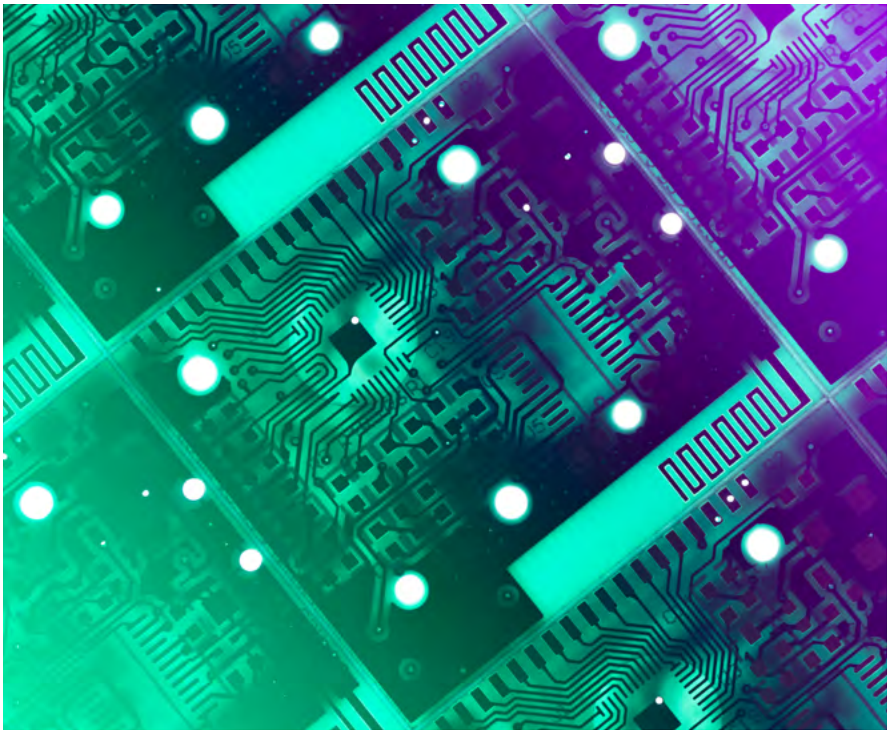
This is not widely spoken of but let me tell you, from time to time, countries re-model their economies and shift their growth trajectories. India, for example, over the last six to seven years has silently developed a digitally equipped, breakthrough, technological infrastructure that could potentially leave the rest of the world behind.

The Aadhar Project followed by the huge impetus given by the Narendra Modi government on "Banking for all", the Mobile Phone Revolution and the launch of the Unified Payments Interface (UPI) and India Stack have revolutionized the financial technologies landscape in India. Demonetisation has propelled adoption of digital payments in India, now reckoned to be the largest user base anywhere in the world, which has in turn created a slew of new-age companies in the technology, banking and financial services space. Paytm is one such example which is now not just limited to India but rapidly spreading its wings in various regions across Europe, Japan, Middle East and other parts of the world.
Digital adoption is also generating new opportunities across e-commerce, e-banking, smart mobility, it is also beginning to make a meaningful impact in traditional sectors including retail, logistics, education, agriculture, skill building and financial services.

Your group is one of the leading names in the automotive industry globally. What's your perspective on the emerging electric mobility landscape particularly in the developing world?

The automotive sector contributes significantly to GDP of many nations hovering anywhere from 4-12 per cent across all major developed economies. With the confluence of high technology in the automotive, the industry giants like Daimler, Volkswagen, Toyota, Nissan, Jaguar Land Rover, Volvo among others are investing significant amounts of money in research & innovation around adoption of electric mobility. With increased focus on clean energy and environment, several governments world over are increasingly incentivising the adoption of electric vehicles. But incentives and subsidies can only provide the initial push; in the medium to longer-term, the industry has to evolve on basic tenets of a free market. This is exactly where large markets like China and India have an advantage. While China is leveraging its scale to be the global epicenter of electric 4-wheelers, India has the distinctive ability to take the lead in being the center of activity for electric two-wheelers. The electrification of 2W and 3W vehicles totaling to 28 – 30 mln.p.a. provides unique opportunity for India to leverage its scale and develop a high-tech electronics industry. Considering several aspects in play over the next decade, I see increase in adoption of e-vehicles, however the existing IC engine-based platforms

WITH INCREASED FOCUS ON CLEAN ENERGY AND ENVIRONMENT, SEVERAL GOVERNMENTS THE WORLD OVER ARE INCREASINGLY INCENTIVISING THE ADOPTION OF ELECTRIC VEHICLES.



will continue to remain the more prominent at least in India and other developing markets.

Manufacturing sector has been a focus of attention of policy makers in India (and the world) in the recent past. Make in India is considered to be Prime Minister Modi's flagship initiative in his previous term. How do you see India taking strides in this sector especially considering the advent of digital technologies?

Manufacturing sector which is Bharat Forge's domain has an important role in achieving equitable and inclusive growth. In India, the Prime Minister has given the country a New India vision which is to achieve USD 5 trillion GDP by 2024/25 with about 20 per cent contribution coming from manufacturing and yet another 20 per cent coming from agriculture and 60 per cent from services. This essentially mandates taking India's manufacturing sector from approx. $350 billion to about $1 trillion i.e. almost three times within a short span of six to seven years.

Globally, the manufacturing sector is rapidly transforming with the onset of digital technologies, IoT and advanced manufacturing like 3D Printing, advanced robotics, new materials like graphene and adoption of industry 4.0 practices across engineering and production shop floors.

With a large young workforce, majority of which is educated in science and engineering, coupled with a thriving IT industry, India has a unique advantage of being at the forefront of the digital manufacturing age. My own experiences on the production shop floors of our company substantiate my claim. But there is a lot that we in India still have to do. India has the third largest army, one of the largest importers of arms globally, but hardly a modern domestic defence industry. We have one of the largest fleets of commercial aerospace operations but hardly any domestic industry adding any value in that space. Second largest market for consumer electronics but hardly any electronics ecosystem in the country. In the last few years under Prime Minister Modi, India has made an accelerated effort to develop a strong manufacturing industry and indigenous capabilities within the country, and there are several continued efforts being made in this direction.

Lastly, during your keynote at the India Inc. Leadership Summit earlier this year, you spoke on creating institutions to nurture synergies between the UK & India. Can you elaborate on the same?

We are in a world full of uncertainties around macroeconomic and geo-politics. Brexit adds another dimension to it, but I firmly believe that India and the UK have plenty of opportunities to collaborate and strengthen the symbiotic relationship between these two nations.

India lacks good technological institutions. And institutions are the bedrock of any major economy. UK has leading educational and technological institutions such as Oxford, Cambridge, Warwick and the Catapult Centers. A synergistic effort by both countries to strengthen the institutional building process in India would, in my view, take the bilateral relationship to a whole new level.

During PM Modi's visit in 2018, the UK and India launched the UK-India Technology Partnership. PM Modi famously quoted the increasing cooperation between both societies as a "Living Bridge".

I personally think this presents a collective vision for companies and entrepreneurs from both nations to come together and engineer solutions for the combined benefit of both our peoples.

Shared values lie at the core of warm Indo-US ties

by Harsh Vardhan Shringla

The Indian Ambassador to the US gives an insight into India-US relations

If someone were to ask me to describe the source of the warmth in Indo-US ties, the pithy answer to that will be: Shared values.

Today, our two countries share a similar outlook on a wide range of issues – from combating terrorism to ensuring a rules-based international order.

India also views the US as a very important partner for mutually beneficial trade, investments and cutting-edge technologies both in the defence and civilian spheres. From technologies used in fighter jets, howitzers and aircraft carriers to providing knowhow on improved farming techniques, the US has emerged as India's go-to partner on a wide range of subjects.

Ahead of Indian Prime Minister Narendra Modi's visit to the US to address the UN Climate Change Summit on September 23 and his engagement with the Indian diaspora in Houston, I think it is important to note the important and active role played by the Indian community in the US in furthering our bilateral relations.

The Indian community in the US is a model for all immigrants. It is educated, industrious, respectful of local customs and traditions and contributes significantly to enriching the lives of the communities they live in.

Their presence and success across the length and breadth of the US has made each of them an ambassador for Indian values and Indian society in the United States. They have played, and continue to play, a significant role as a "living bridge" connecting

our two countries, enhancing mutual understanding and fostering greater cooperation between our peoples. You will find Indian professionals heading many iconic US companies. Their presence is most visible in the US technology sector and they have played a significant role in ensuring that the US remains ahead of the global technology curve.

Indian companies, too, have played their part in this. By providing technology solutions at competitive prices and by investing in resources and manufacturing in the US, they

FROM TECHNOLOGIES USED IN FIGHTER JETS, HOWITZERS AND AIRCRAFT CARRIERS TO PROVIDING KNOWHOW ON IMPROVED FARMING TECHNIQUES, THE US HAS EMERGED AS INDIA'S GO-TO PARTNER ON A WIDE RANGE OF SUBJECTS.

have helped the US economy retain its primacy. More than 100 Indian companies have invested more than $15 billion in the US and created thousands of jobs in the US.

I want to emphasise this point to highlight the fact that Indians and Indian companies in the US are job creators and not job takers.

Even Indians who come to the US as students contribute a lot. Last year, the Indian student community, which numbers about 196,000 in the US, contributed over $7 billion to the country's economy.

Start-ups have emerged as the latest field in which India is benefiting from US partnerships, creating valuable technology companies that help us both.

In fintech, in artificial intelligence and in many other areas, young entrepreneurs are benefiting from collaborations with partners the US and in India.

This spirit of partnership informs every aspect of the Indo-US relationship, both at the level of the two governments and at the level of individuals.

I am confident that this warmth in our relationship and the many cultural, social, business and strategic ties that bind our two countries will help us bridge the few differences we have and emerge stronger for the greatest good of the largest number of people across the world.

Harsh Vardhan Shringla is the Indian Ambassador to the United States of America.

US, India must not lose sight of the bigger picture

by Manoj Ladwa

The India-US partnership must succeed for the emergence of a new rules-based global order, writes India Inc. Founder and CEO Manoj Ladwa

The US India Strategic and Partnership Forum (USISPF), a non-profit advocacy group comprising leading corporate figures from the two countries, has projected that bilateral trade between India and the US could rise sharply to $238 billion by 2025 from the current level of $143 billion.

The USISPF's US India Bilateral Trade Report projects bilateral trade to grow 7.5 per cent annually over the next six years. It adds that if trade grows at 10.0-12.5 per cent per year, as has been the case in 2017 and 2018, then the figure could reach between $283 billion and $327 billion.

This report, I must add, speaks of potential. There's a lot that India and the US can achieve together besides enhanced trade. The Indo-US partnership, which many have called the defining partnership of the 21st century, must succeed for the emergence of a rules-based new global order.

I must also caution optimists that a lot can also go wrong with this relationship. I am concerned with US President Donald Trump's currently uncontrolled unilateralism because it can undo the good work that both governments have done since the turn of this century to improve and sustain their undeclared strategic alliance.

I AM CONCERNED WITH US PRESIDENT DONALD TRUMP'S CURRENTLY UNCONTROLLED UNILATERALISM BECAUSE IT CAN UNDO THE GOOD WORK THAT BOTH GOVERNMENTS HAVE DONE SINCE THE TURN OF THIS CENTURY

Imposition of punitive tariffs on Indian exports, the withdrawal of Generalised System of Preferences (GSP) benefits to India, forcing it to stop oil imports from Iran and Venezuela and squeezing India's strategic interests in the Chabahar port are all examples of short-sighted muscle flexing by the US President.

I am sure Indian ministers will naturally want to impress upon the US, that if rising trade disputes with the US begin to dominate India's domestic politics, the geopolitical potential of a closer strategic alignment between India and the US will suffer a setback.
The timing is a little problematic. Trump faces an election next year. As his campaign rhetoric gathers steam, he will, almost certainly, unleash punitive actions against perceived rivals such as China and Iran as well as friends and allies like the European Union, Mexico and India, if only to drive home to his constituency that he is standing up for them and making "America Great Again".

Even as US-India ties are at a crossroads, it must also be accepted

that that despite all the concerns, Trump has also done much as any other US President to push the bilateral relationship forward.

He has in fact gone further than Barrack Obama, who had designated India a "major defence partner". Trump has provided India a "strategic defence authorisation" that makes it eligible to receive defence-related technologies that are barred to all but a select few countries.

Then, by renaming the Asia-Pacific region and the US's Pacific Command as the Indo Pacific region and the Indo Pacific Command, the Trump administration has accepted the centrality of India in Washington's strategic world view in this region.

Under Trump, the US has also moved from providing lip service support on terrorism to leaning on Pakistan and its benefactor China to ease the pressure on India.

And on China, there's certainly better strategic convergence between the two countries.

But the problem is that the Indo-US strategic alignment does not demonstrably benefit the common Indian. But punitive actions on trade and the clampdown on H1B and spouse visas, among other trade-related measures, impact many lives – and influence the public and political discourse in India.

At present, the US is viewed very positively in India. But if Trump's trade-related punitive measures lead to business closures and job losses, that could change very fast.

And any retaliatory steps by the Modi government will only lead to an upward spiral of trade friction.

That's my real concern – that these transactional issues could lead both sides to take their eyes off the big picture.

And that could, if it's not brought under control, lead to the biggest missed opportunity of this century. I hope not.

Manoj Ladwa is the Founder and CEO of India Inc.

Carpe diem for US-India trade reset

by Hemal Shah

The US-China trade war and Indian economic reforms provide a golden opportunity for a US-India trade deal and strengthen the geo-economic vision of America's Indo-Pacific strategy.

The idea of 'Incredible India' – conjured in evocative advertising campaigns emblazoned in all the colours of Holi – has long been employed to draw tourism from the UK and all around the world to a land steeped in tradition and history. But it is not just India's past that is incredible, its future too is one of promise and opportunities waiting to be seized.

IIn June, US President Donald Trump indicated a "very big" trade deal with India at the G-20 summit in Osaka. Last month at the G-7 summit, President Trump and Indian Prime Minister Modi reiterated their friendship and committed to resolving trade issues. Later this month, US President Donald Trump and Indian Prime Minister Narendra Modi will meet on the sidelines of the 2019 United Nations General Assembly (UNGA) to further that commitment. As the US-China trade war goes further south, the Trump administration is prioritising trade deals with allies like Japan and the UK. In that vein, the US and India should also seize the momentum, reset their history of bilateral trade troubles, and propel the strategic partnership forward.

Much like the past, the Trump administration recognises the importance of the "natural partnership"—between the world's oldest and largest democracies—as a conceptually sound idea owing to their shared values of preserving a rules-based order and strong people-to-people ties. In fact, in 2017, the Trump administration elevated India's importance in its "Indo-Pacific" vision — a means to balance China's "infrastructure investments and trade strategies [when used to] reinforce its [repressive] geopolitical aspirations" in the region.

But unlike the past administrations, the grand promise of the world's fastest growing large economy as a democratic counterweight to China will not be enough to sober the Trump administration's hawkish stance on free, fair and reciprocal trade. While India's elevation in the Indo-Pacific policy also serves its own geostrategic purpose, it does not preclude President Trump from labeling India as a "tariff king."

Over the past year, Washington and New Delhi have fallen out over tariff and market access barriers. The last round of the US-India Trade Policy Forum — the primary annual platform for bilateral trade negotiations — ended without a joint statement in 2017. Since then, both sides convened less formal intersessional dialogues to resolve disputes. The US raised issues related to price controls on medical devices, market access for dairy products, high tariffs on

INDIA IS BY FAR THE WORLD'S LARGEST DEMOCRACY AND IT IS THE FASTEST-GROWING TRILLION-DOLLAR ECONOMY WITH A MASS EXPANSION OF MANUFACTURING AND THE FASTEST GROWING SERVICE SECTOR IN THE WORLD.

electronic and agricultural goods, and new irritants like data localisation and privacy policies. India underscored its ask on relaxing visa regulations that may otherwise target its robust services trade, including labour mobility, among other items.

On June 5, the US terminated preferential tariffs to $5.6 billion of Indian exports under its Generalised System of Preferences (GSP), a trade preferences program for developing economies. Indian exporters are expected to feel the pinch with increased competition from peer economies. Subsequently, India imposed its long overdue counter tariffs in retaliation to the US steel and aluminum tariffs. Washington may be considering a Section 301 investigation on India — the same step that initiated the trade war with China.

In the past, both nations have often bickered about market access issues but were able to pause those fights and still move forward with larger strategic cooperation. Former US deputy assistant secretary of state, Alyssa Ayres, counts the 2008 civil nuclear deal, progress in defense ties since 2005, as well as the growing goods and services trade, as part of this cooperation. Moreover, the 3.9 million-large Indian American community account for among the most successful immigrant groups in the US Also, in the last decade, the number of Indian students in the US has doubled to 200,000. But today, we can no longer hope that a stronger Indo-US strategic relationship will offset the persistent trade irritants.

Fortunately, it is an opportune time to reset at least part of the trade issues and resuscitate momentum. Against the backdrop of the US-China trade war, India must reform investment policies to woo fleeing American manufacturers and put forward a strategic trade proposal on the table for the US. On the other hand, in the wake of a successful trade agreement with allies like Japan, the US must look to strengthen like-minded friends like India and offset losses to US exporters and importers. If timed well, this dual strategy can dovetail finely with the Indo-Pacific vision, giving teeth to its geo-economic goals and creating a win-win partnership.

India is taking steps in the right direction. Most recently, the Modi government announced big-ticket reforms to further open up a clutch of industries--including single brand retail, manufacturing, and digital media--to foreign direct investment (FDI). India is also considering rolling back a "super-rich tax" on foreign and domestic equity investors. In addition, Finance Minister Nirmala Sitharaman revealed plans to build the country's "next-generation banks" by amalgamating 10 public sector banks into four big banks to boost credit and revive the economy.

With reforms in motion, India is well-positioned to convert trade challenges with the US into game-changing opportunities in three ways: One, India can expand its trade footprint on

US-imposed tariffs on China — and vice versa. A DBS Bank report rightly notes that the US-China trade conflict has implications for India given its narrowing trade surplus with the US; in fact, Prime Minister Modi is also expected to announce $4 billion worth of US imports in the pipeline as part of his address to the Indian-American community in Houston this month. At the same time, India can also find ways to address its large trade deficit with China. Two, India must further reform FDI rules to capture the diversion in investment flows as manufacturers seek alternative origination destinations. Some US businesses that started off with manufacturing bases in South Korea eventually moved to China and are now looking at Bangladesh, Vietnam, and even other African economies. Three, now in its post-election phase, New Delhi can sweeten a potential early harvest deal with the US with politically palatable proposals on market access. At the same time, India's loss of GSP benefits could be offset under such a deal.

Simultaneously, as the Trump administration prepares for election in 2020, finalising key trade agreements will become a high priority. GSP imports from India include raw materials that help US companies remain globally competitive and could otherwise mitigate the growing business uncertainty from the worsening US-China trade ties. Some US lawmakers, led by Representative James Himes, argue that an early harvest deal could help restore some of India's GSP benefits and also save American companies close to $250 million. The US could take this a step further by "graduating" India out of the GSP program but rolling over some of the mutual benefits into a near-term deal. A GSP graduation would also incentivise India to restructure its trade policy in view of long term sustainability.

With a new trade agreement with Japan already in the works, President Trump has the opportunity to convert his symbolic three-way fist bump with Modi and Japan's Prime Minister Abe into reality. The US can pursue an approach of geostrategic balance with like-minded partners, wherein bilateral, trilateral or regional free trade deals as well as an informal reduction of trade barriers or strategic carve outs for each other can reduce dependence on China--instead of a full-blown trade war. Such a policy can also activate the geo-economic vision of the Trump administration's Indo-Pacific strategy to preserve a liberal democratic order in the region.

A meaningful Indo-US early harvest agreement would spur a set of confidence-building measures — starting with swift relief for industry on both sides, effective avenues to mitigate India's growth slowdown and a potential US recession, and deliver timely political wins for both Modi and Trump. State-level leaders from both the US and India are already paving the way for deeper two-way investment and people-to-people ties. The US and India must seize this narrow window of opportunity to make way for a synchronised growth of both economic and strategic cooperation and reset the world's most consequential bilateral relationship.

Hemal Shah is a Non-Resident Fellow with the German Marshall Fund's Asia Program. Previously, her work focused on US-India trade policy at the US Chamber of Commerce in Washington DC.

Views expressed are the author's own.

With start-up ecosystems booming globally, why do we still need Silicon Valley?

by Nitin Dahad

What can Indian companies learn from their US counterparts in the Silicon Valley? A tech expert identifies some core areas.

The success of Silicon Valley has inspired many around the world, both as a model region to emulate, but also as a market for technology businesses to conquer in their quest for global market domination.

In the last 20 years or so, Bangalore has often been cited as India's Silicon Valley, but I think it still has some way to go to have that real Silicon Valley like culture. Why? Well let's look at context.

The top five in the 2019 ranking of global start-up ecosystems as published by the Start-up Genome project are, in order, Silicon Valley, New York City, London, Beijing and Boston; Tel Aviv comes sixth, while Bangalore comes way down at number 18, just ahead of Washington D.C.

The rankings are based on numerous parameters, including factors like funding, market reach, connectedness, talent, experience and knowledge. The list ranks 30 leading ecosystems, with the top seven each creating a minimum of $30 billion in value.

Interestingly, Mumbai (along with Jakarta, Sao Paulo and Montreal, among others) is listed as a contender in the next 30, in other words cities or ecosystems that have the potential to make the top 30 within the next five years.

On another measure, Bangalore is among four cities (others are Sydney, Stockholm and Berlin) which stand out in the list for relatively low levels of funding quality – driven by a lack of local, experienced VCs compared to other ecosystems. In addition, Bangalore, Beijing and Shanghai had low scores in commercialization of IP assets.

These reports might be good snapshots, but they are in my opinion limited and narrow sighted if you want a bigger picture of what's happening everywhere. While global media hype is focused on Bangalore, there is a lot going on elsewhere in India too.

For example, Ahmedabad-based eInfochips was acquired in early 2018 by US-based Arrow Electronics for around US$284 million, after years of solidly building its market, including establishing itself in Silicon Valley. And I hear from semiconductor companies of a lot of next generation chip development happening in areas like Noida. Also, a quick web search on just one recruitment web site shows over 300 job openings for electronics hardware and systems engineers in Pune itself.

The point is, development of Silicon Valley like ecosystems can happen anywhere, but for a city or ecosystem to become like Tel Aviv for example, which in my opinion is a really good example how to cultivate a strong innovation ecosystem that generates a lot of value for the region, there need to be a lot more ingredients.
To learn from Silicon Valley there are numerous books and publications on what these ingredients are. One acclaimed author worth looking into is AnnaLee Saxenian, a professor at the University of California, Berkeley.

In her book, Regional Advantage: Culture and Competition in Silicon Valley and Route 128, she argues that Silicon Valley's adaptive capacity derives from it decentralized industrial and social structures that support rapid information exchange and innovation.

More recently, Margaret O'Mara, a professor of history at the University of Washington, wrote The Code, in which she provides a 'definitive history' of Silicon Valley and how it came to be, especially as a result of being deeply intertwined with federal government, and how this was a key to its recipe for success. Powerful institutions created a framework for innovation, from the Pentagon to Stanford University, and government-led contracts fueled growth of the tech ecosystem.

Both Silicon Valley and Israel's ecosystem were driven by government and military contracts, channeled through institutes like the universities, departments of defense, NASA, or special programs like the Small Business Investment Company (SBIC). As O'Mara said in her book, with government as a buyer, it instigates the market forces, enabling companies to scale up production and also drive prices down for others in the private sector.

One shouldn't underestimate the role of Stanford University as a strong base from which innovation and entrepreneurship could flourish, thanks to its very close connections with industry. This is where other universities in India and the UK still need to learn a lot, in terms of nurturing industry-academia relationships in a way that makes students and courses relevant to industry and to market opportunities. Stanford clearly did this, which in turn would provide some level of confidence to investors that the output would be market relevant.

In a recent report in the Economic Times in India, I read how there was still a trend for Indian founders of business-to-business tech start-ups to relocate to Silicon Valley. Yet at the same time I read of US investors like Peter Thiel and coming in as part of a $45 million funding round in Glance, a content platform which is part of Bangalore-based InMobi. And I read of numerous other funds and money coming into India, both from established US investors as well as new investor firms in India.

So why this dichotomy? Well the companies receiving huge amounts of funding in India itself are able to raise the cash at home because they are mainly targeting Indian consumers, which is still a huge market without having to go global. In contrast, those targeting businesses still see opportunity outside India, and Silicon Valley is the natural place to both raise funds as well as expand globally if you are a tech business.

IT'S NOT JUST A CASE OF ENCOURAGING MORE START-UPS – IT'S WELL KNOWN THAT A LARGE PROPORTION OF START-UPS FAIL.

In my experience, I've seen the value of Silicon Valley to tech companies in my many different roles since the mid-1990s. As part of a UK start-up, Arc International, for whom the key target customers were decision makers based in Silicon Valley, we recognized that we just had to be there if we wanted to grow since the UK alone was a small market, and this is why I'd be spending every other week for two years just being there Monday to Friday, building the networks, the partnerships and the brand.

There is just so much value to being there, where you find everything you read about in the reports is true: the connectedness of everyone, the relatively easy access to CEOs at key customers, the infrastructure, and the funds. It was just so easy, with most meetings only 20 minutes away, anywhere in the Bay Area (as long as you timed meetings either avoiding peak time or car-pooling). There was always a buzz, right from the moment I would land every time on a Monday afternoon, and so much of a can-do or can-connect attitude – if you didn't know someone, even someone you'd only just met would connect you to someone who would be useful for you to meet.

That is what I call the culture of Silicon Valley – the openness, the enthusiasm, and the 'pay-it-forward' helpfulness of people in the ecosystem. That is very different to India and the UK, where people are still very protective of access to contacts, whether they might be potential customers or investors. And this is why both Indian and UK business-to-business focused start-ups still see Silicon Valley as the target destination to boost expansion and growth.

The lessons for India from all of this is that there's some way to go still if you want to emulate Silicon Valley in Bangalore and other major tech cities. It's not just a case of encouraging more start-ups – it's well known that a large proportion of start-ups fail. What is also necessary is to drive relevant programs that enable those start-ups to win contracts, either through relevant institutions, or programs like SBIC in the US. Silicon Valley has shown that governments, universities and infrastructure are hugely important in cultivating the ecosystem. But more than this, culture and customers are even more important to bind everything together and make two plus two equal five.

Nitin Dahad is a journalist, entrepreneur, and advisor to the technology sector and government trade agencies, with over 30 years' experience across Europe, US, Asia and Latin America in corporates, start-ups, and media. He currently edits 'The Next Silicon Valley' and 'Go4Venture'.

India, North America investments hold steady despite economic slowdown

Inbound investments coming from the US and Canada along with India's own investment in furthering India-US education ties were in focus in the India, North America corridor.

India to invest $20 million to build US-India education links

India has embarked on an exciting journey by attracting expertise and investment in higher education through US-India Knowledge Exchange. Indian students constitute the second largest market for many international study destinations and for decades, a constant worrying factor for the Indian government has been losing its best minds to the West.

In attempt to address this concern, USIKE was launched in June 2017 at Georgetown University in Washington DC to strengthen the strategic partnership between the US and India through collaboration in higher education, research on key issue areas, and people-to-people linkages.

An important product of this collaboration is the 'Innovation and Entrepreneurship' hubs that India will be funding at the rate of $2 million each. The $20 million investment promises to create a close university-university collaboration on knowledge and involve sector specific industries to share their expertise.

Microsoft, ISB partner to advance AI skilling in India

The Indian School of Business (ISB) and Microsoft India recently announced a new partnership to take forward their shared vision for an AI-empowered India at an event in Hyderabad.

Through the creation of the AI Digital Lab, the two organisations will collaborate in research which will use Artificial Intelligence (AI) and Machine Learning (ML) to study issues that are relevant for business and public policy. In addition, the partnership will also jointly introduce a new executive programme titled "Leading Business Transformation in the Age of AI" which will equip business leaders with tools and strategies to transform their respective organisations to AI-driven organisations.

The rapid development of AI implies that the ability of business leaders to creatively use AI to improve business decisions and enhance productivity will become a very important precursor for businesses to stay competitive and be successful. AI-readiness is, therefore, an important skill that business leaders should acquire sooner than later.

Mastercard to invest $1 billion in India in next 5 years

US card payments major, Mastercard has announced that it will invest $ 1 billion in India in the next five years and plans to make the country a global technology node for its platforms.

The company has already invested $1 billion in the Indian market in the last five years. Of the $1 billion investment, over $300 million will be used to develop the India technology node. The rest of the investment will go towards existing services and expanding capacity among others.

Building the India technology node will mean that company's processing services, authentication services, tokenisation services and all other service layers that ride around the card payment industry will have an India presence.

The investment will also help foster innovation and increase Mastercard's speed-to-market capabilities and value-added services. The company aims to expand their existing capabilities and look at partnerships, investment opportunities in a more significant way for India.

A framework for India's trade boom in the times of a US-China clash

by Derek Scissors

An expert from the American Enterprise Institute lays out the framework for boosting Indian trade.

A great deal of work must be done when considering whether and how trade can drive Indian growth. For instance, India cannot take much advantage of US-China trade conflict because it is not the next best competitor. If the US forces production out of China, it will go to Mexico, Vietnam, and others - even Bangladesh for some products.

There is another China-related, longer-term and much bigger opportunity. India is well-known as a young country. One angle on this is India's median age in 2045 is projected to be about the same as China's in 2015. India, thus, has something of a generation window in which to displace Chinese production. Instead of hoping firms happen to pick India soon, national and state governments should start helping to build supply chains within the country, culminating in ports of exit like Marmagoa and Kochi.

Sharp changes are required because the labour situation is, in fact, mixed. China's competitiveness will decline and India's population dwarfs demographic peers Indonesia and the Philippines combined. But this huge advantage will be partly lost if India's labour force is under utilised. The International Labour Organisation puts Indian labour force participation at 52 per cent last year, versus 68 per cent in China, 67 per cent in Indonesia and 61 per cent globally. According to the NDA, the government's most recent survey, participation was 50 per cent and falling in fiscal 2018.

A key reason is short-sighted labour policy. For decades, policy has been aimed at protecting formal sector workers. This was always questionable but it is potentially devastating in the present environment of a rapidly growing number of new workers. Policies focused on maximum employment creation should replace those focused on employment stability. The Modi government is trying to make business easier when it needs to make finding a good job easier.

Another barrier to production and export is land acquisition. India lacks a properly functioning land market. Each delay, protest, collective negotiation, and court ruling makes this apparent. Greenfield investment, by residents or foreigners, is vital to drawing people into formal employment but is held far short of its proper size by unclear land ownership. Quick, certain acquisition of land and a flexible workforce is vital to development success but appears too difficult politically for the national government.

As discouraging as this is, there is a narrower path to making India more globally competitive. It's not only the US-China battle that points to vulnerability in supply chains, ostensible friends Japan and Korea may have gone farther in their supply chain stand-off. WTO dispute settlement has been fragile for many years, and is now challenged by the US, so trade conflicts last longer.

Firms must reduce trade risk; one way is reducing the number of countries used in production. Along with ageing in the most important supply chain participant, this creates an opportunity for India to attract entire chains, not just segments. There has been plenty of talk about production moving out of China to various locations, of course, but only India has the scale to host full supply chains and sharply cut corporate exposure to rising protectionism. Transportation costs might seem daunting but the shale revolution indicates fuel could be cheap indefinitely.

The way this would work is certain Indian states export to the world, as the east coast of China has done but cannot

continue to at the same share. First, Gujarat, Karnataka, Kerala, and Maharashtra can more fully serve the Middle East and Europe. If this is shown to be possible, multinationals will certainly evaluate Odisha, Andhra Pradesh, and Tamil Nadu as export hubs for East Asia and the Americas.

It may appear that India faces enormous competition for these roles but no other country can also provide local suppliers to the export hubs. Rajasthan and Madhya Pradesh can play this role for export west while Chattisgarh, Jharkhand and Telengana do so for eventual export east. The scale offered in land and population swamps all other post-China players. As an illustration, just the four west coast direct exporting states have a combined population slightly larger than Indonesia's and well over twice that of Vietnam or the Philippines.

An intriguing oasis in the distance, surely, but can it be brought closer? The point of GST was and still can be to improve logistics. The goal of improving the tax code should be to tie states more closely together, not collect maximum revenue. The same goal applies to infrastructure. Infrastructure development is aimless, highlighted whenever state or national governments claim growth will accelerate. What has usually accelerated is waste. Supply chains for global trade provide a far more likely return than grandiose political projects.

POLICIES FOCUSED ON MAXIMUM EMPLOYMENT CREATION SHOULD REPLACE THOSE FOCUSED ON EMPLOYMENT STABILITY.

Prime Minister Modi could note that his focus on ease of doing business shows good results in the key states. Andhra Pradesh, Telengana, Jharkhand, and Gujarat are in the top five; Chattisgarh, Madhya Pradesh, Karnataka, and Rajasthan the top 10. With regard to specific dimensions of competitiveness, the northeast states lag development of supply chains that can come later. Multiple states show solid financial and human capacity as a baseline, with Kerala unsurprisingly leading for the latter. Mumbai's role as a regional financial centre is also encouraging. On the key issue of supplier sophistication, Tamil Nadu outperforms.

Land and labour are fundamental to comparative advantage and, if national progress is prohibited, perhaps supply chain states can act. Maharashtra shows the obstacles to land and, especially, labor reform. But another potential participant has been successful. Rajasthan has improved conditions for land markets and reduced government intervention in labour. Where broad liberalisation is impossible, vital sectors can advance. Land liberalisation for engineering exports only in Gujarat and Labour liberalisation for IT only in Karnataka would be major steps forward.

Rewards would be vast. Say trade conflict forces $150 billion of exports to the US out of China (US exports to China are far smaller). Indian states stand to receive a few billion each at the most, because India is back in line in ability to serve the American market. Demographic changes, however, open the door to considerably narrowing the gap between India's $331 billion in exports and China's $2.42 trillion.

The total amount in play here exceeds $500 billion and only India can capture it because only India has the scale. For example, given Karnataka's and Tamil Nadu's current shares, their annual exports could rise at least $60 billion each. It will take time but, since the driving force is demographics, the key states have time. If they are willing to seize the supply chain opportunity.

Derek Scissors is a Resident Scholar and Economist at the American Enterprise Institute (AEI).

A guide to doing business in the US

by Harsh Patel

A consultancy chief provides a checklist for Indian businesses planning to expand into the US market, including insights into some basic structural aspects.

The United States of America is a haven for business ventures, for entrepreneurs and business entities around the world. There is always a scope for growth due to the immense exposure provided to different companies, irrespective of their background or culture.

India and the US have a long-shared history, and our bilateral relations have continued to be healthy. The total bilateral trade (goods and services) that the US does with India was $126 billion in 2017. Initially, this went up 10.4 per cent from $114.2 billion levels in 2016. Bilateral trade has witnessed an average 5.6 per cent annual growth rate for the previous five years.
Some of the sectors the two countries can find opportunities are Infrastructure Financing, Financial Inclusion and the Bond Market.

Is the US still a preferred destination?

In a recent study titled "America's New Immigrant Entrepreneurs", approximately 25 per cent of engineering and technology US start-ups have at least one immigrant founder. Another report titled "Immigrants and Billion Start-ups" by the National Foundation for American Policy stated that India is the leading country of origin for immigrant founders of billion-dollar companies in the US. Specifically, California is a preferred destination for headquarters, with 32 out of 44 immigrant founded companies setting up base there.
For example, Indian entrepreneurs Raviteja Dodda and Yashwanth Kumar began an omnichannel marketing automation platform called 'MoEngage' in California in 2014. With funding from marquee investors such as Exfinity Ventures and Helion Venture Partners, MoEngage has also received supported by a US based accelerator called 'The Alchemist'.

As the Indo-US innovation corridor extends, there are considerable advantages to both nations. Start-ups, which can set up business units in the US and manufacturing units in Indian cities such as Bangalore, Pune, and Chennai, offer compelling business advantages such as market access and intellectual property transfer, among others. While it may not be economical to place founders and key employees under the H1B visa scheme, the IER's revival could be a step towards setting up Indo-U.S. focused startups and allowing ecosystems to thrive in both countries.

The US Citizen and Immigration Services are taking steps to bring back IER: A proposed regulation to promote entrepreneurship in the US

Why should Indian companies invest in the US?

1. The US is considered to be the most diverse market in the world
The United States of America receives immigrant applications from virtually every corner of the world annually. The thriving population of 325 million people from

across the world assures a unique cultural diversity within the country. Businesses can profit immensely from developing the skills of their employees through cross-cultural training courses that will help to harness cultural richness in the US successfully.

2. The easiest way to get a citizenship of the US for an entrepreneur

The US also offers an option for entrepreneurs to settle in the country. If a business is willing to invest $1 million or a minimum of $500,000 in areas with high unemployment rates, prescribed by the US government, then the investor/ business owner can receive conditional permanent citizenship along with their spouse and any unmarried children, less than 21 years of age.

3. Choosing the right company structure in the US

International investors can form either a Limited Liability Company (LLC) or a Corporation (C). However, the corporation is exclusive to US citizens or residents only. Developing a C-corporation is beneficial due to scalability and can be made public. Also, investors prefer C corporations for business funding.

4. Legal environment in the US

The legal system in America is fairly business friendly and encourage entrepreneurship. Business-disputes are solved through litigation and the government dedicates special resources to answering queries and problems from businesses and academics on a real-time basis.

5. Government support for entrepreneurs in the US

Many state and local governments offer various incentives to attract foreign businesses in their specific regions. Such incentives commonly include income and real estate tax concessions, financing and chances to buy or rent working offices at meagre costs.

6. Political interference in business in the US is negligible

In the United States, politicians may express concerns about foreign investments from time to time, but restrictions on most foreigner investors are few and far between. Working Americans invite foreign ownership of businesses except in situations where jobs are threatened. And, foreign investments that create jobs are always healthily invited.

INDIA IS THE LEADING COUNTRY OF ORIGIN FOR IMMIGRANT FOUNDERS OF BILLION-DOLLAR COMPANIES IN THE US.

7. The US is a tech leader

The United States is a recognised leader in research and development (R&D). There is greater access to advanced technology and infrastructure. Workforce usually has excellent sckills, particularly in the technical department, often with very specific knowledge needed by niche industries. In addition to the strong infrastructure, a knowledgeable workforce and strong innovation culture, the US also offers a powerful network of international business cooperation.

8. Business culture in the US

The US operates on an individualistic culture with individual acknowledgement and monetary achievement as its strong motivating forces. In the US, employees are motivated by upward mobility, personal accomplishment and loyalty for their profession, besides individual professional success, rather than an analysis of them done by their employers.

9. The US a good market to enhance brand recognition

The US pulls in organizations from everywhere throughout the world that is looking to participate in the open business environment in a visibly large economy. Foreign organizations can benefit from the generally solid market for products and services, as well as presenting and marketing new brands.

10. The US is known as the largest market in the world

The US market is one of the world's largest and most sophisticated markets. America alone accounts for 28.9 per cent of the world's aggregate market. The demand in the US is varied and does not depend on a small number of sectors. A good, well-marketed product in America can easily find mass appeal and demand.

11. Options available for funding your business in the US

You can get a wide range of funding sources, from banks and investment firms to venture capitalists and angel investors who enable innovation and expansion, providing organizations in the United States an important advantage.

I firmly believe that the Indo-US relationship will further strengthen in the years to come. By enhancing cooperation and taking advantage of the opportunities listed above, it will be a win-win situation for both countries.

Harsh Patel is a Founder & Global CEO of Water and Shark.

Kenya: A land of many investment opportunities

by Dennis K. Waweru

The head of Kenya's inward investments authority lays out the various investment opportunities for Indian and foreign companies looking to invest in the African nation.

Kenya is the fifth largest economy in Sub-Saharan Africa. It is the dominant economy in the East African Community (EAC), contributing more than 50 per cent of the region's GDP. Kenya's annual GDP growth averaged 4.5 per cent between 2008 and 2012 and 5.2 per cent between 2013- 2017 and in 2018, the growth was 6 per cent. The increasing growth reflects strong macroeconomic and structural reforms implemented during the last five years. The annual GDP growth target in Kenya Vision 2030 is double digit.

The Government of Kenya recognises the critical role played by private investors and has put in place measures to attract and retain foreign investment while encouraging the expansion of domestic investment. The aim is to increase private investment to 24 per cent of GDP by 2030.

The Government has put in place strategies and policy initiatives to enhance the investment environment, key among them being:

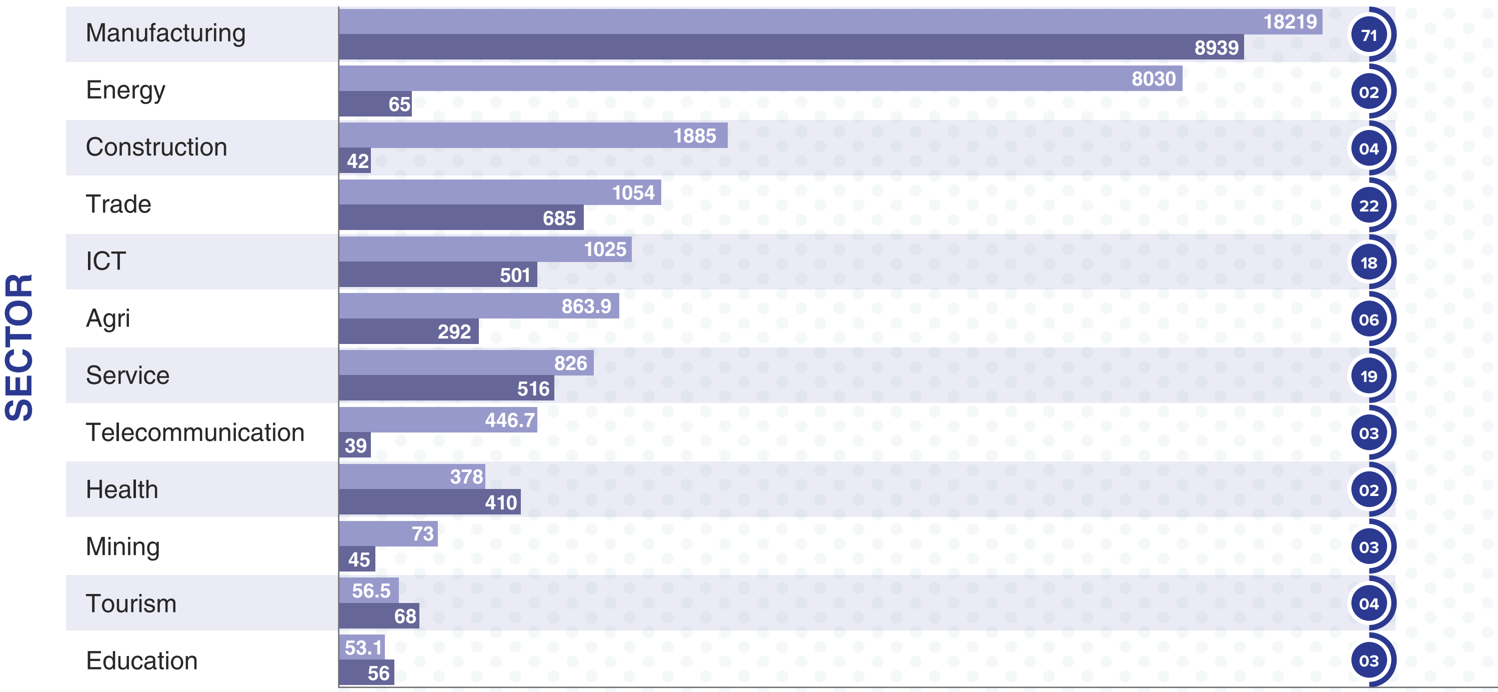
1. **Vision 2030** - The country's blueprint towards making Kenya a newly industrialised middle-income country.

2. **Big 4 Agenda** - A roadmap of the Government's priorities for the next five years. The sectors of focus are food security and agricultural productivity, affordable housing, manufacturing, and universal healthcare.

3. **Kenya Industrial Transformation Program (KITP) guided by Vision 2030** - KITP is key in creating an enabling environment to accelerate industrial development.

4. **Buy Kenyan, Build Kenya Agenda** - This entails

The investments are in the different sectors as indicated in the table below:



Source: Kenya Investment Authority

CAPITAL COST IN MILLIONS (Foreign) EMPLOYMENT NUMBERS NO. OF PROJECTS

promoting competitiveness and consumption of domestic products and services in both the domestic and international markets.

5. **National Trade Policy**- Transforming Kenya into a competitive export-led and efficient domestic economy. Policy aims to strengthen the current supply chain by addressing constraints impeding against development of wholesale, retail and informal sectors.

6. **National Export Development & Promotion Strategy** - A five-year sector development plan aimed to induce synergies for higher production in specific export sectors to enable a better export performance and enhance market access.

7. **Kenya Investment Policy**- This policy creates an institutional framework that fosters coordination for efficient investment attraction, facilitation, and a favorable investment climate aimed at attracting high-quality FDI into the country while upscaling local investments and SME capacity.

THE SECTORS THAT HAVE ATTRACTED THE HIGHEST INVESTMENT ARE MANUFACTURING, ENERGY, CONSTRUCTION, SERVICE AND ICT.

8. **EPZ scheme** - Incentives provided under this scheme are meant to make the manufacturing sector to have an export orientation rather than being inward looking.

9. **SEZ policy** - This policy stipulates that goods be produced in designated zones closer to raw material sources. The SEZs will help boost industrial manufacturing by allowing for lower tax levels and fewer regulatory hurdles, among other benefits.

Guarantees to Investors

1) The constitution of Kenya guarantees safety of life and property.
2) Kenya is a signatory to the Multilateral Investment Guarantee Agency (MIGA) that insures private investment against non-political risks.
3) Kenya is also a member of the International Centre for Settlement of Investment Disputes (ICSID) that guarantees arbitration of disputes between government and investors in a third-party country.
4) The Foreign Investment Protection Act (FIPA), which has been in place since 1964, guarantees against expropriation of private property by government and if this happens it will be for public good and compensation will be prompt and at market value.
5) The track record of the Government in representing the

IN RECOGNITION OF THE STRONG TRADE TIES, THE TWO COUNTRIES SIGNED A TRADE AGREEMENT IN 1985 CULMINATING IN THE FORMATION OF THE JOINT KENYA-INDIA JOINT TRADE COMMITTEE

sanctity of private sector since independence has been second to none.

General Incentives

1. Capital goods (plant, machinery and equipment) and raw materials are zero-rated;
2. Some of the plant, machinery and equipment are exempt from VAT;
3. Investment allowance for investment projects of at least USD 2 million:
   -100% if the investment is location in Nairobi, Mombasa and Kisumu cities; and
   -150% for those in other parts of the country (must have invested over KES 200 Million)
4. Market access in COMESA & EAC markets with no taxes.

Indian Investments registered and facilitated at KenInvest

The authority has been able to register and facilitate 157 investment projects from India worth Kshs.32.910 billion. The investments have the potential to create employment to 11,6588 Kenyans.
The sectors that have attracted the highest investment are Manufacturing, Energy, Construction, Service and ICT. The data provided is, however, for companies which registered with the Authority. The Investment Promotion Act, 2004 does not mandate all investors to register with Authority, hence the figures provided do not represent all the Indian investments in the country.

The Agreement on Avoidance of Double Taxation signed between Kenya and India was gazetted and entered into force on 30th August 2017. In recognition of the strong trade ties, the two countries signed a Trade Agreement in 1985 culminating in the formation of the joint Kenya/ India Joint Trade Committee in 2017 that provides a platform for the engagement in trade related matters.

Market Access

Kenya is a member to regional trade blocs and access to preferential markets has played a significant role in attracting multinationals to locate in Kenya. Kenya is a beneficiary of several trade preferential arrangements which includes the African Growth and Opportunities Act (AGOA) which allows for quota free and duty-free access to the USA market for items produced in Kenya. Kenya is also a beneficiary of the East Africa Community-European Union (EAC-EU) Economic Partnership Agreement (EPA) which gives duty and quota free access to the European Union.

At the regional level, the African Continental Free Trade Area treaty entered into force on 30 May 2019. The Treaty is expected to spur intra-African trade and stimulate competitiveness of African industry. It will also create positive multiplier effects for companies that choose

to invest in Africa due to liberalized markets. In this regard, Kenya's position in East and Central Africa makes it an ideal launch pad to access the markets of East and Central Africa (EAC) with over 150 million people, and the Common Market for Eastern and Southern Africa (COMESA), with over 430 million people, and indeed the wider African Continental Free Trade Area.

Ease and Cost of Doing Business

The government is working round the clock to ensure that the business environment is conducive for business to grow and thrive. Several initiatives have been established; these include but not limited to the below:

i. Establishment of a One Stop Centre to ensure efficient and effective facilitation of the implementation of new investment proposals and cost-effective operations of existing investments and businesses are handled from a central position.
ii. Automation of service delivery and making it more efficient and accessible through innovative business platforms such as huduma namba, e-citizen, e-regulations, iTax, single-window electronic clearing system, land registry, and e-opportunities.
iii. Presidential round table sessions and other forums geared towards addressing bottlenecks to doing business. There is a Cabinet Committee that tracks issues of business environment – for example, on the high cost of energy, there has been significant reduction including the introduction of an electricity rebate scheme for manufacturers.
iv. Improvement in transport logistics, where a container now gets to Kampala, Uganda in about 4 days. Discussions are ongoing to further enhance the logistics and transport sector with congestion at the ports having reduced considerably, including removing non-tariff barriers. Infrastructure development is ongoing with completion of the expansion of the northern bypass and extension of Standard Gauge Railway to Naivasha being on schedule.

Through the above initiatives, Kenya's improvement in the quality of her business and investment environment continues to be recognized in various forums. The country's unprecedented rise in the ranking under the World Bank's Ease of Doing Business (from 136 globally in 2014 to 61 currently) is a great achievement. In the Global Competitiveness report released on October 2018, Kenya was ranked as the seventh most competitive economy in Africa (and 93 globally) behind Mauritius (49th globally), South Africa (67), Morocco (75), Tunisia (87), Botswana (90), and Algeria (92). Several independent reports also indicate that Kenya remains the preferred investment destination on the African Continent.

Kenya's attractiveness as an investment destination continues to spur with strength and clarity of regulatory and legal frameworks for investment, which provide for adequate investor protection in line with most international standards (including safeguards for property rights and expropriation). Kenya is a signatory to MIGA, the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (which established ICSID), and a member of the Africa Trade Insurance Agency (ATIA), headquartered in Nairobi.

Role of KenInvest

Kenya Investment Authority's mandate as provided for in the Investment Promotion Act, 2004 is to promote and facilitate investment in Kenya by both local and foreign investors. This is achieved through research and policy advocacy, marketing initiatives, tracking and aftercare, issuance of Investment Certificate and Provision of One Stop Centre services which include: business registration; immigration; advice on matters relating to taxation in Kenya; advice and license on environmental impact assessment; assist investors in power connections; advice and issue business permit licenses and any other approvals required by the county government; and advices investors on the export processing zones scheme, and licenses and facilitates investors within the zones.

We welcome all new investors from India to invest in Kenya. We at Kenya Investment Authority are ready to offer any kind of support/facilitation that investors may require to invest in the country.

Dennis K. Waweru is the Chairman of the Kenya Investment Authority.

India's grapple with crypto currency: Future trends and implications

by Sidharth Sogani

A crypto and blockchain expert dispels some of the myths around Bitcoin.

During the early 1990s India was at the same stage where it is now with cryptocurrency. When the Silicon Valley was being created, companies like Microsoft, Google, Apple, etc were being founded; India was struggling to understand what was Internet. Due to this many great Indian tech minds had to move to the US to find a suitable opportunity. Today, the best brains behind the tech giants around the world are Indians!

But due to the sluggish political and regulatory environment, I think India is uncapable of taking the right decision at the right time. I think in technology, timing is very important. If you are late, someone else will build it.

As per our database at CREBACO, India has a potential market of about 12.9 Billion US Dollars for Blockchain and Cryptocurrencies which is quite notable.

The draft bill for cryptocurrencies was quite surprising. It did not define Bitcoin correctly. When I researched, I understood that the people who made the bill did not seem to consult anyone from the industry.

IN TECHNOLOGY, TIMING IS VERY IMPORTANT. IF YOU ARE LATE, SOMEONE ELSE WILL BUILD IT.

Most of the drafting was done by interns and techies. No finance professionals, FEMA lawyers, CAs, Economists etc were consulted. It seemed that the inputs were based on misunderstood theories only which was derived from online media where the journalists themselves are finding difficulties in understanding Bitcoin.

It is very important to understand that Bitcoin is a combination of Technology, Economics and Finance. If you don't understand all three at a basic level, you can't really understand the concept of it. Here I see a new genesis of professionals emerging called 'FinTech' Professionals, Bitcoin and Cryptos have far more potential than the traditional banking and stock markets where these professionals can truly contribute to its growth.

'Satoshi' was a genius to come up something like this! He understood the financial crisis during 2008, He understood that governments and banks are manipulating data and economy and the people have no control. He not only made a currency, but the first generation of an entire global economic system, a system capable of giving power to people to own a debt free instrument whereas traditional system takes responsibility of the debt. The RBI owes it to you as the notes issued says 'I promise to

pay the bearer a sum of….'

Bitcoin ban, is it an option?

The governments are right at the first thought, but how can you ban something which is decentralised and borderless? Banning it is stupid because you can't implement it. Specially with a country where 1.3 Billion people live. To ban Bitcoin, you will have to ban internet. Really, there is no other way! The government must understand this. Banning it will only instigate the cash transactions and money laundering where the government will lose complete control.

Regulation over the globe

Most countries were reluctant in the start, but Bitcoin network had grown so powerful in 10 years that it was unstoppable. It is the worlds largest database of transaction with not even one flawed transaction out of over 150 Billion transactions in last 10 years (one block avg 2500 transactions x Block height is 591500).
Most developed nations around the world understood this and regulated it as banning was not an option at all. Its better to have KYC exchanges, collect tax and monitor movements related to Bitcoin transactions.

Countries like USA, UK, EU (including Germany, Italy, France etc), Canada, Singapore, Japan, etc have all regulated it.

China has a blanket ban because of its economic and political conditions are closed, unlike India which is open and democratic. But China could just implement a blanket banking ban to a certain extent, 1000s of projects are by Chinese across the globe and there have been huge mining farms in china which are mining bitcoin. Other than that, China is making hardware used to mine crypto known as GPU and ASIC miners. If you implement a ban, you still can't ban these aspects which India must learn and understand.

What should India do?

India should ask professionals from the industry across the world to suggest solutions. There are 100s of them who are willing to assist the government. CREBACO has initiated a 'Blockchain Thought Leadership' initiative which has crypto and blockchain professionals from over the globe. The initiative is 2 months old and we have more than 300 professionals already where all must have at least 3 years' experience in running a crypto or blockchain company, only then they are eligible. Given a chance, we can totally draft a great solution for the government.

India should definitely scrap the given draft bill and make a new one as this is not well studied. A bill which does not define Bitcoin correctly, can not be put forward to the Parliament as it is not sending out the correct and necessary information to the regulators. Lack of knowledge can lead to a wrong decision and we should not face another Section 370 like situation which happened with Jammu & Kashmir in future.

Digital value

We must realize that there is value behind a password which is the private key. We keep password like 123456 for our Facebook and Gmail accounts because we know that our media and emails don't serve any value to anyone else. The moment you put money or Bitcoin in a digital wallet or email, suddenly we become aware of creating a stronger password. Because we know that if we lose out Bitcoin, we are the ones responsible for it, you can't blame anyone else responsible. Our government and people should realize this fact and educate themselves about this.

We always have a governing body to take responsibility because we humans have a habit of blaming someone. Future is decentralised and DAOs will come into control where computers are responsible for transparency, execution and decisions.

Economic crisis

Looking at the Economic situation across the globe, I see that we are entering into a recession like situation. Here the clear indicators are rise in prices of Gold and Gold 2.0 which is Bitcoin in my opinion.
The recession cycle takes place in every 1-2 decades which we have been observing since a long time. But I believe, this is the last recession which humans may see. Traditional economic system is flawed and it

results in long term inflation, which corrects itself every few decades, known as recession. But technologies like Bitcoin has solved that problem as the supply is fixed. I think in 10 years we will evolve to a completely new economic system and India should totally lead it as its Mr.Modi's vision for Digital India. Digital India and the draft bill to ban Digital Money! Ironic statements which don't match the ideology of the government at all.

Solution to scams and understanding them. Bitcoin is different!

Majority of the people including our government have misunderstood Smart Contract based tokens for Bitcoin. A token is a private currency created by individuals who control it. It uses blockchain technology to verify transactions which is derived from Bitcoin. The token has a similar capability and can be traded on digital asset exchanges which also trades Bitcoin.

Scammers are taking advantage of this technology as it is not regulated by the government yet, they created their own token, made great presentations, promised better results than Bitcoin and raised millions of dollars and disappeared. There have been few scams from India as well but the media and journalists called them 'Bitcoin Scams'. This has happened due to lack of education and understanding of both the regulators and governments. To stop this our government should have strict regulations for such Initial coin offerings (ICOs).

Even though this technology is fantastic, sooner or later, we will have tokens or coins replacing traditional shares. This means no DEMAT accounts, no settlement periods, just direct possession of your stock the moment you buy it on the exchange. This is totally transparent and cannot be manipulated. It is also revolutionary, and I hope to see this happening in the next five years.

Sidharth Sogani is the Founder of CREBACO, a crypto and blockchain research firm.

The Road Ahead: Opportunities and challenges for India and Israel

by Benjamin Grossman

An Israeli legal expert analyses the triumphs and challenges within the India -Israel relationship over the past decade.

Since the establishment of full diplomatic relations in 1992, the relations between India and Israel have developed in several ways. The volume of trade between the countries has expanded in both volume and verticals and today it includes defense and security, agriculture, IT, water technologies, medical devices and other sectors. In terms of volume, the economic relations have been developed from \$200m (diamonds and defense excluded) in 1992 to approximately \$ 2bn in 2019. Moreover, the variety and sizes of companies from both countries, trading and collaborating with each other has substantially increased since 1992. Today, every Israeli company examines its opportunities in India as India becomes one of the most promising markets for the next decades.

On the diplomatic and strategic level, the relations have enhanced since 1992 witnessed by formal high-profile visits: President Mukherjee in October 2015, Israeli President Rivlin in November 2016, Prime Minister Narendra Modi in 2017, and Prime Minister Netanyahu in 2018, Netanyahu is anticipated to visit India again in the next weeks. The visit is said to be a result of the building up of initiatives of cooperation such as joint CEO forum announced at Modi's visit to Israel on 2017 and the Joint Innovation Fund which has been initiated to support the collaboration of start-up companies from both countries.

The relations are also supported by India's leap in the World Bank's Ease of Doing Business 2018 Index, from 132 to 77, and Israel's reputation as one of the most innovative economies in the world. In addition, both countries have eased the visa policies. The frequency of direct flights, too, have increased three-fold in the last two years.

PROSPECTS

The future of Indo-Israeli relations is promising based on Israel's and India's respective characters.

Israel is known as a "start-up nation" with over 5000 start-ups, the highest amount per capita, and third largest amongst the top start-up hubs in the world. Since its declaration of independence in 1948 (just few months after India's), Israel has maintained an encouraging FDI policy and grants tax benefits and exemptions for foreign investors. Accordingly, there are no restrictions on non-resident's holding shares in Israeli companies. Israel has rated 0.118 in the OECD's "FDI Regulatory Restrictiveness" index in 2018, characterising it as an open FDI economy.

India has exceptional economic potential, with a huge population of 1.3bn people and a growing consumer market with a unique demographic distribution (median age of 28Y).

India has targeted indigenous innovation and R&D as the main goal of the Indian economy, the same is enhanced by government initiatives, such as:

- "Start-up India"- with the aim of building a strong ecosystem of start-ups businesses.

INDIA HAS EXCEPTIONAL ECONOMIC POTENTIAL, WITH A HUGE POPULATION OF 1.3BN PEOPLE AND A GROWING CONSUMER MARKET WITH A UNIQUE DEMOGRAPHIC DISTRIBUTION

- "Make in India"- with the aim of positioning as a global design and manufacturing hub.
- "Digital India"- with the goal of empowering India into a digitally society and knowledge economy.

The Indian government's policies such as ease of FDI regulations and liberalisation of foreign holdings have encouraged collaboration with Israeli technology companies and provided new opportunities for expansion into India. The same is applicable to other sectors and verticals such as cyber, IT, pharmaceuticals, medical devices, telemedicine, renewable energy, water technologies, agriculture and others. The governments of both countries agree that the current volume of trade is far from satisfactory. They have, therefore, set a target of 5bn a year as the goal for the next few years.

CHALLENGES

Nevertheless, this industrial collaboration faces a few challenges:

FDI regulations

India still maintains some level of regulations that may harden the access for foreign investors to do business in the country. One of these regulations is the policy on restricting foreign investment.

To the contrary, Israel holds a liberal approach towards foreign investments in all sectors. Foreign investors are not required to gain authorization from the government to conduct business, except if the business being done falls

under the regulated sectors such as defense.

Restrictions on foreign investment of Indian companies and individuals in foreign companies

The existing policies create difficulties and challenges in many cases of desired investment by Indian companies and individuals especially when such investments include elements of loan (such as CLA), interest and issuance of preferred shares to the Indian shareholders.

Differences in nature of legal instruments

India and Israel's legal foundations have both been developed from the British legal system and the common law. However, in the past 70 years each legal system has developed in different directions, creating some differences in legal institutes and establishments, and some legal practices.

For example, there are differences in labour law, types of incorporated entities, perception of some legal instruments and others. All are important to become acquainted with, before doing business.

Differences in tax laws and rules

Naturally, there are distinctions between the taxation policies of the countries.

For example, the definition of Permanent Establishment ("P.E") in India is wider than the Israeli one, and exposes foreign firms to have P.E in India such as extent taxation even going back 6 years retroactively.

Indian companies are exposed to P.E in Israel as well.

Some of the tax issues are addressed by the bilateral double taxation avoidance agreement (DTAA) amended in 2017 by the Amending Protocol. The "ADTA" designated for the Prevention of Fiscal Evasion with respect to taxes on Income and on Capital gains. As per the Treaty, gains derived by an Israeli entity from the alienation of shares or similar rights in an Indian company, are taxable both in Israel and India. The same rule applies to gains from alienation of partnership interests, trust units and estates. In this context, it is important to note that the Treaty makes no other distinction for the purposes of capital gains, between listed and unlisted shares, or otherwise.

Nonetheless, for the purpose of avoiding double taxation on the same income, the treaty provides that Indian tax paid in respect of capital gains arising from sources in India shall be allowed to be credited against Israeli tax payable in respect of such capital gain. The Treaty therefore follows the tax credit method, as opposed to the tax exemption method, under which a head of income taxable in one State is exempt from taxation in the other State. In no circumstances however, will the credit given exceed the net Israeli tax chargeable on such gains. Gains from the alienation of any other property (other than gains from immovable property) are taxable only in the State of which the alienator is a resident.

Israel-India trade relations are still lacking a Free Trade Agreement ("FTA"), which has been under negotiation for more than a decade. There are also challenges in the field of offset requirements, GST implications and other issues.

Future Trends

Recently, we have seen positive measures taken by both government in order to ease the constraints of bilateral trade and investments: the FDI regulation is eased as some sectors, such as manufacturing and single brand retail are exempted and in respect to others restrictions are becoming easier.

Visa policies are much easier. As a result of the same we see more and more transactions and collaborations between Indian and Israeli companies of various sizes and sectors.

The continuation of these positive efforts and trends shall bring the relations even higher.

Benjamin Grossman is a partner at APM & Co, one of the largest law firms in Israel. Benjamin manages the firm's Indian practice.

Indian collaborations grow from strength to stength

From diamonds to blockchain, India has continued building partnerships with countries around the world.

India-Russia look to expand investments in diamonds

India and Russia are looking to expand their time-tested strategic ties with cross-investments into diamond cutting and polishing business, mining, dairy farming, pulp industry as well as tourism and hospitality business.

PM Narendra Modi and Russian President Vladimir Putin will put their stamp of approval to the new direction in bilateral relations at the fifth Eastern Economic Forum, scheduled from September 4 at Vladivostok. Modi is the chief guest . Massive investments by Indian state-run companies in the resource-rich region's oil and gas fields have so far hogged the limelight. But unknown to many, Indian trade and investment in the region has been rising slowly in diamond cutting and polishing, coal mine development as well as pulp industries. The wheels for identifying fresh opportunities were set in motion during commerce minister Piyush Goyal's visit to Vladivostok earlier this month. Accompanied by four CMs, Goyal discussed with Yuri.

UAE-based Eagle Hills to invest $95000 mn in Maharashtra

UAE-based Eagle Hills Investment LLCy has proposed an investment of $ 95000 mn in Maharashtra as part of a Memorandum of Understanding. The investment will focus on hi-tech food city, mega food city, logistics and warehousing hub and fruits and vegetables hub across multiple locations in the Maharashtra.

These projects are expected to generate a total employment of close to 600 thousand. The MoU comes a week after the Walmart India and Chinese major ATL evinced interest to invest around $ 60000 in the state. Walmart India has proposed to set up 10 more cash and carry stores for wholesales while ATL plans to manufacture mobile batteries. With Eagle hill's proposed investment of $ 95000 mn the state has attracted an investment of $155000 mn during the economic slowdown and also ahead of imposition of the model code of conduct for the state assembly elections slated for October this year.

Tech Mahindra and US-based Adjoint to collaborate on first blockchain solution for secure enterprise financial management

Indian IT company, Tech Mahindra has partnered with US fintech firm Adjoint to launch the industry's first blockchain solution for secure enterprise financial management and insurance services across locations to create a seamless and reliable customer experience.

With this solution, Tech Mahindra estimates that customers will be saving up to $4 Mn for every $1 Bn of financial risk management and banking relationships. The solution is built upon Uplink, an open-source distributed ledger platform designed to improve efficiency, security and compliance in modern financial processes. It has a messaging and consensus protocol mechanism through which participants can agree on the data entered into the blockchain ledger. It allows enterprises to quickly deploy, maintain, verify and execute secure, multi-party workflows.

Modi uses soft power in G7 to disarm critics on Kashmir

by India Inc. Staff

Indian Prime Minister Narendra Modi's participation in the G7 summit in Biarritz in Southwestern France at the end of August capped a month's glorious diplomatic success for his government.

At the beginning of August 5, India abrogated articles 370 and 35A that had, for nearly 70 years, granted special status to the country's northern most state of Jammu & Kashmir. The fall out of the controversial if belated decision was expected to be vitriolic, both from within the state that is India's only Muslim majority region, and from outside the country. Even as India has always maintained that J&K was an integral part of its territory, Pakistan wanted the world to believe Kashmir was a matter of dispute. The special status that, among others, disallowed citizens from other parts of the country to buy land and settle down in J& K unlike in any other part of the country, was a not so subtle admission towards that from the Indian side.

The absence of the special status at least for the optics of it, truly made J&K an indelible part of India and it has rattled Pakistan to no end. It was believed the latter would use all its diplomatic channels to corner India on the issue and retract its decision. The Modi government has been able to, not only maintain peace in the region – there have been only a handful instances of any untoward incidents in the valley– but also expertly leverage its own diplomatic heft to counter and negate Pakistan's rhetoric on multi-lateral forums.

The first major victory was achieved barely a fortnight after revoking the special status at the United Nations Security Council in mid-August. India's position on J&K was undisputed and unchallenged by a majority of the UN's members including the Arab countries while its measures to bring in normalcy and development in the region were also acknowledged. There was only a feeble protest by China, as expected, and Pakistan was left isolated in its efforts to make Kashmir an international diplomatic hot potato.

INDIA'S POSITION ON J&K WAS UNDISPUTED AND UNCHALLENGED BY A MAJORITY OF THE UN'S MEMBERS INCLUDING THE ARAB COUNTRIES

Modi cushioned that success with a strategic three nation tour in the latter half of August to United Arab Emirates, Bahrain and France. The significance of the choice of the countries should not be missed. The two Islamic nations are traditionally close to Pakistan but are also important to India due to deep bilateral trade relations. Modi's visit to both nations was hugely successful as is evident by the conferring of the "Order of Zayed" the highest civilian award to him by the King of UAE and the "King Hamad Order of the Renaissance" by the King of Bahrain Hamad bin Isa bin Salman Al Khalifa.

This was the first visit by an Indian Prime Minister to Bahrain and the importance of it ran much deeper than the three seemingly innocuous memoranda of understanding would suggest. Like other middle eastern countries, Bahrain lies right in the middle of an oil rich region, but it produces only about 41000 barrels of crude per day and is grappling with declining output in some of its oil fields. The discovery of reserves in Khalij al-Bahrain offshore basin, estimated at about 80 billion barrels of oil and 10-20 trillion cubic feet of gas however, has changed the narrative. For an oil and natural gas import dependent country like India, friendly relations with Bahrain today may reap multiple benefits tomorrow.

The visit to UAE further underlined strong ties between the two nations. This was Modi's third visit to the Arab country in four years and relations have been on an upswing ever since his first trip in 2015. Evidence of that is UAE's official and unstinted support to India on Kashmir and the invitation to former external affairs minister Sushma Swaraj as a guest speaker at the 46th meeting of foreign ministers of OIC (Organisation of Islamic Cooperation) even as it led to Pakistan, which is a full time member of the OIC, boycotting the meeting.

The visit to France where Modi was also a special invitee to the G7 summit was the more important of the three nations he visited. It was an opportunity for Modi to get the heads of seven of the largest and advanced economies of the world – Canada, France, Germany, Italy, Japan, US and UK, over to his side on the issue of Kashmir. He managed to do that with each of these countries accepting that Kashmir was a bilateral issue between India and Pakistan and needed no intervention from anybody else.

"We don't want to bother any country about these issues. We can find solutions through discussions," Modi said.

The camaraderie he shared with US President Donald Trump was particularly remarkable. It wasn't just for the photo op sessions either. Trump who had in the recent past repeatedly offered to mediate on the Kashmir issue between India and Pakistan, this time chose to clearly leave it to the two countries to sort it out between themselves.

"They speak with Pakistan and I'm sure that they will be able to do something that will be very good," Trump stated. "Well we spoke about Kashmir, and the Prime Minister (Modi) really feels he has it under control," he went on to add.

Obviously, it was not the result of the charm offensive of one man alone. Modi played India's strength as a growing, vibrant and structurally solid economy to buttress his strong leadership credentials on security as well. India's huge market and its active diaspora particularly in US and Europe gives it much heft in diplomatic channels.

"I am told that the Ganpati Festival has become the main feature of the Parisian cultural calendar. On this day, Paris transforms into mini India. That is, a few days from now, the echo of Ganpati Bappa Maurya will also be heard here," he said in Paris. "Indians living in France have a relationship with India, so you have a relationship with France. Your successes are a matter of pride for France, as well as they make India proud."

India’s armed forces is a big client for any kind of weapons and ammunition that can be supplied, and France is a beneficiary of that courtesy. At the same time, India is also one of world’s largest consumer of crude oil which gives it importance in Middle East.

The Modi administration has also been able to convert a potentially damaging situation into an opportunity with regards to Iran. The Trump administration’s insistence last year on every country to wind down its bilateral trade with Iran had put India in a tight spot. In 2018-19, Iran exported 23.5 million tonnes of crude to India. Paring it down completely put a vacuum in the country’s energy needs but at a time when the global economy is sluggish, this opened up an opportunity for India to scout for newer suppliers that included existing vendors like Saudi Arabia and Kuwait as well as expanding ties with the US.

This was a point that was driven home on the sidelines of the G7 Summit meetings as well where Modi told President Trump that India plans to further step up imports, including oil, from the US and that $ 4 billion worth of imports were already "in the pipeline."

Bilateral trade between the two nations which is skewed in favour of India's exports to the US in 2017-18 stood at $ 47.9 billion while imports were at USD 26.7 billion, is a touchy topic for Trump. He had previously described India as the "tariff king" and had even demanded that India withdraw its very high tariffs on US goods before his meeting with Modi at the G20 Summit in Osaka in Japan in end June.

Using all the ammunition in his disposal, of India’s importance as a big market, the potential to expand businesses and his own charm offensive, Modi managed to change the narrative on Kashmir. Instead of India being cornered in multilateral forums it is Pakistan instead that has been left isolated. That has been the biggest takeaway from G7 this year.

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India strengthens its economic ties with the Middle East

The Middle East continued to hold it's popular appeal when it came to investments to and from India.

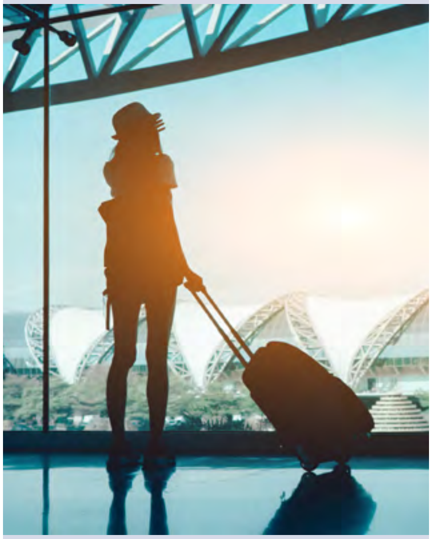
Modi to launch $4.2 mn temple redevelopment project in Bahrain

Indian Prime Minister Narendra Modi will launch a USD 4.2 million redevelopment project of the 200-year-old Lord Sri Krishna temple during his two-day visit to Bahrain.

A special ceremony will be held to launch the redevelopment of the Shreenathji (Shree Krishna) temple in the Bahraini capital of Manama. This is a first-ever Prime Ministerial visit to Bahrain by India, with Modi scheduled to interact with the Indian diaspora in the Gulf nation. The project also aims to have a facility to hold Hindu weddings, in keeping with the Bahrain Tourism and Exhibition Authority's initiative to make Bahrain a hub of Indian weddings.The Indian prime minister will also be meeting the King of Bahrain Shaikh Hamad bin Isa Al Khalifa and other leaders during his visit.

Indians account for almost 1 million tourists to Dubai

According to the latest data released by Dubai Tourism, Indians made up a whopping 997,000 out of the 8.36 million international overnight visitors to Dubai in the first six months of 2019.



Dubai's international tourists grew by 3 per cent compared to the same period in 2018. Dubai Tourism has consistently been trying to attract Indian tourists with season-specific campaigns across tier-1 and tier-2 cities. From getting Bollywood superstar Shah Rukh Khan as the face of the #BeMyGuest campaign to focusing on "family friendly" trips, Dubai has been heavily targeting the Indian tourism market. In fact, the travel share of Indian families with children rose by a substantial 10 per cent points from 24 to 34 per cent, according to Dubai's Department of Tourism and Commerce Marketing.

Naspers leads $125 mn in Indian online marketplace - Meesho

Meesho, an online marketplace that is revolutionising e-commerce for Indian entrepreneurs and consumers, recently closed a $125 million fundraise led by Naspers.

Meesho is a social commerce online marketplace in India that enables independent resellers to build small businesses by connecting them with suppliers to curate a catalogue of goods and services to sell. The company also provides logistics and payment tools on the platform.

These "social sellers" then sell within their social networks on WhatsApp, Facebook and Instagram. Meesho has built a network of more than two million "social sellers" across 700 towns in India, as well as creating a disruptive distribution channel for 15 000 suppliers in traditional manufacturing hubs. The new funds will enable strides towards this goal by allowing the company to make deeper inroads in areas outside India's major metro regions, by creating more entrepreneurs, and as a result reaching remote customers not serviced by traditional e-commerce marketplaces. The latest investment will also strengthen Meesho's aim to grow its community of women entrepreneurs who have dreamt of running their own businesses but lacked the funds and expertise to do so.

New payment opportunities fill in the e-commerce gap for small businesses in India

by Rohit Kulkarni

The head of a financial services company lays out the importance of new payment opportunities for India's burgeoning small and medium business (SMB) sector.

The number of small and medium businesses in India is growing by leaps and bounds, with a quick-evolving landscape estimated to have swelled to 48 million businesses over the past decade. With a long, local and cash-only history, many Indian SMBs are finally selling their products and services online, marketing to shoppers beyond their own area and competing in a rapidly expanding global e-commerce economy.

Whether it is an e-learning service, a video gaming company, a travel website, or a retailer that offers ayurvedic fashion products on their websites, the Indian SMBs that take advantage of e- commerce tend to be higher growth businesses. According to a Google- KPMG report, digitally engaged SMBs grow twice as fast in comparison to their offline counterparts. However, until now there has been a major gap in helping these burgeoning SMBs take their growth to the next level. That is, how to provide cross-border digital payments that make selling outside of India seamless and friction-free.

The Traditional SMB Economy in India

In India, SMBs have traditionally functioned in a mostly cash-based economy that reflects the general culture. According to a World Bank report, 190 million adult Indians do not have bank accounts and even those that do often don't have access to credit or debit cards.

However, big shifts over the past few years have changed the e-commerce game and digital payments entirely. In 2015, the Digital India movement was launched by the government, improving online infrastructure and increasing internet connectivity. Then, in 2017, the country took the drastic move of economic demonetisation, a "cash ban" of high-denomination currency notes, followed by an effort to kick-start digital payments in a big way.

While many SMBs struggled in the wake of these monetary changes, there is no question that a significant boost in debit and credit card transactions took place, as well as an increased use in mobile wallets for those who did not have cards (made possible by more affordable smartphones and improved telecom infrastructure). Without decades of relying on legacy e- commerce models, Indian companies were able to jump into the modern digital era. Digital payments were also boosted by innovations such as the rapid expansion of the Unified Payments Interface (UPI), which instantly transfers funds between two bank accounts on a mobile platform. The numbers tell the story of how this turned into massive growth: The National Payments Corporation of India (NPCI), which manages the UPI platform, has recorded 822 million UPI transactions in June 2019, compared to less than 0.1 million in August 2016.

The result of this unprecedented economic transition? The Indian e-commerce market is expected to grow to $200 billion by 2026, from just $38.5 billion as of 2017. Considering that the global cross border eCommerce market is set to grow at a 25 per cent compound annual growth rate to approximately $1.5 trillion in 2022, it's no surprise that Indian SMBs want to get a piece of this valuable, expansive pie.

The Critical Challenge of SMB Online Payments

Unlike selling on a marketplace like Flipkart or Amazon, when an SMB wants to sell on its own website, they must integrate a secure, compliant payment gateway. This seamlessly and securely sends credit card information from a website to the credit card payment network for processing, then receives funds and transaction details back to the website.

This was a challenge Indian SMBs who did not know the best approach. Which gateway could they use? What features should they look for? Pricing, too, was often prohibitively expensive. Domestic companies offered local payment gateway arrangements with intermediate banks, which included high monetary conversion costs. Finally, the entire experience was not very intuitive, with many sub-processes that involved multiple banks and unsophisticated products.

Without an easy-to-use payment gateway, the domestic e-commerce market thrived while cross-border growth remains a challenge.

Partnership for Payment Gateway Success

This is now changing. To help SMBs in India capitalise on the incredible cross-border growth opportunity, Payoneer - the digital cross-border payments leader, recently partnered with PayTabs, a payment gateway that can be quickly integrated with merchant websites (within hours, through plugins or various APIs). SMBs can accept card payments on their website and enable fast deposit of payments to their merchant bank accounts.

DIGITALLY ENGAGED SMBS GROW TWICE AS FAST IN COMPARISON TO THEIR OFFLINE COUNTERPARTS.

Through this collaboration, Payoneer strengthens its ecosystem that provides businesses of all sizes the tools to thrive and expand into new markets and offer hundreds of thousands of existing Payoneer customers an easy-access payment gateway option that does not require a costly and time-consuming process. And with Payoneer, SMBs can also easily expand to the leading network of global marketplace platforms including Shopify, Amazon and Etsy, taking their global e-commerce business to the next level.

India is expected to surpass the US to become the second largest e-commerce market in the world by 2034. Thanks to efforts such as the Payoneer/PayTabs initiative, which creates a simple, trusted, viable payment gateway option for its Indian SMB users, a small business in India has the chance to take advantage of global e-commerce like never before. More and more Indian merchants will be encouraged to take their business online and go beyond the confines of selling to their local and regional area. Payments will be both more flexible, with options across multiple platforms and devices, and more secure and compliant.

As e-commerce expands around the country, a simple payment solution was a must to close the gap keeping Indian SMBs from solid growth in the cross-border e-commerce market. Now, Indian SMBs can compete on a level playing field when it comes to payments, taking advantage of a host of digital trends, from rising cross-border internet traffic and increased adoption of mobile-based shopping to a widening range of digital goods and an increasing presence of developing economies in global trade. There's no doubt the time is right, and the future is bright -for India's small businesses to find global success.

Rohit Kulkarni is the Vice President of Payoneer.

Violence against women and girls is one of the most pervasive human rights abuse

by Sohini Bhattacharya

The head of a global human rights organisation explains the various programmes being implemented on the ground in India to address gender bias and help women and girls meet their potential.

Anjali, a 15 year old girl, started attending Breakthrough's school-based gender equity program called Taaron ki Toli (Gang of Stars) sometime in December 2017. Anjali lives in a remote village in Uttar Pradesh in India, which, until recently was called Kudamau. Kudamau literally means, "garbage dump". Within a few months of attending Breakthrough's Taaron ki Toli, Anjali petitioned her village head to change the name of her village Kudamau into Sundernagari (beautiful town). Thanks to Anjali, the petition found its way into the local government register and the locals soon started calling the village Sundernagari. Everytime a group of women petition for safe drinking water for their village, girls start talking to village heads for making playing fields available for them, boys start doing household chores and not feeling bad about it, new narratives are created. These changes in behaviour and thinking usher in a new gender norm. One that can tackle the everyday misogyny that stops women and girls from reaching their full potential. This is the challenge that Breakthrough responds to, time and again.

Breakthrough was founded by Mallika Dutt, a human rights champion, in 1999 to change the current equilibrium, where girls and women are valued for who they are, and a new culture is created to make sure everyone lives with dignity, equality and justice. Breakthrough has since created media campaigns that have reached millions, built a public agenda on issues like domestic violence and made men and boys a part of the solution.

Breakthrough has been supported by institutional and individual donations, mostly overseas, over the last two decades. A large percentage of these donations come from inspired individuals wanting to give back to their country of origin. Breakthrough is one of the few organisations focusing on gender norm change in India. With the help of cutting-edge strategies we take on the challenge of combatting pre-set gender perceptions which constantly undermine women. It is important to address gender bias if you want development, where no one is left behind. Breakthrough has always tried to base its work on solid research and evidence of impact – one thing that often directs giving from outside of the country to Indian non-profits. Breakthrough has also tackled the question of scale – more and more organisations are looking for solutions that can untangle part of a complex problem that affects many, rather than focusing on one service that serves relatively few. Breakthrough can transform individuals at a scale that can change the game. Especially, when we use relevant cultural tools—music, film, social media and more—to centre new voices and messages and alter the entire backdrop: this is how we flip the cultural switch.

Violence against women and girls is one of the most pervasive human rights abuse. Every one in three women across the world face domestic violence. In India, one in four girls are married before their legal age and according to the National Family Health Survey released by the Union Health Ministry in 2018, every third woman, since the age of 15, has faced domestic violence of various forms in the country. The survey also highlighted that the most common perpetrators of sexual violence towards young girls were relatives (27 per cent), followed by a current or former boyfriend (18 per cent), their own friend or acquaintance (17 per cent) and a family friend (11 per cent). This is so deeply entrenched in the patriarchal mindsets that women often normalise this violence, thinking it is okay to face violence in their married relationships, or if they have been sexually abused, it is somehow their fault – they must have invited it.

BREAKTHROUGH'S SCHOOL AND COMMUNITY PROGRAMME THAT CHANGE GENDER ATTITUDES AND PROMOTE EQUALITY REACH 400,000 ADOLESCENTS ACROSS FOUR STATES IN INDIA.

In 2008, Breakthrough created a campaign called Bell Bajao (Ring the Bell) that asked men and boys to take action against violence against women. The campaign reached 130 million people and was adopted in 9 countries. Globally, men and boys took action to transform themselves from passive bystanders into active champions. The end line showed that because of the campaign, demand for services for domestic violence survivors went up by 15 per cent.

In 2013, Breakthrough decided to take its work to a lower age group and started working with adolescents, both boys and girls, across government schools in India. We started out with 18,000 adolescents across 150 government schools in `one of the most gender regressive states of India, Haryana, where the sex ratio in some districts had reached an all-time low of 775 girls for every 1000 boys. We felt if we can talk to adolescents, change attitudes and behaviours, then a generational change might be possible. Our work was evaluated by the JPal at MIT from 2014 to 2017 through a Randomised Control Trial with a sample size of 14000. The evaluation found significant improvement in gender based attitudes and behaviours not only among girls, but also among boys.

Armed with this evidence, we have scaled up the work across 3500 villages in 14 districts across 5 states to reach 400,000 adolescents. In 2015, we started working with girls are forced to drop-out of schools and do not have a formal system of education. We now want to scale up our work to reach 1 million adolescents by 2023, 30 per cent of whom will be boys. Along with the school based curriculum, we work with teachers and parents to come together to create a safe space for adolescents in schools and in their homes. We use innovative media products, films, radio. We also write community mobilisation strategies using theatre, games and story-telling to work with adolescents, their parents and the community at large. Though Ratri Choupals (Night Time Community Meetings), Convergence Meetings and Jan Samvad (Public Hearing) we try and bring stakeholders like village heads, health workers, women and men together, to discuss issues like child marriage, girls education and safe spaces for girls in community. Our strong mass and digital media voice creates public agenda around these issues and reached 100 million last year only. One of our aims is to work with the government to adapt the curriculum across schools in some of the states so that a gender equity becomes mainstream across the government school curriculum.

Stories of change are abound – both for girls and boys. Like Satyam, a boy who comes from a small village in Uttar Pradesh. Satyam started attending our Tarron ki Toli program in 2017. He has become an active advocate for building more playing fields where boys and girls can play together freely. It's important to note that change happens at a community level - the convergence groups take ownership to conduct mobilisation events to sensitise other people in communities through rallies, wall-painting etc. They identify the popular spots in communities where they feel a larger number of people can gather. They also advise people against getting their daughters married off early. Members from Pankari Barwadih, Hazaribagh, helped

prevent Biggan Saw from marrying off his daughter. They organised a rally against early marriage in their village. Mr. Saw's daughter saw the rally and decided to negotiate with her parents to not get her married before 18. She went back home and told her mother that she didn't wish to get married. Mr. Saw and his wife were convinced that the groom was an "ideal match" for their daughter. In the following days, Mrs. Saw approached Sumitra Devi, a convergence group member, and shared her concern about her daughter refusing to get married after watching the rally. Sumitra Devi then explained to her about the implications of early marriage and that their daughter was right about her decision against marrying at a young age. Sumitra Devi's advice resonated with Mrs Saw and she decided to support her daughter's decision. She then helped her negotiate with Mr. Saw. Today, Mr. Saw is one of the role models in the community who chose to let his daughter pursue her studies, defying to societal pressure to get their daughter married at an early age. Our last impact report from another Randomised Control Trial done across 80 blocks of Jharkhand and Bihar shows an increase in age of marriage by 1.9 years.

Currently this is where we are:

- Breakthrough's school and community programs that change gender attitudes and promote equality reach 400,000 adolescents across four states in India. We will reach more than one million adolescents by 2023.
- Breakthrough's trainings have enabled 12,000 garment factory workers to challenge discrimination and violence faced by women who just want to work. We include families and communities to ensure that the whole ecosystem creates a safe and stigma-free environment for women.
- Breakthrough's on-ground programs have reached more than 1.5 million people to raise awareness of gender inequity and have trained more than half a million people to take bold action for change.
- Our mass and digital media work reached 100 million people last year alone. We activate new digital changemakers every day.

Sohini Bhattacharya is an intrepid intrapreneur and social change enthusiast who has 25+ years of experience in the development sector. Currently she is President & CEO, at Breakthrough, a global human rights organisation working in US and India to prevent gender-based violence.

A talent-friendly visa system is a global must

by India Inc. Staff

A UK-based entrepreneur's idea of a so-called "unicorn visa" to attract the right technical skills has echoes across the global workplace.

Rishi Khosla, the CEO and co-founder of London-headquartered fintech start-up OakNorth, recently mooted the concept of so-called "unicorn visas" to make it easier for the technology industry to continue to hire the required talent from around the world even after Britain has left the European Union (EU).

Such a system, if put into action, would be nothing but a more streamlined process which would help fast-growing tech companies in the UK bring in talent from other markets, including countries like India. At a time when skilled professionals increasingly globally mobile, talent has a natural tendency to gravitate towards the most attractive openings. Therefore, while Khosla's specific reference was from a Brexit-bound UK perspective, such a streamlined process would have echoes around the world – especially in the US and its famed Silicon Valley that has been the bedrock of many unicorns over the years.

A SPECIAL VISA LIKE THIS WOULD BE HUGELY HELPFUL IN ENSURING WE'RE ABLE TO GET ACCESS TO THE TALENT WE NEED

"It would be great to see something that specifically helps the fastest-growing tech companies in the UK bring in talent from other markets – such as a 'unicorn visa' – whereby we could get applications fast-tracked from any UK consulate anywhere in the world," said Khosla, himself the head of a successful unicorn – which refers to a start-up valued at over $1 billion.

"We're growing by 15 people on average every week and last week was a record for us with 27 new joiners. A special visa like this would be hugely helpful in ensuring we're able to get access to the talent we need, when we need it, and ensure we can continue pursuing our ambitious growth plans," he said.

Britain is scheduled to leave the EU by October 31, which would mark the end of freedom of movement rules within the 28-member economic bloc. The Boris Johnson led government has plans to introduce an Australian-style points-based post-Brexit visa system, which it believes would be able to attract migrants to the country based on their skills rather than nationality. Many of the UK's different business sectors, including financial technology, have urged the government to ensure any new system makes it easier for Britain to acquire the requisite talent.

"The UK has managed to maintain its

pole position in fintech thanks to its diverse mix of talent, world-renowned higher education institutions, forward-thinking regulators, and a sophisticated and active investor network. Our hope is that even in a post-Brexit world, we'd still be able to attract this diversity of talent and I think we will," said Khosla, whose OakNorth is considered among Europe's valuable fintech companies as a scale-up business lender, which uses an artificial intelligence model to provide loans for small and medium sized companies to be able to grow their businesses.

Against the backdrop of Britain impending exit from the EU, there are growing voices from within the business community to use this as an opportunity to embrace global talent rather than deter them.
Lord Karan Bilimoria, the founder of Cobra Beer and vice-president of the Confederation of British Industry (CBI), wants a rethink over the £30,000 minimum salary requirement for British companies to be able to attract the right skills from around the world.

The entrepreneur-peer, who is set to take charge as the president of the UK's biggest business lobby group next year, believes an open economy like Britain must continue to have access to the best talent from around the world — including the EU post-Brexit.

The £30,000 threshold for skilled workers was put forward in a white paper in December last year as part of the UK's post-Brexit immigration strategy despite opposition from some of the then Theresa May led Cabinet, who argued for it to be lower. Experts have pointed out that the £30,000 level, which already applies to most migrants from outside the EU for countries like India, would exclude junior nurses, whose salaries start at about £23,000, and junior doctors, who start at about £27,000.

Bilimoria was made vice-president of the CBI at its annual meeting in June and is therefore lined up to take over from Tesco chairman John Allan

when his two-year term ends in 2020. His appointment comes as the CBI, which says it speaks for 190,000 businesses, is at odds with British Prime Minister Boris Johnson's hard Brexit line, which it feels is damaging to business interests.

"I know the government over the years has always listened to the CBI," he said, stressing that he plans to use much of his personal connect in the current UK Cabinet to fight for business.
"I want to be able to show that business is not only good in that it creates good jobs, pays the taxes and for public services — it is also good in what it does for community," he added.

The issue of skilled workers being treated fairly is a crucial question at a time when forces against the concept of globalisation seem to be gathering momentum. The US has recently shown some signs of progress in this space with efforts to make its visa application procedure shorter for Indian nationals, with some applicants even able to apply for an exemption from the obligatory interview going forward. The US government indicated that the latest measures were intended to shorten turnaround times for visa renewals and improve customer service for visa requests across India.

However, some of the hurdles faced by skilled professionals on an H1B visa are well documented. Recently, the minimum investment amount for an American Green Card under the EB5 visa category was also under the scanner as it almost doubled from $500,000 to $900,000 for areas of higher unemployment called "Targeted Employment Area" or TEA. In areas not covered by TEA, the amount increased from $1 million to $1.8 million.

With such ongoing shake-ups, a so-called unicorn visa specifically targeted at the most globally mobile skilled professionals could well go a long way in balancing out uncertainties and eventually guarantee job creation and economic growth for the global economy.

India's bank mergers a good move, but overcoming integration challenges will be key

India’s recent bank mergers have brought the challenges within the Indian banking system to the forefront again, but the road ahead seems sunnier.

The four biggest banks in the world (by assets) are Chinese. According to the S&P Global Market Intelligence 2019, China has 18 of the Top 100 banks in the world. In contrast, the largest Indian bank, the State Bank of India (SBI) ranks 54th on that list. It is also the only Indian bank on that list.

Fewer, larger banks

Many experts and analysts have argued that India, too, needs fewer large banks rather than dozens of small ones to do justice to its $2.6-trillion economy.

In fact, the M. Narasimham Committee Report had recommended as far back as 1991 that India needed about four large public sector banks at the top of the pyramid, supported by a wider base of last-mile financiers.

On August 30, India’s Narendra Modi government took another step towards banking sector consolidation, which had been discussed for many years, by merging 10 weak public sector banks into four strong ones.

Stronger balance sheets

The merger is expected to lead to stronger balance sheets, giving the merged banks much greater ability to absorb losses than in the pre-merger avatars. This is important as the Indian banking sector is still suffering as a result of a delinquent loan problem that has come down only marginally from more than 10 per cent. The government also said it would immediately recapitalise these merged banks by infusing $7.9 billion to strengthen their balance sheets and to enable them to extend more loans to their customers.

Faster decision making

“The benefits of the merger could be less bureaucracy and faster decision-making because we will no longer need an okay from three or four lenders for one bad asset resolution,” Pratip Chaudhuri, former Chairman, SBI told the media.

Short-term cost increase

Many analysts have, however, forecast an increase in credit costs and a possible slowdown in credit growth over the short term as the top managements of these merged banks focus on integrating technology systems, branches and employees and employees below that level go through a retraining process to acquire new skills.

> FOR THE MERGER TO DELIVER RESULTS, THE BOARDS AND SENIOR MANAGEMENTS OF THESE BANKS MUST BE GIVEN FUNCTIONAL AUTONOMY AND THE BOARDS STRENGTHENED WITH THE INDUCTION INDEPENDENT EXPERTS

"Coupled with the ongoing moderation in growth for private banks… and increased cautiousness, credit growth, thus, is unlikely to be revived by PSB mergers," Credit Suisse said.

Experts also point out that the governance structure at these merged banks needs a thorough overhaul. Credit and risk appraisal norms at most Indian public sector banks are way behind international standards.

Ushering in a merit culture

The government, as the owner of these banks, must consider hiring domain specialists in credit and risk from the private sector and even abroad to upgrade these functions at these banks.

A review of their salary structure and the adoption of market-linked remuneration policies must necessarily precede this step in order to attract the right professional talent. Appointments and promotions must also be based on merit and not only on seniority.

For the merger to deliver results, the boards and senior managements of these banks must be given functional autonomy and the boards strengthened with the induction independent experts with relevant domain knowledge.

The Modi government has made a good start in this regard by appointing professionals as Managing Directors of public sector banks such as Bank of Baroda and Canara Bank and by putting an end to the system of politicians calling up bank chairmen with instructions to provide loans to favoured businessmen.

Merger pangs

But before one can start counting the dividends from this round of mergers, these banks will have to go through the messy process of integrating operations. Past experience shows this is often the most difficult part as employees with different work cultures, different systems and different processes find it difficult to work together.

Experts say these merged banks must spend the next couple of years aligning people, processes, technologies and systems.

Only if this step is successful, will the expected benefits flow from the merger.

INDIA GLOBAL **BUSINESS**

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